



Nacimiento Project Commission Notice of Meeting and Agenda

Thursday, November 19, 2009 – 4:00 pm
Templeton Community Services District Offices

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| <p>I. Call to Order</p> <p>II. 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.</p> <p>III. Meeting Notes from August 27, 2009
(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">a. Project Management Reportb. Project Schedulec. Project Budget <p>V. PRESENTATIONS – no action required.</p> <ul style="list-style-type: none">a. Project Operations Overview <p>VI. COMMISSION ACTION ITEMS
(No Subsequent Board of Supervisors Action Required)</p> <ul style="list-style-type: none">a. FY 2010/11 Nacimiento Project Budget Format Presentation and Reserve Policy Adoptionb. Surplus Water Declaration for Water Year 2009/10c. Approval of Letter to California Dept. of Fish & Game <p>VII. COMMISSION ACTION ITEMS
(Board of Supervisors Action is Subsequently Required)</p> <ul style="list-style-type: none">a. Oak Tree Mitigation <p>VIII. FUTURE AGENDA ITEMS DESIRED BY COMMISSION</p> | <p>Commissioners</p> <p>Dave Romero, Chair, City of San Luis Obispo</p> <p>David Brooks, Vice Chair, Templeton CSD</p> <p>John Hamon, City of El Paso de Robles</p> <p>Grigger Jones, Atascadero MWC</p> <p>Frank Mecham, SLO County Flood Control & Water</p> |
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**Next Commission meeting scheduled for
Thursday, February 25th, at 4:00 pm at
Templeton Community Services District offices**

Nacimiento Project Commission
November 19, 2009
Agenda Item III – Meeting Notes from August 27, 2009

I. Call to Order, Roll Call and Flag Salute

Chairman Romero convened the meeting at 4:02 pm.

Commissioners Present: Chairman Dave Romero, City of San Luis Obispo
Vice Chairman David Brooks, Templeton CSD
John Hamon, City of Paso Robles
John Neil, Atascadero MWC (Alternate)
Frank Mecham, SLO County Flood Control & Water Conservation District

III. Meeting Notes from Prior Meeting

Commissioner Brooks moved to approve the meeting notes for May 28, 2009; Commissioner Hamon seconded; passed 4-0, Commissioner Neil abstained, since he did not sit as a Commissioner during that meeting.

IV. Project Manager's Report

Fatal Industrial Accident on Camp Roberts. Nacimiento Project Manager John Hollenbeck discussed the fatal accident on the Pipeline North contract. The Sheriff released the preliminary autopsy on Wednesday, August 26th, and Federal OSHA completed its investigation on Thursday, August 27th. He reported that Timothy Nelson's memorial would be held in Ojai on Saturday, August 29th. Several memorial plaque locations were discussed, but the 13th Street (Paso Robles) site remains the most viable location for access and parking. Commissioner Neil asked if naming facilities after the people who died should be considered. Hollenbeck suggested the Technical Support Group address this. Staff will return to the Commission with a recommendation.

Construction Status. Anni Larkins, Jacobs Engineering Group Inc., the Construction Management firm, reported on the construction status for each of the five contractors. She reported that 38 miles of the total 45 miles of pipe has been installed. The Intake (Spec 1) and Pipeline Central (Spec 4) are near Final Completion, both being 99% complete. The Facilities (Spec 2) has made significant progress, with the Rocky Canyon Pump Station, Santa Ysabel Pump Station, and Cuesta Tunnel Tank electrical installation well underway. Spec 2 is 70% complete. Pipeline North and South (Specs 3 and 5, respectively) continue to install pipe, most of which involves environmentally sensitive areas for Spec 5. Spec 3 is 77% complete and Spec 5 is 90% complete. Overall the construction is 83% complete. Mr. Hollenbeck remarked that Spec 2 is currently reconciling issues with the Intake Pump Station shear rings installed to provide structural support for the pump columns and motors.

Status of Project Team. Mr. Hollenbeck noted that one outstanding right-of-way issue remains. The Designer continues to support the Project via field engineering support. All environmental permits were revised, received, and work resumed based on the new agency recommendations.

July Route Tour. Mr. Hollenbeck reported on the July 28, 2009, City of SLO route tour. He left an open invitation to any Participants for future Project tours.

Outside Agency Issues. Mr. Doug Monn, City of Paso Robles Public Works Director, provided a brief update on the AB80 status. The revised bill will be pulled from legislation because it further restricted water treatment without meeting the Participants' concerns. Mr. Monn and Ms. Christine Halley, T.J.



Cross Engineers, will visit the Sacramento California Department of Public Health office, to determine the best way to move forward.

No mussels have been detected in the County, further discussion followed in Agenda Item V.

PG&E recently reported to Ms. Halley that they expect to have power to the Intake Pump Station by Memorial Day 2010, which will require 7 separate portions of work.

Mr. Hollenbeck described the recent status of potential new Participants. Lewis Pollard Family Trust is currently arranging agreements with local purveyors. The California Department of Corrections and Rehabilitation, asked Mr. Hollenbeck whether the Reserve Water would be claimed by the end of this fiscal year (regarding California Men's Colony). Mr. Hollenbeck will respond that it appears capacity will remain in Reserve Water, but there is no guarantee due to the current state water shortage. Lastly, Heritage Ranch CSD and Mr. Hollenbeck will meet to discuss the hydraulics to connect to Heritage Ranch CSD's water supply from the dam's low level outlet.

Construction is advancing such that the District is ahead of schedule and under budget. The District is currently conducting an analysis to determine the Capital Reserve Costs budget, which will be presented to the Commission at a future meeting.

V. Presentations

Aquatic Invasive Species Action Items Between SLO County and Monterey County

Ms. Carolyn Berg, Nacimiento Project Engineer, briefly highlighted the various actions taken since the June 18, 2009, elected official meeting with various Monterey County (MC) and SLO County officials. Various conversations ensued regarding the need for proactive actions taken by Monterey County Water Resources Agency (MCWRA). Commissioners and Staff agreed that there is a high risk for mussel invasions while no inspection and decontamination stations are in place. Ms. Carrie Mattingly, City of San Luis Obispo Utilities Director, described the Lake Casitas closure, which instilled awareness and spurred action among lake users. This event was politically charged, yet extremely effective at putting plans into action. Staff noted that it is unlikely that our Board of Supervisors would take such action, but some variation of a closure is worth considering.

Discussions concluded with action items that include: 1. Chairman Romero tasked staff to draft a letter to Calif. Dept. of Fish & Game (CDFG) from the Commission and Board of Supervisors, asking them to utilize strength and leadership to require MCWRA to implement an inspection and decontamination program. 2. Chairman Romero tasked staff (City of SLO) to draft speaking points for Commissioners to contact local legislators regarding the importance of mussel invasion prevention and taking a stance against AB 804. 3. Staff will draft a letter to MC Reservoir Operations Committee which will strongly advise that action must be taken to install an inspection and decontamination program. Staff will send this to Commissioners with a deadline for review. 4. The prior draft letter's content will be used as a basis for each Commissioner and Supervisor to send a letter to the MC Board of Supervisors and Directors. All Commissioners and Supervisors will coordinate to send these letters on the same day, thereby creating a stronger voice. Finally, Commissioner Mecham asked that those attending the Oct. 2, 2009, meeting with MCWRA strategize before the meeting. Commissioner Mecham asked staff to develop a meaningful agenda with MCWRA to proactively address mussel issue.

VIII. Future Agenda Items Desired by Commission

None mentioned.

Chairman Romero adjourned the meeting at 5:45 pm.

Submitted by Carolyn Berg



Nacimiento Project Commission
November 19, 2009
Agenda Item IV.a– Project Management Report
(Information Only – No Action Required)

PROJECT ISSUES

Construction Status

Overall construction is about 95% complete. One of the five construction contracts (Pipeline-Central) achieved Final Completion on September 22, 2009. The Lake Intake construction contract is expected to achieve Final Completion on December 15, 2009, when the Board of Supervisors takes action on the Notice of Final Completion for the work. The Facilities Contractor has minor work remaining at the Cuesta Tank, Rocky Canyon Pump Station and Tank, Santa Ysabel Pump Station and Camp Roberts Tank. The Intake Pump Station construction is proceeding well and most of it will be constructed in January, with the remaining outstanding item being the pumps themselves. Work is ongoing by all involved parties to resolve remaining issues with the pumps in the next few months.

The Pipeline-North contract has about 1,200 feet of pipe to install, but in the most difficult area of their entire project, a recent archaeological find has slowed work, but with early resolution and good weather they should complete all pipe installation by the end of November 2009. Pipeline-South is proceeding slowly to completion, which is expected by the end of January 2010.

Status of Project Delivery Team Activities

Construction Management – Jacobs Engineering Group Inc. (Jacobs) is providing the management and inspection services for the construction on behalf of the District. Jacobs management informally notified the District that Ed Weyrauch, the Construction Manager, is leaving the Nacimiento Water Project, and they have submitted a resume of a replacement manager. The Project Manager will interview the proposed replacement sometime the week of November 16, 2009.

Design Activities – Black & Veatch continues to have two full-time design team liaisons working alongside the construction manager. That team's primary duties are to respond to contractor requests for information, review submittals, and conduct construction document close-out of as-built drawings and O&M Manual review. Most design team support at this time centers around the pump station and SCADA functions.

Right of way – The final easement offer package for the Rocky Canyon Road drainage easement presented to the landowner. Recently, property owners in the vicinity of Texas Road have voiced concern about road restoration and corrections are complete.

Environmental Permitting Activities – The Salinas River Crossing north of Paso Robles was completed on October 20, 2009, just days ahead of the environmental completion date for such



work. Crossing the small stream near the Cuesta Grade known as “Sam the Trout” has also been accomplished.

An ancient grave was discovered on Camp Roberts, and mitigation for this discovery is ongoing.

Outside Agency Issues

Monterey County Water Resources Agency – See below for an update on invasive mussel issues.

District was granted a seat on MCWRA’s Reservoir Operations Committee with Public Works Director Paavo Ogren representing District. The Project Manager will update the group on other points of dialogue with MCWRA.

Participants and various lakeside users have submitted their 3-year projected demand schedule to the District. This information in turn was submitted to MCWRA according to the 1959 Nacimiento master water contract. A copy of the District’s release schedule dated October 27, 2009, is attached

Camp Roberts – SLO District has installed an additional light at Gate 10 at the Camp’s request. The Camp is also evaluating betterment of the repairs along Boy Scout Road, Nacimiento Road, and Tower Road with the District’s easement funding.

PG&E - PG&E completed the reconductoring across Niblick Bridge and ordered materials (but not yet released for construction) for the cross-city link through Paso Robles. The \$9 million authorization for materials and construction for all segments, including the Lake Nacimiento Drive link, was approved on November 16, 2009. Service planning staff still observes that the load-shedding necessary to fully power up the Intake Pump Station is reportedly on schedule for completing by May 15, 2010.

New Participants – The series of agreements needed to extend service to the Lewis A. Pollard Family Trust are underway at the County. In particular, the treatment agreement is under review by the Public Works Director now.

California Men’s Colony request for funding to secure an entitlement in the Nacimiento Water Project was initially denied and is being appealed by local representatives. Funding for this potential New Participant is reportedly likely, however the timing must mesh with other prison expenditures.

Heritage Ranch Community Services District is evaluating alternative means of accessing their Nacimiento Lake entitlement during low lake/emergency conditions. The CSD board of directors is expected to review those alternatives during November 2009. Similarly, the CSD authorized a legal opinion on the water delivery issue which will also be prepared in time for the November 2009 CSD board meeting. The legal opinion seeks to identify the responsibilities of various parties in delivering entitlement to the CSD system.

Invasive Species Prevention

Since the last Commission meeting, an elected official's meeting was held on October 2, 2009, with Monterey County Water Resource Agency (MCWRA), SLO District, and Commission members participating. Highlights of that meeting and status of follow-up actions are:

1. All agreed to get inspection and decontamination program in place in time for the 2010 boating season. Start-up is slated to begin March 31, 2010, with full implementation by Memorial Day 2010. The following action items were established:
 - a. Identify inspection/decontamination sites (possibly in partnership with private businesses along major highways). STATUS – Monterey County Parks Dept has lead; specific site proposals yet to be made.
 - b. Tailor the overall program. STATUS – in progress.
 - c. Fund the program. STATUS – Once program tailored, present budget estimate to elected officials by the end of this year.
 - d. Aim for start-up in March 2010 with full implementation by Memorial Day 2010

Paavo Ogren will draft an MOU to formalize that goal and to document each parties' roles. SLO District may take lead on private launch ramps while MCWRA focuses on enforcement at main public launch ramps/entry points.

2. With regard to public outreach:
 - a. Supervisor Frank Mecham hosted a public outreach meeting at the Heritage Ranch Senior's Center on October 19, 2009. Nacitone steering committee representatives participated and are considering formation of a Quagga-focused subcommittee.
 - b. SLO District requested a list of registered boat owners from the County Assessor matched to lakeside property ownership. MCWRA to make a direct mailing to lakeside registered boat owners.
3. Emphasis is to reassign existing staff toward preventative measures now, then budget for ongoing program in upcoming budget cycles. Agencies are to develop the 2010 Lake protection plan by December 2009 along with budget estimates.
4. MCWRA and Paso Robles are working together to get alert signage up along 24th Street/Lake Nacimiento Drive and billboards along Highways 101 and 46.

The next elected official's meeting is being scheduled during January 2010 (the December 9, 2009, meeting was postponed at MCWRA's request), at which time staff's proposed inspection/decontamination program is to be discussed.

In August of this year, the Commission's direction was:

1. Draft a letter to Calif. Dept. of Fish & Game from the Commission and Board of Supervisors to require MCWRA to implement an inspection and decontamination program.

Status: Following the August 27, 2009, Commission meeting, Supervisor Frank Mecham met with elected officials from Monterey County and from the Water Resources Agency plus a more broadly-attended elected official's meeting took place on October 2, 2009. A joint approach to



inspection and decontamination is being followed, thus future correspondence with the Calif. Dept. of Fish & Game would be more of one seeking their support in our mutual efforts. Refer to Agenda Item VI.c.

2. City of San Luis Obispo staff was to draft speaking points for Commissioners to contact local legislators regarding the importance of mussel invasion prevention and taking a stance against AB 804.

Status: AB 804 was vetoed by the Governor on October 11, 2009.

3. Draft a letter to the Monterey County Reservoir Operations Committee strongly advising activation of an inspection and decontamination program. Send similar letters on or about the same day to the Monterey County Board of Supervisors and Directors.

Status: Paavo Ogren has taken a seat representing SLO District on the Reservoir Operations Committee; in lieu of sending a single letter, SLO District sustains communication with MCWRA and Monterey County Parks & Recreation Dept. with regard to the inspection and decontamination program.

Nacimiento Reservoir Status

Reservoir status as reported by Monterey County Water Resources Agency is 16-percent full, or 59,335 acre-feet as of November 10, 2009. The October 13/14, 2009, storm event brought the lake level up 19 feet in 24 hours such that by the 19th of the month, storage peaked between storms at 74,070 acre-feet. We will continue to watch reservoir levels as the water year progresses and report on impacts to SLO District's planned release schedules.

2010 Meeting Calendar

Attached is the 2010 Calendar of Activities noting dates for both the Nacimiento Project Commission and the Technical Support Group. We are still planning on monthly TSG meetings (with emphasis on Project operations once water starts flowing) plus quarterly Commission meetings. Notice that there is a special meeting of the Commission proposed for April 22, 2010, to approve the budget, which is necessary to mesh into the overall San Luis Obispo County special districts' budgeting process.

The Project Manager is currently exploring tentative dates for the ribbon-cutting ceremony and will add that date, too, to the 2010 calendar in the coming months.

* * *





NWP NACIMIENTO WATER PROJECT

San Luis Obispo County Flood Control & Water Conservation District

San Luis Obispo County FC&WCD

John R. Hollenbeck, P.E.
Nacimiento Project Manager

Commissioners

Frank Mecham, SLO County FC&WCD
John Hamon, City of Paso Robles
David Brooks, Templeton CSD
Grigger Jones, Atascadero MWC
Dave Romero, City of San Luis Obispo

October 27, 2009

Mr. Brent Buche, Associate Water Resources Engineer
Monterey County Water Resources Agency
893 Blanco Circle
Salinas, CA 93901-4455

Subject: Schedule and Order for Water Releases

Dear Mr. Buche:

Per the October 19, 1959 Agreement (1959 Agreement), and in accordance with Paragraph 11(g) of said Agreement, San Luis Obispo County Flood Control and Water Conservation District (District) hereby submits the following Schedule and Order for water releases from Nacimiento Lake for Water Year 2011 as presented in Table 1.

Further, we hereby submit a revised Schedule and Order for the delivery of water releases from Nacimiento Lake for the current Water Year 2010 as presented in Table 2.

We also wish to remind you that we are nearing completion of the construction stage of our Nacimiento Water Project conveyance facilities and expect to initiate receipt of water through these facilities as early as Water Year 2010.

Please feel free to contact us if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Hollenbeck".

JOHN R. HOLLENBECK, P.E.
Nacimiento Project Manager

c: Frank Mecham, Supervisor, District 1 and Nacimiento Water Commissioner
Paavo Ogren, Director, Department of Public Works
Dean Benedix, Utilities Division Manager, Department of Public Works
Wendy Hall, Public Works Accounting
Christine Halley, Nacimiento Project Engineer
John D'Ornellas, General Manager, HRCSD

File: NWP File No. A.1.2 and **E.5.1**

L:\MANAGMNT\OCT09\LTR Schedule and Order for Water Release for Water Year 2011 0910 ML.doc.JH:lc

Table 1. Water Year 2011 Schedule and Order for Water Releases

Month	Lakeside Use			Nacimiento Water Project			Monthly Total (AF)
	Low Level Outlet (AF)	Other (AF) ¹	Total (AF)	Delivery Amount (AF)	Reserve Water Total (AF) ²	NWP Total (AF)	
October	55	93	148	312	724	1,036	1,184
November	43	93	136	312	724	1,036	1,172
December	35	93	128	141	724	865	993
January	33	93	126	141	724	865	991
February	25	93	118	312	725	1,037	1,155
March	38	94	132	312	725	1,037	1,169
April	48	94	142	312	725	1,037	1,179
May	60	94	154	312	725	1,037	1,191
June	65	94	159	1,438	512	1,950	2,109
July	78	94	172	1,629	321	1,950	2,122
August	80	94	174	1,629	321	1,950	2,124
September	67	94	161	1,622	328	1,950	2,111
Totals	627	1,123	1,750	8,472	7,278	15,750	17,500

Table 2. Water Year 2010 Schedule and Order for Water Releases

Month	Lakeside Use			Nacimiento Water Project			Monthly Total (AF)
	Low Level Outlet (AF)	Other (AF) ¹	Total (AF)	Delivery Amount (AF)	Reserve Water Total (AF) ²	NWP Total (AF)	
October	54	97	151	0	0	0	151
November	39	97	136	0	0	0	136
December	37	97	134	0	0	0	134
January	32	97	129	0	150	150	279
February	23	97	120	488	1,462	1,950	2,070
March	32	97	129	976	974	1,950	2,079
April	44	97	141	1,950	0	1,950	2,091
May	56	97	153	1,950	0	1,950	2,103
June	61	97	158	1,950	0	1,950	2,108
July	72	97	169	615	1,335	1,950	2,119
August	72	98	170	616	1,334	1,950	2,120
September	62	98	160	610	1,340	1,950	2,110
Totals	584	1,166	1,750	9,155	6,595	15,750	17,500

¹ Lakeside well contracts plus reserve water².

² Reserve water distributions is subject to change based on request by water purveyors.

AF = Acre-Feet

All values are rounded to the nearest whole number.

Nacimiento Project Commission 2010 Calendar of Activities

Revised October 30, 2009

<p>JAN</p> <p>TSG – meet on Thursday, Jan 14, 2010 at 2:00 pm in Atascadero</p> <p>Commission – Dark</p>	<p>FEB</p> <p>TSG – meet on Thursday, Feb 11, 2010 at 2:00 pm in Paso Robles</p> <p>Commission – meet on Thursday, Feb 25, 2010 at 4:00 pm in Templeton</p> <p>Reminder: Elect Chair and Vice Chair at first Commission meeting</p>	<p>MAR</p> <p>TSG – meet on Thursday, Mar 11, 2010 at 2:00 pm in San Luis Obispo</p> <p>Commission – Dark</p>
<p>APR</p> <p>TSG – meet on Thursday, Apr 8, 2010 at 2:00 pm in Atascadero</p> <p>Commission – special meeting on Thursday, April 22, 2010, at 4:00 pm in Templeton (budget approval)</p>	<p>MAY</p> <p>TSG – meet on Thursday, May 13, 2010 at 2:00 pm in Paso Robles</p> <p>Commission – meet on May 27, 2010, at 4:00 pm in Templeton</p>	<p>JUN</p> <p>TSG – meet on Thursday, Jun 10, 2010 at 2:00 pm in San Luis Obispo</p> <p>Commission – Dark</p>
<p>JUL</p> <p>TSG – meet on Thursday, Jul 8, 2010 at 2:00 pm in Atascadero</p> <p>Commission – Dark</p>	<p>AUG</p> <p>TSG – meet on Thursday, Aug 12, 2010 at 2:00 pm in Paso Robles</p> <p>Commission – meet on Thursday, Aug 26, 2010 at 4:00 pm in Templeton</p>	<p>SEP</p> <p>TSG – meet on Thursday, Sep 9, 2010 at 2:00 pm in San Luis Obispo</p> <p>Commission – Dark</p>
<p>OCT</p> <p>TSG – meet on Thursday, Oct 14, 2010 at 2:00 pm in Atascadero</p> <p>Commission – Dark</p>	<p>NOV</p> <p>TSG – meet on Thursday, Nov 4, 2010 at 2:00 pm in Paso Robles</p> <p>Commission – meet on Thursday, Nov 18, 2010 at 4:00 pm in Templeton</p>	<p>DEC</p> <p>TSG – meet on Thursday, Dec 9, 2010 at 2:00 pm in San Luis Obispo</p> <p>Commission – Dark</p>

Nacimiento Project Commission
November 19, 2009
Agenda Item IV.b– Project Schedule
(Information Only – No Action Required)

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



Activity ID	Activity Description	Orig Dur	Rem Dur	%	Early Start	Early Finish	2007 2008 2009 2010																																																			
							2007													2008													2009													2010												
Contract No.1 - Intake																																																										
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	707*	0*	95	25OCT07A	30SEP09																																																				
A1440	Intake Shaft Construction	199*	0*	100	12NOV07A	21AUG08A																																																				
A1530	Microtunnel Installation	32*	0*	100	02SEP08A	15OCT08A																																																				
A1760	Commissioning - Contract No. 1	204*	0*	90	12DEC08A	30SEP09																																																				
Contract No.2 - Pump Stations, Tanks, SCADA, etc																																																										
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*	284*	70	19NOV07A	05NOV10																																																				
A2410	Construction - Rocky Canyon Pump Station & Tank	549*	165*	90	31MAR08A	24MAY10																																																				
A2660	Construction - Cuesta Tunnel Tank	343*	24*	90	01JUL08A	03NOV09																																																				
A2240	Construction - Santa Ysabel Pump Station	390*	79*	80	14JUL08A	22JAN10																																																				
A2120	Construction - Camp Roberts Tank	335*	59*	90	01SEP08A	23DEC09																																																				
A1950	Construction - Intake Pump Station	368*	183*	30	12JAN09A	17JUN10																																																				
A2900	Commissioning - Contract No. 2	205*	205*	0	25JAN10	05NOV10																																																				
Contract No.3 - Pipeline North																																																										
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*	121*	64	07NOV07A	23MAR10																																																				
A3170	Commissioning - Contract No. 3	50*	50*	0	13JAN10	23MAR10																																																				
Contract No.4 - Pipeline Central																																																										
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)	491*	0*	100	19OCT07A	22SEP09A																																																				
A3590	Commissioning - Contract No. 4	35*	0*	100	04AUG09A	22SEP09A																																																				
Contract No.5 - Pipeline South																																																										
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)	613*	121*	92	26OCT07A	23MAR10																																																				
A3930	Commissioning - Contract No. 5	91*	91*	0	23DEC09	23MAR10																																																				

 Early Bar
 Progress Bar

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

Sheet 1 of 1
 Data Date 01OCT09
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Nacimientto Project Commission
November 19, 2009
Agenda Item IV.c– Project Budget
(Information Only – No Action Required)

Budget Status

The Project Budget Report through October 31, 2009, is attached.

Finance Committee

The Finance Committee met on November 5, 2009, to discuss:

1. Preparation of the Fiscal Year 2009/10 draft Nacimientto Water Project budget

Refer to Agenda Item VI.a.

2. Operating Reserves, Interest Earnings, and Capital Reserve Costs

Refer to Agenda Item VI.a.

3. Water Pricing

The delivery entitlement contracts call for the District to set pricing for various waters such as Reserve Water pricing for sale to Reserve Water Customers. Will Clemens is calculating water pricing for the current fiscal year and will work with the County Utilities Division to establish a procedure by which available water would be offered to Participants and to potential Reserve Water Customers.

* * *



**Nacimiento Water Project
Project Budget Reporting
Report Ending Period: 10/31/09**

	Revised Budget Approved AUGUST 2007	Cost to Date thru 10/31/09	Remaining Budget	Projected Total Cost as of 4/30/2009	Projected Variance (Budget Vs. Projected Cost)	Comments
Design Phase Costs						
Project Management	\$2,345,749	\$2,298,745	\$47,004	\$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	\$2,015,896.15	(\$600,896)	\$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	\$30,830.21	\$69,170	\$100,000	\$0	Estimate to extend power to proposed facilities. Load-shedding approach less capital costly.
Right of Way Consulting Services	\$1,375,000	\$1,452,852	-\$77,852	\$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	\$1,623,986.59	\$876,013	\$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		
SUMMARY - DESIGN PHASE	\$18,900,000	\$17,574,590	\$1,325,410	\$18,900,000		
Construction Phase Costs						
Project Management	\$4,692,637	\$3,078,422.11	\$1,614,215	\$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	\$6,803,226.19	(\$968,226)	\$5,815,891	\$19,109	Based on Jacobs construction management services fees.
Post-Design Services by Designer	\$3,200,000	\$1,924,574.02	\$1,275,426	\$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	\$116,032,680.25	\$102,064,704	\$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.
SUMMARY - CONST. PHASE	\$156,179,988	\$127,859,213.32	\$122,541,390	\$156,160,879	\$19,109	
Prior Expenses						
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	
TOTAL PROJECT	\$176,623,988	\$146,977,804	\$123,866,800	\$176,604,879	(\$538,924)	

Positive Projected Variance indicates costs are under the revised line item budget.

Recent Update: November 12, 2009

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

Nacimiento Project Commission
November 19, 2009
Agenda Item V.a - Project Operations Overview
(Presentation - No Action Required)

TO: Nacimiento Project Commission

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

VIA: John R. Hollenbeck, P.E., Nacimiento Project Manager

DATE: November 19, 2009

On November 5, 2009, the District hosted a Special Operations Discussion with Participants and the San Luis Obispo County Dept of Public Works Utilities Division staff. The Utilities Division holds responsibility for Nacimiento Water Project operations such that, with start-up likely within 6-8 months, there is added emphasis on the District's plans in this regard.

Topics discussed at that meeting were:

1. The District's Operations Team
2. Project Start-up
3. Project Operations Manual
4. Participant Requests for Flow Changes
5. Sustained Dialogue Among Operators

Highlights of that special operations meeting are:

- a. Dean Benedix introduced members of SLO District's operations team.
- b. Brett Garrett and Jack Estes, members of the Mountain Cascade construction team, will oversee Project start-up testing and transition to SLO District operations. Their revised start-up plan is to be reviewed by the Utilities Division as well as Jacobs.
- c. Subsequent discussions with the TSG will include estimated volumes of water to be discharged during start-up testing.
- d. The Utilities Division is to seek a proposal from Black & Veatch to assist in the preparation of the Project Operations Manual.
- e. SLO District expects to make flow changes at Participant turnouts no more frequently than twice daily.
- f. Future TSG meetings will include Participant operators as appropriate.

* * *



Nacimiento Project Commission
November 19, 2009
**Agenda Item VI.a – FY 2010/11 Nacimiento Project Budget Format
and
Proposed Policies for Funding Operating Reserves and Capital Reserve Costs**
(Action Item – No Subsequent Board of Supervisors Action Required)

TO: Nacimiento Project Commission

**FROM: Will Clemens, SLO County Dept. of Public Works
Department Administrator**

VIA: John R. Hollenbeck, P.E., Nacimiento Project Manager

DATE: November 19, 2009

Recommendation

Receive presentation on the proposed budget format and schedule, and adopt a policy for a 20-percent operating reserve in the Operation and Maintenance (O&M) Cost fund, and adopt a policy regarding the funding of Capital Reserve Costs.

Discussion

Budget Format and Schedule: The Flood Control District’s fiscal year runs from July 1st to June 30th such that we are currently in fiscal year 2009/2010 (FY 09/10). Article 4(C) of the delivery entitlement contracts states that “...the District shall determine the amount of Capital Reserves necessary for the Nacimiento Facilities for the upcoming Water Year and shall prepare its draft annual budget by no later than March 1 to reflect such Capital Reserves”.

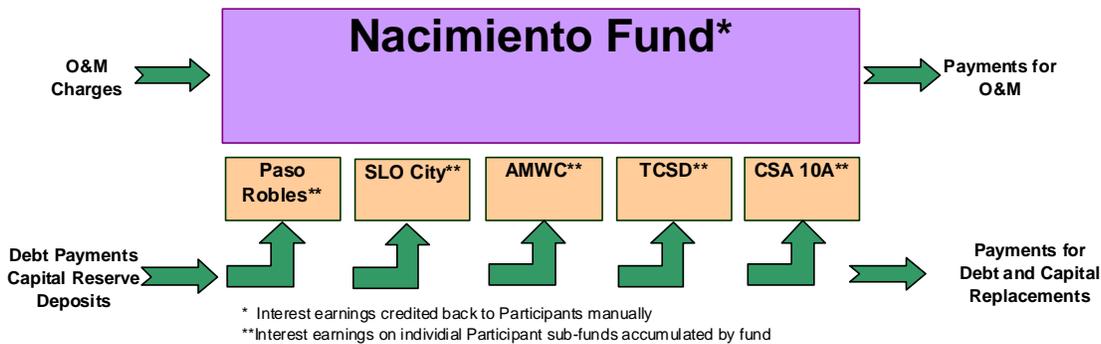
The following schedule is proposed to meet this requirement:

November 5, 2009	Finance Committee discussion of budget process
November 19, 2009	Review proposed Nacimiento Water Project budget format with Commission
February 25, 2010	Present proposed FY 2010/11 budget to Commission
March 11, 2010	Convene meeting of TSG and Finance Committee to review the proposed budget and discuss Participant comments
April 8, 2010	Return to TSG with any revisions to proposed budget
April 22, 2010	Special meeting of Commission to approve budget per Article 4(C) of the delivery entitlement contracts
Early May 2010	Include FY 2010/11 Nacimiento Water Project budget in Board of Supervisor’s overall budget for consideration



The District’s budget format adheres to standard Dept of Public Works special district budgeting protocols, tailored for compliance with terms of the delivery entitlement contracts. The purpose of reviewing this with the Commission is to familiarize the group with the format, to review the calendar of the budget process, and to set the stage for what will become an annual flow of budget communication among all parties involved.

Operating Reserves within the O&M Costs: As part of the Nacimiento Water Project fiscal management, SLO District will maintain sub-funds as depicted below:



Maintaining sub-funds for each Participant will support reserve and interest accumulation by Participant such that future cost allocation for, say, Additional Capital Projects or Approved Additional Projects may be done from the sub-funds. In other words, this approach simplifies accounting and allows each Participant to track their particular fund balance.

The Finance Committee identified the benefits of maintaining some level of operating reserves for unanticipated expenses. The Finance Committee concurs with District staff recommendation that the District should hold operating reserves equating to 20-percent of the annual O&M Cost fund. Interest revenue would be used to build this reserve balance. Once reserve balance target was reached, interest revenue could be used to offset billings.

Capital Reserve Costs: As for Capital Reserves Costs, Article 4(C) of the Water Delivery Entitlement Contract (WDEC) calls for the District to determine the level of Capital Reserve Costs to be maintained for future repair and replacement of Project components. Previous Project fiscal planning (such as the 2007 Opt Out dialogue) included an estimated \$480,000/year contribution to Capital Reserve Costs, divided among All Participants.

Capital Reserve Costs are used for replacement of certain large-cost assets (e.g., the pumps and motors). Utilities often fund these through a capital improvement program. Because the Nacimiento Water Project is an altogether new facility, no CIP is planned in the early years. This allows time to accumulate monies for the Capital Reserve Costs more slowly.

The Nacimiento Project Manager examined a variety of approaches to planning for repair and replacement of Project components which are documented in the attached memo dated November 13, 2009, “Capital Reserve Costs Funding Proposals” authored by Carolyn Berg.



The Finance Committee met on November 5, 2009, and support the accumulation of monies for the Capital Reserve Costs following Scenario 3 (\$490,000/year) outlined in the attached memorandum. This funding strategy is presented as a constant value over 30-years, and coincides with the retirement of the debt service payment. The Finance Committee also suggested the District evaluate the collection of funds annually after the fifth year based on equipment replacement evaluations to be conducted by the District. This evaluation would be similar to a CIP.

Financial Considerations

Maintaining operating reserves equating to 20-percent of annual O&M Costs is expected to provide billing stabilization as the District settles into operation of this new facility and can be used to offset unforeseen operating costs. The District currently plans to fund the operating reserves through earned interest revenues.

Adopting the strategy for funding the Capital Reserve Costs outlined as Scenario 3 in the attached memo (i.e. \$490,000/year) provides a technical basis for the accumulation of monies for Capital Reserve Costs, aligns with prior fiscal planning for the Project, and establishes a starting point that could be re-evaluated as the Project ages and specific capital projects are identified in latter years of Project operation. The forthcoming Fiscal Year 2010/11 budget will allocate the \$490,000 amount.

Results

Adopting an operating reserve within the O&M Costs fund and the Capital Reserve Cost fund policies outlined herein results in prudent fiscal planning for the Project and helps stabilize year-to-year variations in billings to Participants.





San Luis Obispo County FC&WCD
John R. Hollenbeck, P.E.
Nacimiento Project Manager

Commissioners
Frank Mecham, SLO County FC&WCD
John Hamon, City of Paso Robles
David Brooks, Templeton CSD
Grigger Jones, Atascadero MWC
Dave Romero, City of San Luis Obispo

MEMORANDUM

November 16, 2009
NWP File No. E.10.2

TO: Nacimiento Project Commission

FROM: Carolyn K. Berg, E.I.T.
Nacimiento Staff Engineer

VIA: John R. Hollenbeck, P.E.
Nacimiento Project Manager

SUBJECT: Capital Reserve Costs Funding Proposals

1.0 General

Capital Reserve Costs are an element of the Nacimiento Project Costs. The Water Delivery Entitlement Contract (WDEC), Article 16(B), identifies the Capital Reserve Costs as the fifth of eight items that, combined, form the Nacimiento Project Costs. The full definition of Capital Reserve Costs is given in Article 1 of the WDEC.

The proposed technical life of major equipment was presented to and supported by your Technical Support Group at the June 18, 2009, meeting. This information, presented in Table 1, is repeated herein, along with the present value (2010\$) of the approximate replacement cost for these items. The overall Nacimiento Water Project's (Project) technical life is assumed to be 100 years.

The present values of the Project components are derived from a combination of sources including:

- *Spec 2 Schedule of Values* for estimating the SCADA, Tank Recoating, Miscellaneous Architectural, and Turnouts replacement costs.
- *Spec 2 Resident Engineer/ Contractor judgment* for estimating the Miscellaneous Mechanical Other, Pumps, Motors, and Major Electrical replacement costs.
- *Black & Veatch's Capital Replacement Sinking Fund analysis (7/9/2007)* for estimating the Valves and Turnout Valves replacement costs.

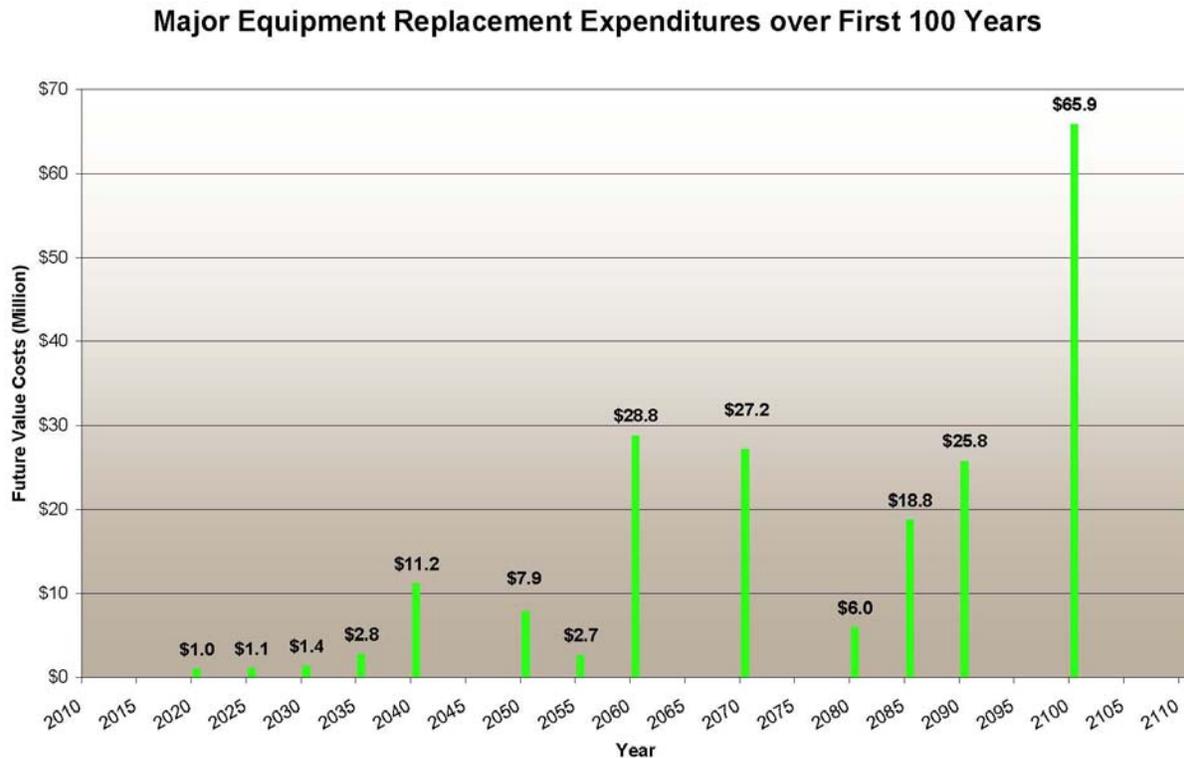
<i>Item</i>	<i>Present Value (2010\$ Construction Cost)</i>	<i>Technical Life (years)</i>	<i>Replacement Schedule Over First 100 Years (2010 – 2110)</i>								
			<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>5th</i>	<i>6th</i>	<i>7th</i>	<i>8th</i>	<i>9th</i>
SCADA	\$0.60 Million	10	2020	2030	2040	2050	2060	2070	2080	2090	2100
Tank Recoating	\$0.59 Million	15	2025	2040	2055	2070	2085	2100			
Miscellaneous Mechanical	\$1.09 Million	25	2035	2060	2085						
Miscellaneous Architectural	\$0.17 Million	30	2040	2070	2100						
Pumps	\$2.35 Million	30	2040	2070	2100						
Motors	\$1.39 Million	40	2050	2090							
Major Electrical	\$1.68 Million	50	2060								
Valves (non-A/V)	\$1.43 Million	50	2060								
Turnout Valves	\$0.33 Million	50	2060								
Turnouts	\$0.21 Million	50	2060								

2.0 Financial Assumptions

The present values in Table 1 were escalated at the assumption shown in Table 2 to estimate the future values, as depicted in Figure 1.

<i>Item</i>	<i>Value</i>
Escalation Rate	3.0 %
Interest Earned on Net Fund	1.5 %
Present Worth Discount Rate	1.5 %
Non-Construction Costs (e.g. Professional Services, Administration)	25 %
Salvage - Motors	5.0 %
Salvage - Tank Recoating	3.0 % (varies w/ steel volume)
Salvage - Pumps	5.0 %
Salvage - Major Electrical	1.0 %
Salvage - Valves	2.0 %
Salvage - Misc. Mechanical Other	2.0 %
Salvage - Misc. Architectural	1.0 %

Figure 1. Major Equipment Replacement Expenditures



3.0 Scenario Evaluation

The District evaluated several scenarios for funding the Capital Reserve Costs. The scenarios examined to-date include:

- Scenario 1 – 100 Year Funding Horizon
- Scenario 2 – 100 Year Funding Horizon with Adjusted Technical Life
- Scenario 3 – 30 Year Annualized Funding
- Scenario 4 – 40 Year Annualized Funding
- Scenario 5 – 50 Year Annualized Funding

3.1 Scenario 1. This analysis utilized the technical life of each Project component, its present value, and the various financial assumptions (Section 2.0) to project equipment replacement values into future values. The analysis annualized the total replacement cost for the 100 year period to calculate the Participants' annual contribution.

3.2 Scenario 2. The observations of the Scenario 1 analysis indicate that the technical lives, as defined in Table 1, accumulate on years divisible by five. The Scenario 2 analysis studied an adjustment to the technical lives, holding all other portions of the Scenario 1 analysis constant.

3.3 Scenario 3. Scenario 3 considers a shorter time period of equipment replacement, thereby lessening the current burden of future equipment replacements. This analysis utilizes a similar process to Scenario 1 except it only considers 30- year periods and re-computes the Participants' annual contribution for each 30-year period's anticipated expenditures.

3.4 Scenario 4. This analysis works similar to Scenario 3 except it considers 40-year periods.

3.5 Scenario 5. This analysis works similar to Scenario 3 except it considers 50-year periods.

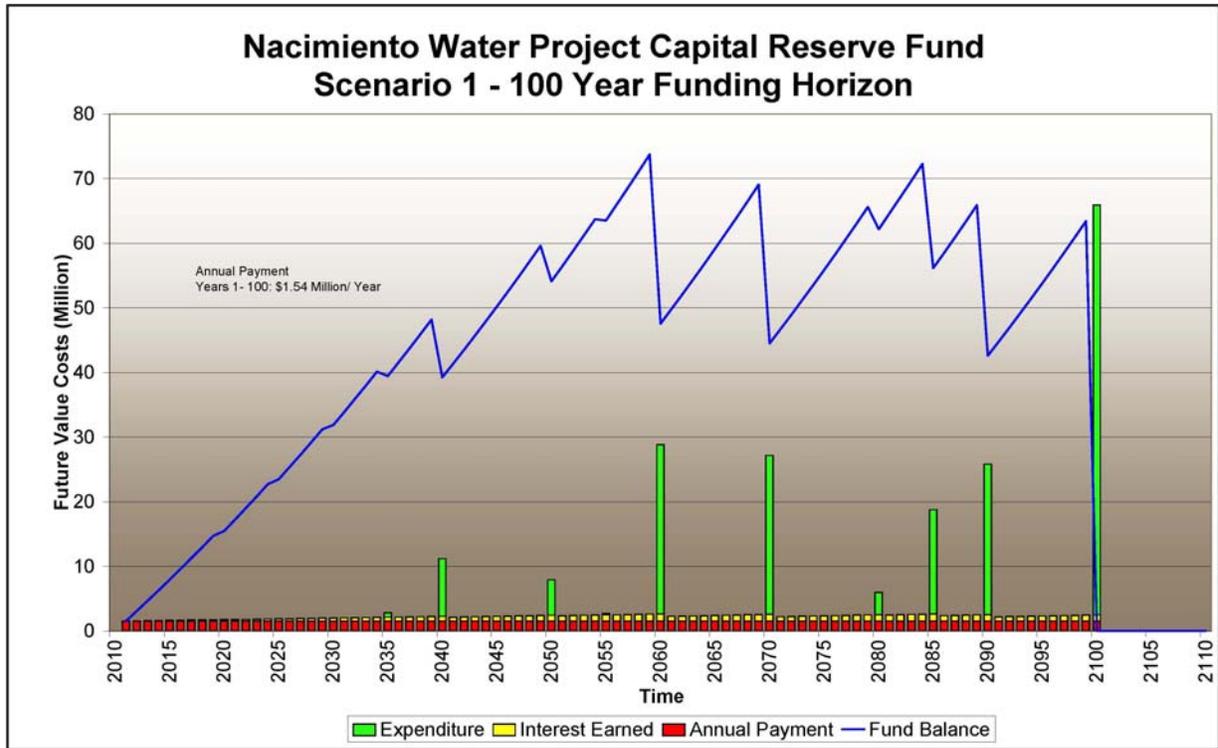
4.0 Summary of Results

Table 3. Annual Capital Reserve Costs Funding			
Scenario	Description	Period	Annual Capital Reserve Costs (Million)
1	100 year funding horizon	Years 1- 100	\$ 1.54
2	100 year funding horizon with adjusted technical lives	Years 1- 100	\$ 1.33
3	30 year funding periods; considers each 30 year period expenditures separately and bases the annual payment on that period	Years 1- 30 Years 31- 60 Years 61- 90	\$ 0.49 \$ 1.97 \$ 3.35
4	40 year funding periods; considers each 40 year period expenditures separately and bases the annual payment on that period	Years 1- 40 Years 41- 80 Years 81- 100	\$ 0.54 \$ 3.00 ¹ \$ 4.22
5	50 year funding periods; considers each 50 year period expenditures separately and bases the annual payment on that period	Years 1- 50 Years 51- 100	\$ 0.89 \$ 3.08

¹ Per the fundamental interest formula for an annual payment based on a known present value (2041 \$), the annual payment is \$2.55 million; however, this results in a negative fund balance in year 2090. \$3.00 million allows for a positive fund balance and results in a positive net fund at year 2090, which is rolled into the 3rd period fund.

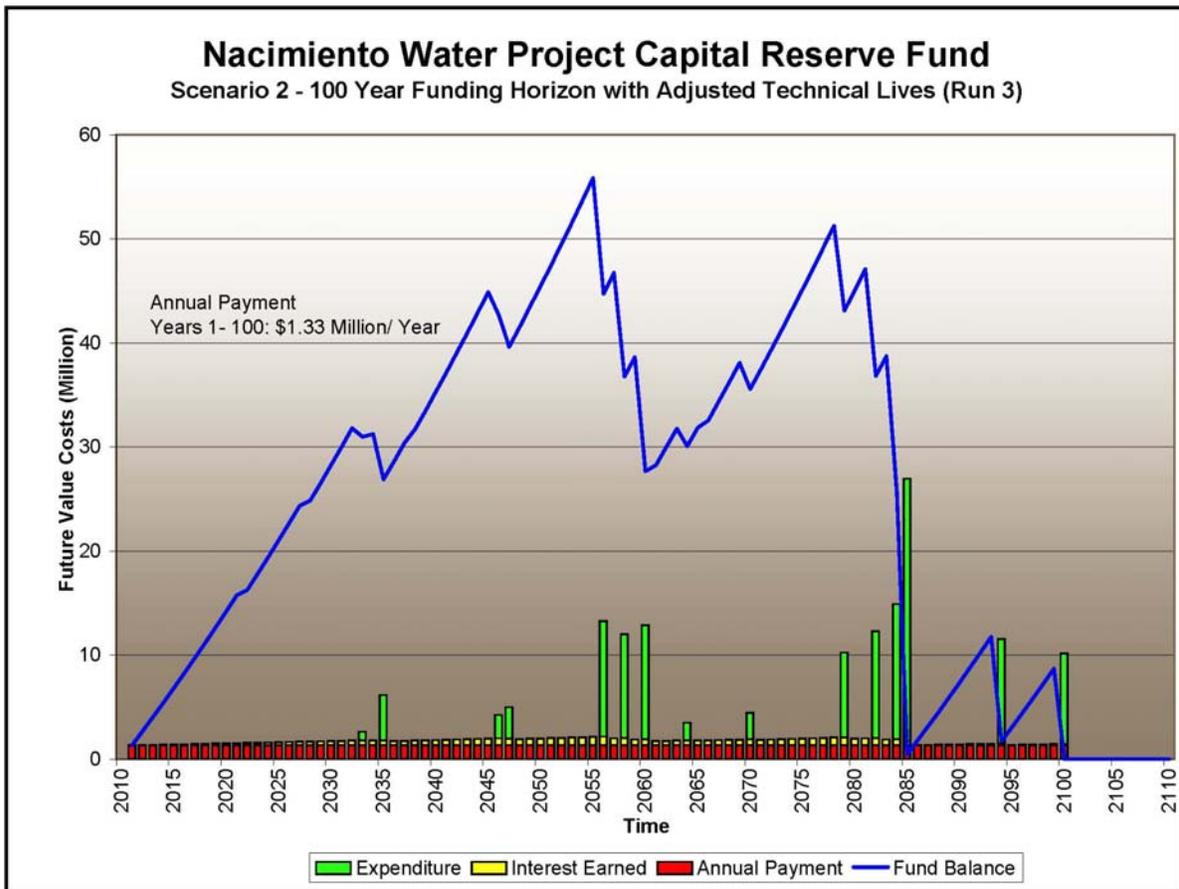
4.1 “100 Year Funding Horizon” Analysis Results.

Figure 2. Scenario 1 Net Fund Activity Related to Annual Expenditures



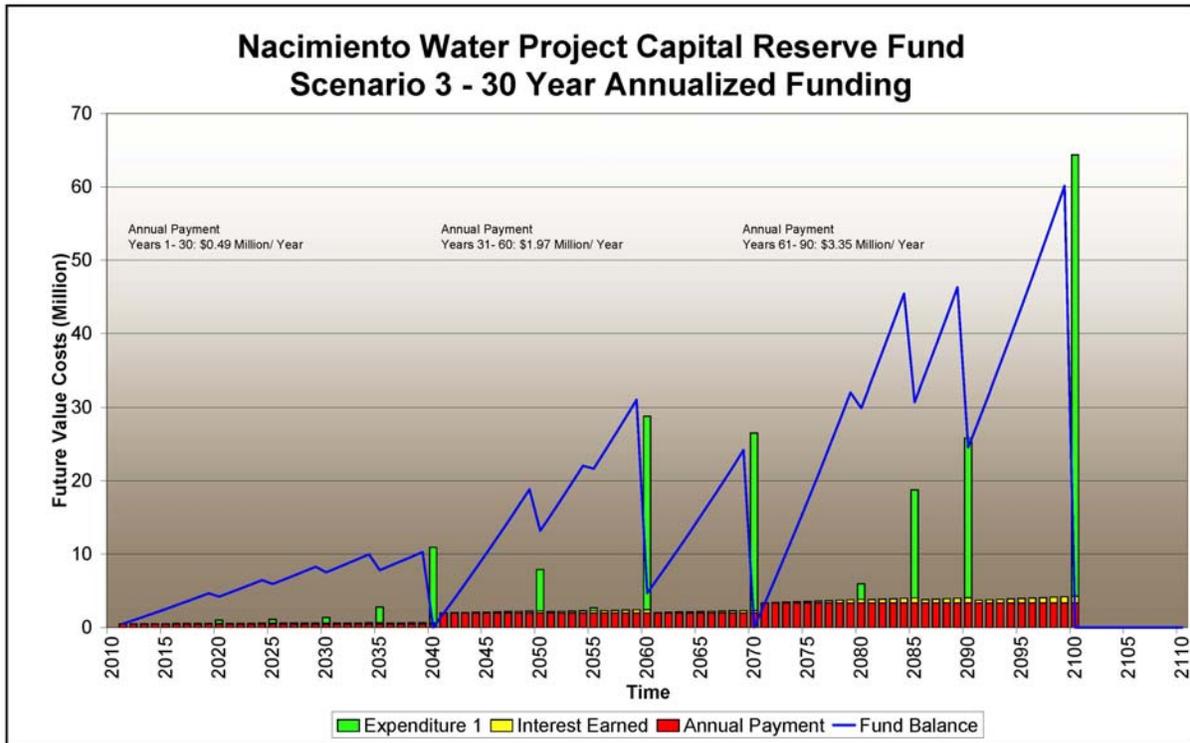
4.2 “100 Year Funding Horizon with Adjusted Technical Life” Analysis Results. This scenario considers a 100 year funding horizon similar to Scenario 1 but varies the equipment technical lives.

Figure 3. Scenario 2 Net Fund Activity Related to Annual Expenditures



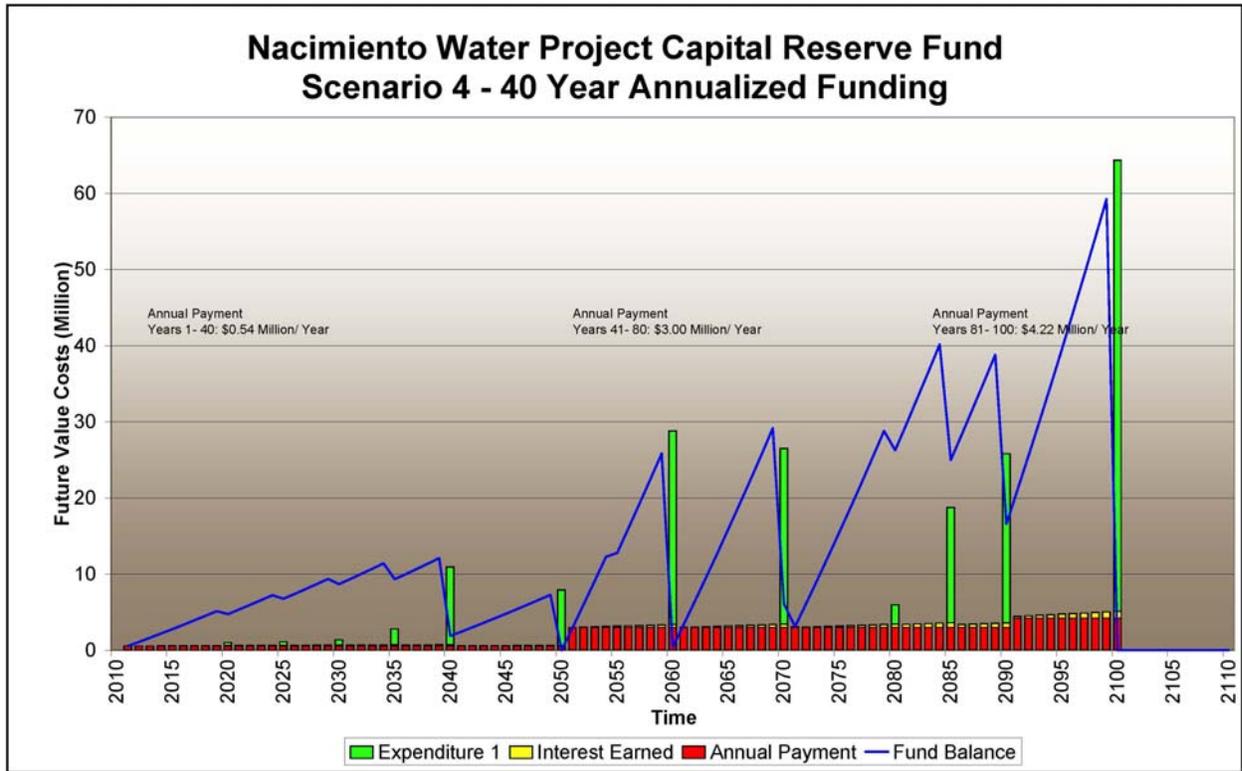
4.3 “30 Year Annualized Funding” Analysis Results.

Figure 4. Scenario 3 Net Fund Activity Related to Annual Expenditures



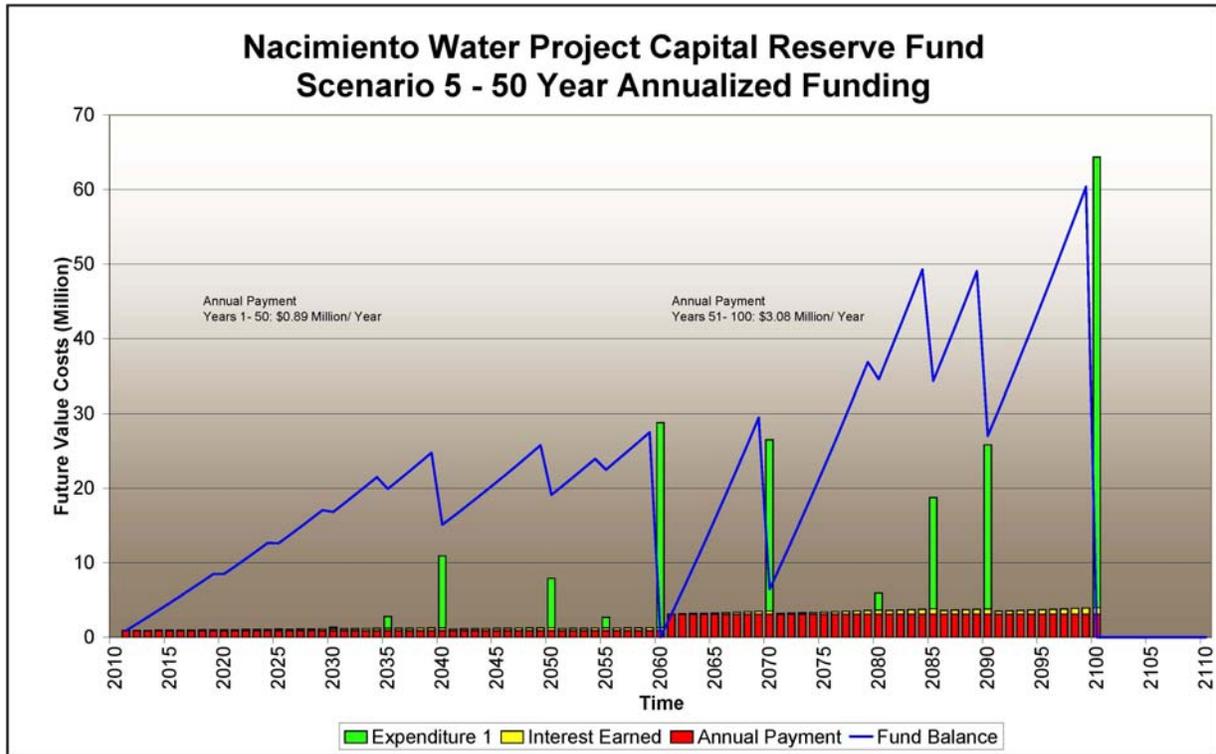
4.4 “40 Year Annualized Funding” Analysis Results.

Figure 5. Scenario 4 Net Fund Activity Related to Annual Expenditures



4.5 “50 Year Annualized Funding” Analysis Results.

Figure 6. Scenario 5 Net Fund Activity Related to Annual Expenditures



5.0 Conclusions and Recommendations

The Technical Support Group considered and approved the scenarios described within this memorandum at its meeting on October 8, 2009. The Technical Support Group recommended all five scenarios be presented to and analyzed by the Finance Committee. The District engaged the Finance Committee in more in-depth analyses at a meeting on November 5, 2009.

The Finance Committee determined that the District should accumulate the Capital Reserve Costs Fund based upon Scenario 3, "30 Year Annualized Funding". This scenario considers 30-year periods and requires \$490,000.00 per year during the first 30 operational years. The Committee also suggests that after the first five years, the District annually evaluate the collections for the Capital Reserve Costs fund based on projected equipment replacement evaluation. This evaluation would be performed by the District similar to a Capital Improvement Plan. This will allow the District to prioritize Capital Project replacements needed, revisit any actual costs to date, and schedule the Capital Reserve expenditures. The District anticipates the first Capital Project replacements to begin at approximately operational year ten.

cc: Christine Halley, TJ Cross Engineers
Will Clemens, District

Nacimiento Project Commission
November 19, 2009
Agenda Item VI.b – Surplus Water Declaration for Water Year 2010
(Action Item – No Subsequent Board of Supervisors Action Required)

TO: Nacimiento Project Commission
FROM: John R. Hollenbeck, P.E., Nacimiento Project Manager
DATE: November 19, 2009

Recommendation

Declare 12,560.8 acre-feet of Surplus Water available for Water Year 2010.

Discussion

Provisions of the delivery entitlement contract address water pricing and declaration of available Surplus Water. The Finance Committee agenda for November 5, 2009, covers the topic of water pricing. As for Surplus Water, Article 12(A) states that:

(A) District Determination of Amount of Surplus Water; Reserve Pool; Turn-Back. The District shall notify All Participants of the total amount of Surplus Water, if any, available for a Water Year on or about the first day of the then-current Water Year, and once so declared by the District, said amount shall not be changed without first obtaining the consent of All Participants. Surplus Water purchased by the Participant will be delivered to the Participant in the same manner provided for the delivery of the Participant's Delivery Entitlement and to the extent that all of said Surplus Water purchased is not in fact taken by the Participant by the end of the Water Year in question, then such undelivered amount of Surplus Water shall revert to the District and shall not thereafter be available to the Participant.

Since the Water Year runs from October 1st to September 30th (e.g., Water Year 2010 is October 1, 2009, through September 30, 2010), it is time for the District to make the notification regarding Surplus Water. Surplus Water is defined as Reserve Water plus Turn-Back Pool Water as follows:

Reserve Water = Nacimiento Reservoir Water – Prior Commitment Water – Total Delivery Entitlement Obligation
17,500 – 1,750 – 9,655
6,095 AFY for Water Year 2010

Turn-Back Pool Water = Total Delivery Entitlement Obligation – Participant Delivery Requests
9,655 – 3,189.2 for Water Year 2010¹
6,465.8 AFY

Surplus Water = Reserve Water + Turn-Back Pool Water
6,095 + 6,465.8 for Water Year 2010
12,560.8 AFY

¹ Participant Delivery Requests as stated in “Water Delivery Entitlement Contract Report” draft dated October 30, 2009.



Reserve Pool Water = Portion of Reserve Water remaining after satisfying provisions of Article 29(A) – Use of Reserve Water (i.e. to alleviate permanent shortages, to alleviate temporary shortages, to satisfy obligations to Reserve Water Customers, for additional water to Participants and Other Participants, and for New Participants).

The District hereby notifies All Participants of the total amount of Surplus Water available and said amount shall not be changed without consent of All Participants. The Reserve Pool Water portion of Surplus Water is hereby offered to Participants as follows:

Participant	Delivery Entitlement Share (acre-feet per year)	Proportional Offer of Reserve Pool Water for Water Year 2010 (acre-feet)
City of el Paso de Robles, T2	4,000	2,720.2
Templeton CSD, T4	250	170.0
Atascadero MWC, T6	2,000	1,360.1
City of San Luis Obispo, T11	3,380	2,298.5
CSA 10A, T11	25	17.0
TOTAL =	9,655	6,465.8

Reserve Pool Water shall be offered and re-offered per Article 12(B)(1) until all of the Reserve Pool Water has been sold. Turn-Back Pool Water may only be offered so long as no Reserve Pool Water remains.

Once All Participant water needs are satisfied by either delivery of Delivery Entitlement or Surplus Water, then SLO District “shall use its best efforts to temporarily lease the Reserved Capacity of the Nacimiento Facilities” (Article 30).

SLO County Utilities Division is to administer the Reserve Pool and Turn-Back Pool program. Participates should expect upcoming correspondence on this topic and the TSG will discuss potential leasing of Reserve Capacity per Article 30 at future meetings.

Financial Considerations

Declaration of the amount of Surplus Water for Water Year 2010 carries with it no direct financial impact. The Commission’s Finance Committee met on November 5, 2009, to discuss water pricing, namely setting the price for Reserve Pool Water, Turn-Back Pool Water, and related terms of future Reserve Water Customer agreements. It was agreed that SLO District will use budget estimates to set water pricing in lieu of “prior years actuals”. Revenues from sale of such water would be credited back to Participants per the terms of the delivery entitlement contracts.

Results

Declaring Surplus Water for the current water year will put into motion Reserve Pool and Turn-Back Pool water offers and allow the District to entertain agreements with Reserve Water Customers.

* * *

Nacimiento Project Commission
November 19, 2009
Agenda Item VI.c –Letter to California Department of Fish & Game
(Action Item – No Subsequent Board of Supervisors Action Required)

TO: Nacimiento Project Commission
FROM: John R. Hollenbeck, P.E., Nacimiento Project Manager
DATE: November 19, 2009

Recommendation

Approve the attached proposed letter to the California Department of Fish and Game (CDFG), and instruct Chairperson Romero to sign.

Discussion

In August 2009, the Commission asked staff to prepare a letter to the CDFG from the Commission and Board of Supervisors asking them to require Monterey County Water Resources Agency to implement an inspection and decontamination program. Subsequently, Supervisor Frank Mecham met with elected officials from Monterey County and from the Water Resources Agency plus a more broadly-attended elected official's meeting took place on October 2, 2009. A joint approach to inspection and decontamination is being followed, thus future correspondence with the CDFG would be more of one seeking their support in our mutual efforts.

The attached proposed letter is submitted for Commission review and approval.

Financial Considerations

None.

Results

Keeping the CDFG aware of our invasive species prevention efforts at Lake Nacimiento brings one more enforcement partner into the program.



INSERT NACIMIENTO LETTERHEAD

November 16, 2009

Attn: Ms. Susan Ellis
Program Manager
Invasive Species Program
Habitat Conservation Planning Branch
California Department of Fish and Game
1416 Ninth Street, Ste. 1260
Sacramento, CA 95814

Subject: Aquatic Invasive Species Prevention Program at Lake Nacimiento

Dear Ms. Ellis:

San Luis Obispo and Monterey Counties both consider Lake Nacimiento a valuable resource, located within San Luis Obispo County, but owned and operated by Monterey County Water Resources Agency (MCWRA). We urge the California Department of Fish and Game (CDFG) to utilize its position and mandate, manage, and support an aquatic invasive species inspection and decontamination program at Lake Nacimiento.

This reservoir is an important water resource for both San Luis Obispo County and Monterey County. In 1959, San Luis Obispo County Flood Control and Water Conservation District (District) acquired rights to 17,500 acre-feet of Lake Nacimiento water from Monterey County Flood Control and Water Conservation District, now MCWRA. In 2007, the District began construction of the Nacimiento Water Project (Project), a \$176-million water conveyance system, used to convey 15,750 acre-feet of water from Lake Nacimiento to the City of Paso Robles, Templeton Community Services District, Atascadero Mutual Water Company, the City of San Luis Obispo, and County Service Area 10A (Cayucos). This entitlement is a vital component to the Project Participants' water resources and the County's welfare.

Staffs from both counties are working collaboratively to implement an inspection and decontamination program by March 31, 2010, thus being ready for the 2010 boating season. These efforts will launch the beginning of an inspection program, but the program will require future augmentation as resources become available for decontamination and higher levels of protection against invasive species.

Lopez and Santa Margarita Lakes have implemented watercraft inspection and decontamination programs, but Lake Nacimiento lacks a similar prevention program. Lake Nacimiento presents a unique challenge due to its estimated 60 watercraft launch points, of which most are private launches. This is a large number compared to the single launch points at Lopez and Santa Margarita lakes; however, it is a challenge which can be overcome. The Nacimiento Project Commission wants to see our \$176-million investment protected against these invasive species, and we ask for CDFG's proactive help in managing this endeavor.

As our counties take initial steps to implement said program, staff will gain a sense of boater reaction to the new requirements and better determine the logistics of managing heavy boat traffic during the height of the recreation season. This process will also define the support needed from CDFG. We seek CDFG support in the following areas:

- ✓ Monetary and/or resource support for inspection/decontamination program implementation
- ✓ Delegate authority to MCWRA and the District to enforce CDFG Code related to aquatic invasive species, chiefly the authority to:
 - Conduct inspections of conveyances that may carry mussels
 - Temporarily stop conveyances on roadways or waterways in order to conduct said inspections
 - Order that areas in a conveyance that contain water be drained, dried, or decontaminated pursuant to the approved CDFG procedures
- ✓ Implement stricter restrictions on contaminated water bodies to better contain the problem at its source, which could include:
 - Require all watercraft exiting contaminated lakes be decontaminated before leaving water body area
 - Close contaminated water bodies to recreation and watercraft
- ✓ Develop a statewide, mandatory inspection program for reservoirs and lakes open to recreational activities
- ✓ Enhance our local public awareness by providing outreach materials and information
- ✓ Participate in upcoming stakeholder meetings
- ✓ Provide points of contact of agencies with similar, successful programs
- ✓ Use of CDFG authority to impound or quarantine watercraft suspected as conveyances of invasive species
- ✓ Support of related future legislation benefitting the inspection/decontamination program

The contacts listed below are responsible for coordinating the subject prevention efforts:

Carolyn Berg, Nacimiento Staff Engineer
County of San Luis Obispo
County Government Ctr., Rm. 207
San Luis Obispo, CA 93408
(805) 781-5536
cberg@co.slo.ca.us

Bill Phillips, Deputy General Manager
Monterey County Water Resources Agency
P.O. Box 930
Salinas, CA 93902
(831) 755-5159
PhillipsB@co.monterey.ca.us

Please contact us if you have any questions regarding our invasive species prevention efforts or if you have ideas on how to successfully protect Lake Nacimiento from an environmentally and fiscally costly infestation.

Sincerely,

DAVE ROMERO
Nacimiento Project Commission Chair

cc: Monterey County Board of Supervisors
Monterey County Water Resources Agency Board of Directors
Monterey County Administrative Officer, Lew Bauman
San Luis Obispo Flood Control & Water Conservation District Board of Supervisors
Bill Phillips, Monterey County Water Resources Agency
Brian Beal, California Department of Fish and Game, Region 4
Paavo Ogren, San Luis Obispo County Public Works Director
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Nacimiento Project Commission
November 19, 2009
Agenda Item VII.a – Oak Tree Mitigation
(Action Item – Subsequent Board of Supervisors Action Required)

TO: Nacimiento Project Commission
FROM: Eric Wier, Environmental Specialist
VIA: John R. Hollenbeck, P.E., Nacimiento Project Manager
DATE: November 19, 2009

Recommendation

Support the expenditure of \$425,000 in oak tree mitigation efforts and recommend to the Board of Supervisors that arrangements be made for mitigations.

Discussion

The November 2006 Oak Tree Mitigation and Monitoring Plan adopted for the Nacimiento Water Project called for replacement of trees removed or damaged as a result of construction activities. In 2006, an estimated 1,700+ oak trees were expected to be impacted, 500 of which were on Camp Roberts. To date, far fewer oak trees have been impacted. ESA's environmental monitors have created an inventory of the number and species of impacted oaks such that the current quantity approximates fewer than 250 trees have been harmed resulting in the need to plant approximately 760 trees per the terms of the adopted Plan.

Replacement ratios generally vary from 3:1 up to 10:1 depending on the tree species and location. The majority of the Project requires a 3:1 oak tree replacement ratio resulting in the need for an estimated 66 acres, excluding mitigation acreage needed on Camp Roberts. Less acreage is expected to be necessary due to the number of oaks actually impacted. Candidate properties to plant the mitigation oaks were identified as:

- Santa Margarita Lake Regional Park (several thousand available acres)
- Heilmann Regional Park (10-15 suitable acres)
- Duveneck County park property (10-14 suitable acres)
- City of San Luis Obispo property near Cuesta Tunnel south portal (20-25 suitable acres)
- California Department of Fish & Game Big Sandy property
- Approximately 15 acres of suitable habitat on Camp Roberts adjacent to the pipeline corridor to be coordinated with Camp Roberts Environmental Office

Compliance with the Oak Tree Mitigation and Monitoring Plan goes beyond merely planting the proper ratio of replacement oaks. It requires that the trees successfully establish after a set period of



time. Since tree establishment extends after the time that construction contracts are substantially complete, the District decided early to perform the required planting and plant establishment by means beyond the construction contracts. Specifically, SLO District is obligated per the final Oak Tree Mitigation and Monitoring Plan to:

- Keep inventory of damaged trees for 1 year following the completion of construction.
- Assign an Oak Mitigation Monitor to supervise site preparation and planting, approve seedlings, replace seedlings as-needed, control weeds, etc. Monitor each spring and fall.
- For up to 7 years after construction, prepare an annual report of the condition of the mitigation oaks and submit that report to District staff.

SLO County Public Works staff has already collected acorns which are sorted and being held in cold storage. The plan is to plant those acorns at the Public Works nursery and use the saplings as mitigation trees. Eric Wier with the District is to administer the oak mitigation program and his anticipated work plan is:

1. Following construction, review the Oak Tree Mitigation and Monitoring Report prepared by the Jacobs/ESA team and approve the final documentation.
2. Make arrangements with Camp Roberts to plant mitigation oaks for trees impacted on base as well as replacements for those impacted elsewhere.
3. Then, make arrangements as-needed with various property owners/managers such as those listed above to plant oaks and gain access for tree establishment.
4. Manage Public Works Department forces or hire outside service firm to perform the obligated tasks enumerated above (check tree status along pipeline corridor after one year, plant mitigation oaks and get them established, inspect them biannually, and prepare annual reports for up to 7 years).

In following this work plan, SLO County Public Works Dept. will entertain a series of memoranda of understanding, purchase orders, or service agreements with vendors such as arborists, landscapers, etc. District staff seeks Commission support to bring such work authorizations and agreements forward to the Board of Supervisors as appropriate.

Requests for proposals and proposed terms of mitigation planting are forthcoming. City of San Luis Obispo staff indicates a willingness to establish approximately 150 oaks on the Stenner Springs Natural Reserve at the south Cuesta Tunnel portal. Specific terms of a memorandum of understanding with the City are underway.



Financial Considerations

Forthcoming compliance steps and the estimated budget to execute each step are as follows:

Program administration; Year 1 tree survey; acorn gathering and planting; sapling supply to landscapers	\$15,000
Initial planting, set up irrigation systems, soil preparation, rodent and wildlife control measures	\$180,000
Annual tree care for Years 1 up through 7 including an allowance for replacement tree establishment, annual reporting	\$200,000
Contingency for unforeseen site conditions, unusual rodent/wildlife damage, unseasonal weather variations, etc.	<u>\$30,000</u>
	\$425,000
TOTAL RECOMMENDED OAK MITIGATION BUDGET = (Years 1 through 7)	

Oak Tree Mitigation and Monitoring was budgeted as part of the \$4.5 million Environmental Mitigation Construction Phase line item budget. This budget line item has sufficient value to fund the proposed mitigation plan. The work under this proposed mitigation plan would be accounted for as an element of the Environmental Mitigation Construction Cost Component per Article 16(C)(3)(a) of the Water Delivery Entitlement Contract.

Results

Commission’s support of the proposed Oak Tree Mitigation and Monitoring expenditures will ensure adherence to the permit conditions and mitigations set forth in the Nacimiento Water Project Final Environmental Impact Report.

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