

SWSAC MEMBER AGENCIES: SLOCF&WCD, CSA 16 (SHANDON), CMC, COUNTY OPS CENTER, CUESTA COLLEGE, CITY OF MORRO BAY, CITY OF PISMO BEACH, OCEANO CSD, AVILA VALLEY MWC, AVILA BEACH CSD, SAN MIGUELITO MWC, SAN LUIS COASTAL USD



Notice of Special Meeting

STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Library Conference Rm., City/Co. Library – 995 Palm St., San Luis Obispo, CA 93401

Friday, Mar. 7, 2025 – 10:00 – 11:30 AM

For agenda packet attachments and more information: <https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/State-Water-Project-and-Subcontractors-Advisory-Co.aspx>

Chair: Brad Hagemann (Avila Beach CSD)

Vice Chair: Courtney Howard (District)

AGENDA

1. **CALL TO ORDER**
2. **ROLL CALL** (QUORUM COUNT)
3. **PUBLIC COMMENT ON AGENDA ITEMS** – As this is a special meeting, public comment is limited to items on the agenda within the Committee's jurisdiction (CA Gov. Code § 54954.3(a)); up to 3 minutes each.
4. **DISCUSSION AND POSSIBLE ACTION:**
DRAFT UPDATE TO THE SWP WATER TRANSFER POLICIES (Priorities and Criteria).
Staff Recommendation: Discuss and consider action recommending Board of Supervisors adoption of the proposed Draft SWP Water Transfer Policy.
5. **ADJOURNMENT**

Attachment

1. Agenda Item 4 – Staff Report

CONTACT: Please contact SWSAC Secretary, Wes Thomson, with any questions: wthomson@co.slo.ca.us or (805) 781-5252. *All Americans with Disabilities Act (ADA) accommodations shall be promptly reviewed and resolved.*

TO: State Water Subcontractors Advisory Committee
FROM: Wes Thomson, Supervising Engineer, Water Utilities
DATE: March 7, 2025

SUBJECT: Item 4: DRAFT UPDATE TO THE SWP WATER TRANSFER POLICIES (PRIORITIES & CRITERIA)

Staff Recommendation: *Discuss and consider action recommending Board of Supervisors adoption of the proposed Draft SWP Water Transfer Policy.*

Background

As discussed at the February 7, 2025, SWSAC meeting, County staff are preparing to take the draft SWP transfer policy update to the Board for review in Spring 2025 with recommended updates. The objective of the policy is to clarify District priorities and criteria for SWP water supply transfers under both temporary (short-term; multi-year) and permanent (long-term) agreements that align with the District Board's goal of maximizing the unallocated SWP water supply benefit for the County and reducing the cost burden on the county taxpayers. As such, the policies would be used to (1) guide the County as it works to improve SWP water management and consider cost recovery opportunities, and (2) evaluate requests to establish new SWP water users within the County,

Discussion

Our discussion at the special meeting will focus on recent updates (Attachment 1) to the transfer policy discussed with the SWSAC on 2/7/25 (Attachment 3) and how it now better aligns with the WMWG's proposed "Framework" (Attachment 2).

As shared at the SWSAC meeting on Feb. 7, the Framework document, developed in partnership with the District and the SWSAC's Water Management Working Group, is an outline of proposed priorities and criteria, and helped to clarify and communicate subcontractor thinking. Upon SWSAC review, there seemed to be support for including a framework like this (as an attachment) with the proposed policy update draft in the staff report when the proposed policy update is presented to the board.

Additional refinements to the draft policy are expected to address comments received in February 2025 and to make general formatting improvements. Staff also anticipates also returning to the WRAC on April 2 for them to consider an advisory vote to the Board on the draft policies.

Attachments

1. Draft SWP Transfer Policies (Priorities and Criteria) (updated, 3/4/25)
("Clean" & Track Changes version)
2. Draft SWP Priorities and Criteria for Use Framework (updated, 3/4/25)
3. Draft SWP Transfer Policies (Priorities and Criteria) (SWSAC handout, 2/7/25)
4. 2003 Excess Entitlement Policies (for reference)

State Water Project Transfer Policies

State Water Project Allocation From Department of Water Resources (DWR) - Definition

The State Water Project (SWP) Allocation is the total amount of State Water Project water that can be delivered to the San Luis Obispo County Flood Control and Water Conservation District (“District”) under its contract with the California Department of Water Resources (“Master Contract”) on an annual basis.

District allocation of SWP water is based on two factors, (1) the subcontracts the District entered into with a number of entities (collectively, “Subcontractors”) for “Project Water” supply benefit under the District’s Master Contract which is up to 25,000 acre-feet (AF) of “Table A” annually from DWR. The balance of the District’s Master Contract not subcontracted is allocated to the property owners within the District that have paid taxes to maintain this water supply (Unallocated SWP Supply).

The amount of SWP water not needed by the District to meet the annual subcontracted obligations is considered surplus water. These policies apply to the entire SWP water supply available to the District.

Relationship to Previously Adopted Policies

These Policies replace / supersede the District’s 2003 Excess Entitlement Policies (Approved by Board of Supervisors January 14, 2003).

Purpose of these Policies

The Purpose of these Policies is to establish policies that will guide both District staff and the Board in fully utilizing the unallocated water supply, facilitating subcontractor requests for water transfers on an annual, multi-year, or permanent basis. These policies shall not be deemed to limit future discretionary actions by the District Board of Supervisors or be read as directing action that is any way contrary to existing contractual obligations.

SWP is a Supplemental Supply – Primarily for Urban Water Needs

Given that SWP water is an imported supply and subject to extended delivery interruptions (for up to several weeks at a time) for annual operations maintenance, it is to be integrated into local systems without becoming the primary supply necessary for a public water system serving domestic needs.

For the County of San Luis Obispo, SWP water supply was developed as a supplemental supply to meet municipal water needs. Domestic use shall be considered the highest priority use of all SWP water made available for local use in the county under the District’s Master Contract with DWR. Domestic use is needed for sustenance, public health and safety, and welfare. State Water shall be used first to address public health, ensure reliable

State Water Project Transfer Policies

access to safe, affordable drinking water and sanitation. It recognized that domestic use occurs both within the public water supply system service areas and outside of those areas in the rural areas of the County where domestic water supplies are from individual water supply wells.

I. TEMPORARY TRANSFERS (single- or multi-year water management actions)

A. Priority of Use (Unallocated SWP Supply)

In priority order, preference will be given to the following five uses:

1. SWP Subcontractors (Direct, In-lieu, or Groundwater Recharge): The local agencies with long-term contracted capacity in Phase II of the Coastal Branch shall have the first right to utilize water made available under the Master Contract.
2. Emergency
3. Domestic Use (for Direct, In-lieu, or Groundwater Recharge).
4. Agricultural/Non-Domestic Uses (Direct delivery, In-lieu, or Groundwater Recharge).
5. SWP Transfer/Exchange of Surplus Water

B. Additional consideration will be given to uses that:

1. Do not harm the District's ability to meet its obligations to the existing Subcontractors,
2. Address public health or a water shortage emergency pursuant to Water Code Section 350,
3. Provide supplemental water supply to promote water supply resiliency to both urban and rural water users,
4. Store available and/or unscheduled water deliveries for later use during times of water shortages to support municipal, groundwater basin replenishment, agricultural, and environmental purposes.
5. Manage demand to improve supply planning and water market opportunities to generate revenues that recover current costs and some or all of District's past costs.
6. Solves or mitigates water supply problems in key watersheds/basins identified by the Board, including: Paso Robles GW Basin, Los Osos GW Basin, Arroyo Grande Creek Watershed, and Edna Valley GW Basin.

C. Preference will be given to local agencies and water purveyors regardless of whether the use is for a single-year or multi-year period, or whether it is on a first-priority

State Water Project Transfer Policies

basis (with dedicated conveyance capacity in the coastal branch) or second-priority basis (without dedicated coastal branch capacity).

- D. Temporary transfers for delivery to locations downstream of the original place of use (i.e., to turnout locations beyond the conveyance reaches with dedicated capacity for that allocation) could be on a “second priority” or short-term (year-to-year) basis. This ensures deliveries of transferred water does not detrimentally impact the ability of the District to fulfill existing delivery contracts for the other subcontractors.
- E. Temporary transfer uses must meet the Board-established Criteria for Temporary Use of State Water.

F. Criteria for Temporary Use (Unallocated SWP Supply)

The following criteria would be used to evaluate requests for temporary use of State Water:

1. Water may be made available to existing public agencies, public water companies regulated by the PUC and existing mutual water companies with no water being contracted to individuals.
2. SWP water may be contracted for use as a temporary supplemental supply within the service area of an established public water system (including for temporary storage outside of the system for later delivery subject to availability of conveyance capacity) only if the water purveyor approves and requests the temporary transfer.
3. SWP water may be contracted for temporary delivery as an emergency supply when there is an “Emergency Condition” declaration by both the County Board and the governing body of the requesting public water agency or water purveyor. Water delivered under the Emergency Condition would be subject to all costs associated with delivery of State Water at the time of the Emergency Condition.
4. Temporary water transfer deliveries shall not compromise system reliability or reduce delivery capabilities to existing subcontractors.
5. All costs must be paid by the water user.
6. Temporary transfer deliveries shall not detrimentally impact existing long-term subcontractors from a financial standpoint.
 - a. There shall be no increase in administrative costs to existing subcontractors.
 - b. All variable costs associated with the water delivery shall be borne by the agency contracting for the temporary water transfer.

State Water Project Transfer Policies

- c. Cost recovery revenues generated by the temporary use of dedicated capacity within the conveyance reaches should be proportionally distributed as a credit to the existing contractors and SWP tax fund based on the long-term contracts and the scheduled water deliveries at the time of the execution of the temporary contract.

II. **PERMANENT TRANSFERS** (long-term water supply contracts)

A. **Priority of Use (Unallocated SWP Supply)**

In priority order, preference will be given to the following three uses:

1. SWP Subcontractors (Direct, In-lieu, or Groundwater Recharge): The local agencies with long-term contracted capacity in Phase II of the Coastal Branch shall have the first right to utilize water made available under the Master Contract.
2. Municipal (for Direct, In-lieu, or Groundwater Recharge).
3. Agricultural/Non-Domestic Uses (Direct delivery, In-lieu, or Groundwater Recharge).

B. Additional consideration will be given to uses that:

1. Do not harm the District's ability to meet its obligations to the existing Subcontractors,
2. Address public health or a water shortage emergency pursuant to Water Code Section 350,
3. Provide supplemental water supply to promote water supply resiliency to both urban and rural water users,
4. Store available and/or unscheduled water deliveries for later use during times of water shortages to support municipal, groundwater basin replenishment, agricultural, and environmental purposes.
5. Manage demand to improve supply planning and water marketing opportunities to generate revenues that recover current costs and some or all of District's past costs.
6. Solve or mitigate water supply problems in key watersheds/basins/subbasins identified by the Board, including: Paso Robles GW Basin, Los Osos GW Basin, Arroyo Grande Creek Watershed, and Edna Valley GW Basin.

C. Preference will be given to local agencies and water purveyors regardless of whether the long-term contract is for water delivery on a first-priority basis (with dedicated conveyance capacity in the coastal branch) or on a second-priority basis (without dedicated coastal branch capacity).

State Water Project Transfer Policies

- D. Preference will be given to the use at the same (or upstream) financial reach in which the capacity for that allocation terminates. This avoids the “allocation without capacity” issue.
- E. Permanent transfers to agencies with places of use at locations downstream of the original place of use (i.e., places beyond the financial reach with dedicated capacity for a given supply) could be contracted under a “second priority” or short-term (year-to-year) basis when that option is available. This ensures deliveries of transferred supply without dedicated capacity do not detrimentally impact deliveries of existing allocation to subcontractors.
- F. Permanent transfer uses must meet the Board-established Criteria for Permanent Use of State Water.

G. Criteria for Permanent Use (Unallocated SWP Supply)

The following criteria would be used to evaluate requests for permanent (long-term, “take-or-pay”) use of State Water:

1. SWP water can be made available to (1) public water agencies, water companies regulated by the PUC, and mutual water companies whose primary mission is to operate public water systems (as defined by the California Division of Drinking Water) that provide retail-level municipal water service, or (2) special districts whose primary mission is to acquire and deliver water to end users within a defined service area for agricultural use or to achieve basin management objectives that support defined local basin/subbasin plans, and/or are aligned with County groundwater sustainability plans and programs.
 - a. When contracting for supplemental use as a treated domestic supply within the service area of an established public water system, the County or designated public water purveyor providing treated water for domestic use to the service area must make the request to the District (and it must make the request and approve the contract on behalf of any non-public water agencies) for consideration of the permanent transfer.
 - b. When contracting for supplemental use as an agricultural / non-domestic supply within the service area of another existing subcontractor, the County or special district contracting for SWP water delivery to the retail-level service area must make the request to the District (and it must make the request and approve the contract on behalf of any non-public water agencies) for consideration of the permanent transfer.
2. SWP water may not be contracted on a long-term basis
 - a. to individuals.

State Water Project Transfer Policies

- b. directly from the District to other non-water public agencies, non-water private companies (for-profit or non-profit), cooperatives, or other public or private institutions or whose primary mission is not the operation of public water systems or groundwater basin management.
- 3. SWP water could be contracted under a long-term agreement for delivery as an emergency supply when that contract option is available, and would be subject to emergency declarations similar to conditions under which an emergency would be declared for temporary transfers. Water delivered under the Emergency Condition would be subject to all costs associated with delivery of State Water at the time of the Emergency Condition.
- 4. Uses should be consolidated, wherever possible.
- 5. Uses shall not compromise system reliability or reduce delivery capabilities to existing subcontractors.
- 6. All costs must be paid by the water user.
- 7. Uses shall not detrimentally impact existing subcontractors from a financial standpoint.
 - a. There shall be no increase in administrative costs to existing subcontractors. No new permanent water supply contracts of less than 20 acre-feet will be allowed.
 - b. There shall be an equitable investment recovery program for existing subcontractors that recover current costs and some or all past costs.

State Water Project **Transfer** Policies

State Water Project Allocation From Department of Water Resources (DWR) - Definition

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District allocation of SWP water is based on two factors, (1) the subcontracts the District entered into with a ~~The District has entered into subcontracts~~ with a number of entities (collectively, "Subcontractors") for the delivery of "Project Water" supply benefit under 10,577 acre-feet of the District's Master Contract which is up to 25,000 acre-feet (AF) of "Table A" annually from DWR. The balance of the District's Master Contract not subcontracted is allocated to the property owners within the District that have paid taxes to maintain this water supply (Unallocated SWP Supply).

The amount of SWP water not needed by the District to meet the annual subcontracted obligations is considered surplus water. State Water Project Allocation on an annual basis. These policies apply to the entire SWP water supply available to the District.

Relationship to Previously Adopted Policies

These Policies replace / supersede the District's 2003 Excess Entitlement Policies (Approved by Board of Supervisors January 14, 2003).

Purpose of these Policies

The Purpose of these Policies is to establish policies that will guide both District staff and the Board in fully utilizing the unallocated water supply, facilitating subcontractor requests for water transfers on an ~~implementing the existing Subcontracts and / or preparing amendments to the Subcontracts that address ways in which water that is not needed under the Subcontracts can be utilized on an~~ annual, multi-year, or permanent basis.

These policies shall not be deemed to limit future discretionary actions by the District Board of Supervisors or be read as directing action that is any way contrary to existing contractual obligations.

SWP is a Supplemental Supply – Primarily for Urban Water Needs

Given that SWP water is an imported supply and subject to extended delivery interruptions (for up to several weeks at a time) for annual operations maintenance, it is to be integrated into local systems without becoming the primary supply necessary for a public water system serving domestic needs.

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State Water Project **Transfer** Policies

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I. TEMPORARY TRANSFERS (single- or multi-year water management actions)

A. Priority of Use (Unallocated SWP Supply)

In priority order, preference will be given to the following five uses:

1. SWP Subcontractors (Direct, In-lieu, or Groundwater Recharge): The local agencies with long-term contracted capacity in Phase II of the Coastal Branch shall have the first right to utilize water made available under the Master Contract.

2. Emergency

3. Domestic Use Municipal (for Direct, In-lieu, or Groundwater Recharge).

4. Agricultural/Non-Domestic Uses (Direct delivery, In-lieu, or Groundwater Recharge).

5. SWP Transfer/Exchange of Surplus Water

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B. Additional consideration will be given to uses that:

1. Do not harm the District's ability to meet its obligations to the existing Subcontractors.
2. Address public health or a water shortage emergency pursuant to Water Code Section 350.
3. Provide supplemental water supply to promote water supply resiliency to both urban and rural water users.
4. Store available and/or unscheduled water deliveries for later use during times of water shortages to support municipal, groundwater basin replenishment, agricultural, and environmental purposes.

State Water Project **Transfer** Policies

5. Manage demand to improve supply planning and water market opportunities to generate revenues that recover current costs and some or all of District's past costs.
6. Solves or mitigates water supply problems in key watersheds/basins identified by the Board, including: Paso Robles GW Basin, Los Osos GW Basin, Arroyo Grande Creek Watershed, and Edna Valley GW Basin.

C. Preference will be given to local agencies and water purveyors regardless of whether the use is for a single-year or multi-year period, or whether it is on a first-priority basis (with dedicated conveyance capacity in the coastal branch) or second-priority basis (without dedicated coastal branch capacity).

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D. Temporary transfers for delivery to locations downstream of the original place of use (i.e., to turnout locations beyond the conveyance reaches with dedicated capacity for that allocation) could be on a "second priority" or short-term (year-to-year) basis. This ensures deliveries of transferred water does not detrimentally impact the ability of the District to fulfill existing delivery contracts for the other subcontractors.

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E. Temporary transfer uses must meet the Board-established **Criteria for Temporary Use of State Water.**

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F. Criteria for Temporary Use (Unallocated SWP Supply)

The following criteria would be used to evaluate requests for temporary use of State Water:

1. Water may be made available to existing public agencies, public water companies regulated by the PUC and existing mutual water companies with no water being contracted to individuals.
2. SWP water may be contracted for use as a temporary supplemental supply within the service area of an established public water system (including for temporary storage outside of the system for later delivery subject to availability of conveyance capacity) only if the water purveyor approves and requests the temporary transfer.
3. SWP water may be contracted for temporary delivery as an emergency supply when there is an "Emergency Condition" declaration by both the County Board and the governing body of the requesting public water agency or water purveyor. Water delivered under the Emergency Condition would be subject to all costs associated with delivery of State Water at the time of the Emergency Condition.
4. Temporary water transfer deliveries shall not compromise system reliability or reduce delivery capabilities to existing subcontractors.
5. All costs must be paid by the water user.

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State Water Project **Transfer** Policies

6. Temporary transfer deliveries shall not detrimentally impact existing long-term subcontractors from a financial standpoint.

- a. There shall be no increase in administrative costs to existing subcontractors. No new allocations of less than 20 acre-feet will be allowed.
- b. All variable costs associated with the water delivery shall be borne by the agency contracting for the temporary water transfer.
- a-c. Cost recovery revenues generated by the temporary use of dedicated capacity within the conveyance reaches should be proportionally distributed as a credit to the existing contractors and SWP tax fund based on the long-term contracts and the scheduled water deliveries at the time of the execution of the temporary contract.
- b. There shall be an equitable investment recovery program for existing subcontractors that recover current costs and some or all of all past costs.

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II. **PERMANENT TRANSFERS** (long-term water supply contracts)

Priority of Use (Unallocated SWP Supply)

A.

Domestic use shall be considered the highest priority use of water made available under the Master Contract. Domestic use is needed for sustenance, public health and safety, and welfare. State Water shall be used first to address public health, ensure reliable access to safe, affordable drinking water and sanitation. It is recognized that domestic use occurs both within the public water supply system service areas and outside of those areas in the rural areas of the County where domestic water supplies are from individual water supply wells.

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In priority order, preference will be given to the following three uses:

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1. SWP Subcontractors (Direct, In-lieu, or Groundwater Recharge): Subcontractors
The local agencies with long-term contracted capacity in Phase II of the Coastal Branch shall have the first right to utilize water made available under the Master Contract.
2. Municipal (for Direct, In-lieu, or Groundwater Recharge).
- 1-3. Agricultural/Non-Domestic Uses (Direct delivery, In-lieu, or Groundwater Recharge).

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B. In priority order, preference**Additional consideration** will be given to uses that:

State Water Project **Transfer** Policies

1. Do not harm the District's ability to meet its obligations to the existing Subcontractors,
 2. Address public health or a water shortage emergency pursuant to Water Code Section 350,
 3. Provide supplemental water supply to promote water supply resiliency to both urban and rural water users,
 4. Store available and/or unscheduled water deliveries for later use during times of water shortages to support municipal, groundwater basin replenishment, agricultural, and environmental purposes.
 5. Manage demand to improve supply planning and water market~~ing~~ opportunities to generate revenues that recover current costs and some or all of District's past costs.
 6. Solve~~s~~ or mitigate~~s~~ water supply problems in key watersheds/basins/~~subbasins~~ identified by the Board, including: Paso Robles GW Basin, Los Osos GW Basin, Arroyo Grande Creek Watershed, and Edna Valley GW Basin.
- C. Preference will be given to local agencies and water purveyors regardless of whether the ~~long-term contract is for water delivery on a first-priority basis (with dedicated conveyance capacity in the coastal branch) or on a second-priority basis (without dedicated coastal branch capacity) use is on an annual, multi-year, or permanent basis.~~
- D. Preference will be given to the use at the same (or upstream) financial reach in which the capacity for that allocation terminates. This avoids the "allocation without capacity" issue.
- E. ~~Permanent transfers to agencies with places of u~~Use at location~~s terminating~~ downstream of the original place of use (~~i.e., places beyond the~~ financial reach with ~~dedicated~~ capacity for ~~a given supply that allocation~~) ~~could be contracted under~~ a "second priority" or short-term (year-to-year) basis ~~when that option is available.~~ This ensures deliveries of transferred ~~allocation supply without dedicated capacity~~ do not detrimentally impact deliveries of existing allocation to subcontractors.
- ~~F. Permanent transfer u~~Uses must meet the Board-established Criteria for Permanent Use of State Water.

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State Water Project **Transfer** Policies

F.

G. Criteria for Permanent Use (Unallocated SWP Supply)

The following criteria would be used to evaluate requests for **permanent (long-term, “take-or-pay”)** use of State Water:

1. SWP water can be made available to (1) existing public water agencies, public water companies regulated by the PUC, and existing mutual water companies whose primary mission is to operate public water systems (as defined by the California Division of Drinking Water) that provide retail-level municipal water service, or (2) special districts whose primary mission is to acquire and deliver water to end users within a defined service area for agricultural use or to achieve basin management objectives that support defined local basin/subbasin plans, and/or are aligned with County groundwater sustainability plans and programs.

a. When contracting for supplemental use as a treated domestic supply within the service area of an established public water system, the County or designated public water purveyor providing treated water for domestic use to the service area must make the request to the District (and it must make the request and approve the contract on behalf of any non-public water agencies) for consideration of the permanent transfer.

b. When contracting for supplemental use as an agricultural / non-domestic supply within the service area of another existing subcontractor, the County or special district contracting for SWP water delivery to the retail-level service area must make the request to the District (and it must make the request and approve the contract on behalf of any non-public water agencies) for consideration of the permanent transfer.

2. SWP water may not be contracted on a long-term basis

a. to individuals.

b. directly from the District to other non-water public agencies, non-water private companies (for-profit or non-profit), cooperatives, or other public or private institutions or whose primary mission is not the operation of public water systems or groundwater basin management.

1. with no water being contracted to individuals.

2. Water may be used as a supplemental supply within the service area of an established public water system only if the water purveyor approves or requests the use.

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State Water Project ~~Transfer~~ Policies

3. ~~SWP water could may be contracted under a long-term agreement for delivery~~ as an emergency supply when ~~that contract option is available, and would be subject to emergency declarations similar to conditions under which an emergency would be declared for temporary transfers~~ there is an “Emergency Condition” declaration by both the County Board and the governing body of the ~~requesting public water agency or water purveyor~~. Water delivered under the Emergency Condition would be subject to all costs associated with delivery of State Water at the time of the Emergency Condition.
4. ~~New uses~~Uses should be consolidated ~~with existing subcontractors~~, wherever possible.
5. Uses shall not compromise system reliability or reduce delivery capabilities to existing subcontractors.
6. All costs must be paid by the water user.
7. Uses shall not detrimentally impact existing subcontractors from a financial standpoint.
 - a. There shall be no increase in administrative costs to existing subcontractors. No new ~~permanent allocations water supply contracts~~ of less than 20 acre-feet will be allowed.
 - b. There shall be an equitable investment recovery program for existing subcontractors that recover current costs and some or ~~all of~~all past costs.

SWP Priorities and Criteria for Use Framework

SWP Water Management Working Group /SWSAC - DRAFT

REV 31/30/2025

Any subcontractor proposed transfers that meet the following criteria shall be considered compliant with the District policy

1. Permanent Transfers (long-term water supply contracts)
 - a. Priority of Use
 - i. SWP Subcontractor (Direct, In-lieu, Groundwater Recharge)
 - ii. Municipal (Direct, In-lieu, Groundwater Recharge)
 - iii. Agricultural/Non-Domestic Uses (Direct, In-lieu, Groundwater Recharge)
 - b. Secondary Criteria for Use
 - i. Improved Resiliency for Vulnerable Agencies (RWIRP)
 - ii. Addresses current deficiencies
 - iii. Available WSA
 - c. Requirements for Use
 - i. Interruptible Supplemental Supply
 - ii. Public and Economic Benefit
 - iii. Fair Compensation for existing SWP Subcontractors & District
 - iv. Available Capacity
2. Temporary Transfers (single- or multi-year water management actions)
 - a. Priority of Use
 - i. SWP Subcontractor (Direct, In-lieu, Groundwater Recharge)
 - ii. Emergency
 - iii. Domestic Use (Direct, In-lieu, Groundwater Recharge)
 - iv. Agricultural/Non-Domestic Uses (Direct, In-lieu, Groundwater Recharge)
 - v. SWP Transfer/Exchange of Surplus Water
 - b. Secondary Criteria for Use
 - i. Improved Resiliency for Vulnerable Agencies (RWIRP)
 - ii. Local (In County)
 - iii. Addresses current deficiencies
 - iv. Available WSA
 - c. Requirements for Use
 - i. Interruptible Supplemental Supply
 - ii. Public and Economic Benefit
 - iii. Fair Compensation for existing SWP Subcontractors & District
 - iv. Available Capacity

State Water Project
Excess Entitlement Policies
Approved by Board of Supervisors January 14, 2003

Excess Entitlement - Definition

The District State Water Project “Excess” Entitlement is the portion of the District’s total entitlement that is not contracted to others for their deliverable or drought buffer uses.

Priority of Use

1. Prior to transferring the excess entitlement for any other use, contractors of state water entitlement with capacity in Phase II of the Coastal Aqueduct shall have the first right to utilize the excess entitlement for “drought buffer” (reliability) purposes under the terms of a drought buffer agreement.
2. Preference shall be given to local agencies and water purveyors regardless of whether a transfer is on an annual, multi-year, or a permanent basis.
3. No permanent transfer of the excess entitlement for use outside District boundaries shall be made prior to a final update of the District’s Master Water Plan adopted by the Board of Supervisors, and then only if the transfer is consistent with the then adopted Master Plan. (See ‘Note’ below)
4. No multi-year transfer for use outside District boundaries shall be made with a term in excess of five years prior to a final update to the District’s Master Water Plan adopted by the Board of Supervisors, and then out of District transfers can only take place if the transfer is consistent with the adopted Master Plan.
5. On any out -of-District transfer, preference shall be given to those that provide: a) revenues that recover current costs and some or all of the District’s past costs, b)

maintain the District's right to use the water in the future, or c) which are used for environmental mitigation.

6. The Public Works Director is authorized to determine the annual amount of the excess entitlement to transfer to the State Water Project "Turnback Pools" established under the existing terms of State Water Agreements. In making that determination, the Public Works Director shall first consider local needs and how the use of the Turnback Pool might impact other potential transfers.

Note:

These policies were adopted by the Board of Supervisors "with the understanding there will be no permanent sales outside the District."