



Oceano Community Services District

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Date: February 22, 2017
To: San Luis Obispo County Water Resource Advisory Committee
From: Board of Directors, Oceano Community Services District
Subject: Comments on the 2014-16 Resource Summary Report ("Summary Report") Public Review Draft

The Oceano Community Services District ("District") is within the Northern Cities Management Area ("NCMA"). Along with neighboring NCMA communities, the District is concerned about water resource management on the Nipomo Mesa. Both NCMA and Nipomo Mesa Management Area ("NMMA") are part of the same groundwater basin and the health of each management area is dependent on the other. The District provides these comments in regards to the Summary Report.

Overall, our comments on the Northern Cities Management Area are relatively concise. For the Nipomo Mesa Management Agency, they are more extensive. We have reviewed the draft comments (Attachment "A") prepared by the Subcommittee of the Water Resource Advisory Committee and appreciate those efforts. The comments are compelling and have been considered in developing the following request, which is discussed below, and included in the District's 2017 Advocacy Platform.

Statement of Position:

The Board of Directors of the Oceano Community District requests that the County update its 2004 Resource Capacity Study (RCS) for the Nipomo Mesa water supplies in order to address the disparity in technical information included in the 2014-16 Resource Summary Report. The Summary Report has been identified in comments submitted to the Water Resource Advisory Committee. Updating the 2004 RCS will provide the Board of Supervisors with information and recommendations that will help ensure that land use policies and court approved groundwater stipulations are better coordinated, support long term sustainable water resource management, and promote healthy, livable and well governed communities.

Comments : Northern Cities Management Area (RSR Pages 61-63)

- The adoption of the Low Reservoir Response Plan (LRRP) for the Lopez Project should be included as a drought response that has been implemented.
 - Discussion of the Avila Beach and Avila Valley Water Supply and Systems (starting on page #56) should also identify that the LRRP is very important for some customers of San Luis Obispo County Service Area No. 12, who are entirely dependent on Lopez water supplies.



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- The 2016 approval by the District of 750 acre feet of State Water drought buffer should be added.
- The "No recommended Level of Severity" for NCMA should clarify that it only pertains to the unincorporated area of the management area unless the County intends on addressing water resources for the cities within NCMA.
- The County should consider including an enhanced discussion on impacts that the drought had on agricultural and water dedicated for environmental needs to develop a more complete overview of NCMA water resources.

Comments : Nipomo Mesa Management Area (RSR Pages 63 – 66)

The technical comments prepared by the WRAC Subcommittee identify numerous details that need to be fully addressed. It has been over a decade since the Resource Capacity Study (2004) was prepared by the County and the Stipulations (2005) were approved by the court; each through independent processes. There is convincing evidence that the County and the water purveyors have yet to develop coordinated strategies on how to best manage land use development and water resources for the Nipomo Mesa. An update to the 2004 Resource Capacity Study is needed to promote a greater understanding of the issues, and challenges, and it will help ensure that County land use policies and water resource management efforts are better coordinated in the future.

It is well understood that the jurisdiction of the County and the water purveyors differ. Frustrations and concerns have been mounting within the Northern Cities Management Area (NCMA) as water levels under NMMA continue to decline and create increasing risks to groundwater supplies for NCMA agencies. In 2015, certain NCMA agencies filed a motion in court under the adjudication against certain NMMA agencies and the County seeking judicial enforcement of the Stipulations. The motion(s) have resulted in ongoing case management conferences and other meetings to seek concurrence on necessary actions.

More recently, a dispute between the County and Golden State Water Company has arisen at the California Public Utilities Commission (PUC). Attachment "B" provides a brief summary of the dispute.

It is not a shock that recent legal motions and protests have arisen relating to NMMA under the adjudication and the PUC. Especially considering that the timing of the 2004 Resource Capacity Study by the County Planning Department and the 2006 Certification of a Level of Severity III by the Board of Supervisors overlapped the 2005 Stipulations and the 2008 Judgment that were independently approved in the adjudication's legal proceedings, the disputes we see now might have been considered a foregone conclusion. Ideally, the details of the County land use policies and the court approved stipulations would have already been reconciled and brought into harmony with each other. An update to the 2004 Resource Capacity Study provides the opportunity to do so, in a transparent public process, and will hopefully reduce the costs of litigation and disputes in the future.



NMMA Draft Technical Comments prepared by WRAC Subcommittee

- 1) Page 66 of the RSR Draft indicates agricultural demand at 3,800- 4,300 AFY, yet page 23 of NMMA's 2015 Annual Report indicates that agricultural production was 7,337 AF for Calendar year 2015.

Note that the NMMA Annual Report for 2016 will not be available until about May, 2017.

- 2) Page 66 of the RSR Draft also indicates, under supply, Other GW Supplies, 11,931 AFY in addition to 7,482 AFY from the Santa Maria Valley Groundwater Basin, Nipomo Mesa Sub- Area. What are the "Other GW Supply" of 11,931 AFY?

Note: The District Engineer for NCSD between 1993 and 2008 who was intimately involved in water resources for the District is not aware of the "Other GW Supplies."

- 3) Page ES-2 of the NMMA Calendar Year 2015 Annual Report indicates that total groundwater production for NMMA was 15,249 AF.

- 4) Pages 42 and 43 of the NMMA Calendar Year 2015 report indicate:

- a. "In Fall of 2015 the divide between the pumping depression and Coastal wells directly to the west is largely absent creating a groundwater gradient that is landward from the coast."

- b. The condition increases the risk of seawater intrusion. It is "downhill" from the ocean to inland groundwater elevations.

- 5) In 2002, The California Department of Water Resources published a report entitled "Water Resources Of The Arroyo Grande- Nipomo Mesa Area". At page ES-21 this report indicates that the dependable yield of the Nipomo Mesa portion of the basin is estimated to be between 4,800 and 6,000 AF. Compared to the actual production in 2015 of 15,249 AF this would seem to indicate that NMMA was pumping at least $(6,000 - 15,249 = - 9,249)$ or 9,000 and as much as 10,200 AF more than the dependable yield.

- 6) A review of reports prepared by DWR, NCSD and NMMA over the 50 year period between 1965 and 2015 indicates that groundwater surface elevations under the Nipomo Mesa have been falling for half a century, an example being the area of the pumping depression, where the groundwater ridge between NCMA and NMMA stood 50 feet above sea level in 1995, but had fallen to sea level by 2015, with the deepest portion of the NMMA pumping depression at 13 feet below sea level.

- 7) Calculations which compare the amount of groundwater lost under NMMA over the last 50 years using the conclusion of about a 10,000 AFY overdraft in 2015 in No. 5. above, agree with calculations which use the volume of emptied aquifer in No. 6. above and indicate a cumulative groundwater deficit over the 50 year period of about 50,000 acre feet.



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- 8) If the DWR (2002) dependable yield figures of 4,800 to 6,000 AFY for NMMA are accepted and then compared to Agricultural pumping of 7,337 AF reported in the NMMA 2015 annual report, it is apparent that there is NO surplus available for NMMA purveyors, since overlying land owners (agricultural pumpers) have senior rights to groundwater under their land.
- 9) The conditions set forth in 1.- 8. above place the NMMA's groundwater supply at ever increasing risk from seawater intrusion, but also places the NCMA southwest agricultural area and eventually Pismo Beach and OCSD wells at risk to seawater intrusion in the near term and all NCMA purveyor wells at risk if the trend continues.
- 10) No mention is made of some of the important provisions in the June 30, 2005 Stipulation, which was the settlement agreement which adjudicated the basin through terms in the settlement:
- 11) While the draft mentions the requirement for NCSD to bring in 2,500 AFY, there is no mention of the requirement to bring in water for, or to assess a charge sufficient to pay to bring in water for, all new development on the Mesa that occurred after January 1, 2005. NCSD has been charging approximately \$14,000 per DU in this regard, which NCSD has used to help pay for the importation of 2,500 AFY (the Nipomo Supplemental Water Project), but has so far had insufficient funding to complete that project.
- 12) Because of lack of funding, the Nipomo supplemental water Project is so far bringing in less than 1,000 AFY and that flow just began about a year ago at 650 AFY.
- 13) Because of the requirement to bring in water for all new development occurring after January 1, 2005, the Nipomo Supplemental Water Project will have to bring in significantly MORE than 2,500 AFY. The two water supply requirements in the Stipulation are cumulative. NCSD itself is planning on 3,000 AFY to account for the added development within NCSD since January 1, 2005. Unknown additional water will be required for the same reason for the likes of Rural, Golden State and other purveyors on the Mesa. Their requirements should be defined in the draft.
- 14) NCSD, who by the Stipulation, has been assigned the task of bringing in the Nipomo Supplemental Water indicates that the cost of that water is approximately \$14,000 per equivalent dwelling unit, and in fact charges that amount for new development as noted above. In the unincorporated areas on the Mesa outside NCSD, the County charges a water fee of \$4,400 per DU which is, according to NCSD far below the actual cost of Nipomo Supplemental Water. Moreover, the county has not provided to NCSD those funds which the County has collected for supplemental water, further delaying implementation of the full Nipomo Supplemental Water Project.



County Protest of Golden State Water Advice Letter (November 2016)
to the California Public Utilities Commission (PUC)

- 1) On November 15, 2016, Golden State Water Company (GSWC) submitted an Advice Letter to the PUC requesting, among other things, approval of a special condition require applicants for service "resulting in increased demand ... must provide a source of supplemental water to offset the increased water demand,..."
- 2) On January 27, 2017 the County of San Luis Obispo submitted a letter to the PUC protesting the GSWC Advice Letter, because, stating among other things, Stipulations provide for the payment of a "water development fee" as an alternative.
- 3) On February 9, 2017, GSWC replied to the PUC regarding the County protest letter, stating among other things, that:
 - "there is no water development fee established within the Nipomo Mesa Management Area that could be used as an alternative method of compliance with the supplemental water requirement."
 - "Golden State has not nor does Golden State believe it would be appropriate to ask the 'PUC' to authorize it to collect 'a water resource fee' in the Nipomo Mesa Management Area..."
 - "To accommodate the County's concerns, Golden State proposes to amend its Special Condition to include the following:

'Where and when available, applicants may remit payment to a third party public agency a water resource demand offset fee in lieu of providing a source of supplemental water, provided such fee fully offsets the cost of, and results in the dedication to GSWC, a source of supplemental water sufficient to meet the water demands of the service request.'"
- 4) On February 10, 2017, the Nipomo Community Services District replied to the PUC on the issue, in support of GSWC.
- 5) On February 10, 2017, the County also replied in a letter to the PUC, detailing three points of concern and objections, and concluding "that the new (GSWC) language does not accord with the Stipulation and Judgment in the Santa Maria groundwater litigation."

In summary, the dispute illustrates the lack of proactive coordination between County and the water purveyors.