

TO: FACILITIES AND WATER
RESOURCES COMMITTEE

AGENDA ITEM

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FROM: MICHAEL S. LEBRUN
GENERAL MANAGER



FEBRUARY 18, 2015

DATE: FEBRUARY 18, 2015

DISCUSS DISTRICT WATER POLICY

ITEM

Consider District water resources policy and provide staff direction [RECOMMEND CONSIDER INFORMATION AND DIRECT STAFF].

BACKGROUND

The District is constructing a supplemental water supply pipeline and preparing to increase our customer's water supply sources for the first time in its fifty-year history. Supplemental water will facilitate better management of the local groundwater resource. Currently, groundwater is the only water supply to the District and entire Nipomo Mesa.

The District's project will ultimately bring 3,000 acre feet per year of supplemental supply to the Nipomo Mesa. 2,500 acre-feet of the new supply will be used to offset existing groundwater demands in compliance with the Stipulation and in hopes of returning our local basin to balance and long-term sustainability.

District's customers are making a significant investment to bring supplemental water to the Mesa. The District desires to protect this investment by ensuring the supplemental water supply results in direct and sustained reduction in urban related groundwater pumping across the Nipomo Mesa.

If new development is allowed to put new demand on groundwater, eventually, the current project would be nullified. For this reason, the Stipulation specifies New Urban Uses will be watered with supplemental water (Section VI.E., Page 27). In order to meet this requirement, the District added 500 acre-feet per year of capacity to the supplemental water project for new development within the District's boundaries. This water capacity is assigned to all new District water connections allowed since the Final Judgment in January 2008.

As the Mesa's only public water purveyor, the District plays an important role in promoting good policy to protect the area's water resources. However, with limited geographic and policy authority, the District is not in a position to dictate water resources policy across the Nipomo Mesa.

The County of San Luis Obispo, through its planning and building powers impacts demand for water resources associated with new/future development. The Nipomo Mesa Management Area (NMMA) Technical Group is the court recognized group that is tasked with monitoring and managing the area groundwater resources and reporting annually to the groundwater court. The NMMA membership includes all four of the Mesa's largest urban water suppliers, including the District. Each purveyor also plays a role in making sure new development is not putting new demand on the groundwater basin.

To be effective, District policy needs to be broadly applicable. To be broadly applicable, the policy should be based on previous court and County actions regarding the use and protection of Nipomo area groundwater resources. Specifically, these actions include the Stipulation and Final Judgment of the court, as mentioned above, and San Luis Obispo County Ordinance 3090.

In 2006, the County Board of Supervisors adopted Ordinance 3090 and established the Nipomo Mesa Water Conservation Area. The Ordinance set specific standards for watering new development across the Nipomo Mesa. Ordinance 3090 was adopted in response to a County commissioned study of the area groundwater that found the resource to be in serious imbalance/overdraft and recommended a Level of Severity III (most severe) designation by the County.

In 2014, the District circulated a draft Water Resources Policy Statement to the County and NMMA Technical Group with the goal of developing consensus and support for the Statement. Some NMMA members commented on the draft, but the Technical Group did not endorse the document. District staff and Directors met with County staff and 4th District Supervisor on two occasions to discuss the draft Policy Statement.

The District is currently following the key tenant of the Stipulation, County Ordinance 3090, and this draft policy; namely, the assignment of supplemental water to all new water connections approved after the January 2008 Final Judgment.

On January 27, 2015, your Committee considered the draft Water Resources Policy Statement and on February 11, 2015 your Board considered Committee comments and directed further changes with review by Committee.

The Committee will consider final edits and formatting of the Statement and discuss any process of building support and consensus for the draft Statement prior to District adoption.

RECOMMENDATION

Staff is seeking Committee and public input on how best to protect the District's primary water supply through sustainable management of the local groundwater basin. Staff is seeking Committee direction on further development of a District Water Resources Policy..

ATTACHMENTS

- A. Draft Water Policy Statement, February 18, 2015 version

Nipomo Community Service District

DRAFT – Water Resources Policy Statement

Chairman Eby 2/16/15 Version reformatted and edited by Staff 2/18/15

Purpose

This policy statement is intended to support the mission of the NCSD to “provide our customers with reliable, quality, and cost-effective services now and in the future.”

WATER RESOURCES POLICY STATEMENT

1. In the context of the court’s Final Judgment, “New Urban Uses” of the basin groundwater is use associated with development approved after the Judgment was filed on January 25, 2008.
2. The District added 500 acre feet per year (afy)AFY of capacity to the Court ordered 2,500 afyAFY Nipomo Supplemental Water Project. The District added the capacity in order to supply water to new development on undeveloped and under-developed parcels within its services boundary. All District approved applications for new water service after January 2008 will be tentatively counted against the added 500 afyAF of supplemental water capacity. When a ‘new’ project is issued a Will Serve letter (final non-revocable commitment to serve), the allocation of water for the project will be permanently counted against the District’s 500 afyAF of additional supplemental water project capacity.
3. Once the District has allocated 500 afyAF of supplemental water capacity from the current supplemental water project to ‘new’ urban uses, no further applications for new water service will be accepted and no commitments for new water service will be made by the District unless and until additional supplemental/developed water sources are under contract.
4. Subject to the terms of the 2005 Stipulation the District will work with the County of San Luis Obispo to insure that areas outside the District services boundary and within the NMWCA/NMMA, and excepting only development within the Woodlands Specific Plan (for which 416 AFY of capacity in the Nipomo Supplemental Water Project has been specifically reserved), all new urban uses are met by a future source (in addition to the court defined Nipomo Supplemental Water Project) of supplemental water as follows:
 - Within the service boundaries of Golden State Water Company (GSWC) and Rural Water Company (RWC), all new uses for water must be met by supplemental water (2005 Stipulation).
 - In areas not served by GSWC, NCSD, or RWC, subject to stated exceptions in the 2005 Stipulation, all new urban uses resulting from land divisions must pay a supplemental water fee (SLO CO Ordinance 3090). The fee must be applied to a new supply of supplemental

Nipomo Community Service District

DRAFT – Water Resources Policy Statement

water. All new urban uses resulting from general plan amendment must utilize new sources of supplemental/developed water (SLO CO Ordinance 3090).

•Consistent with its mission to reliably provide its customers with water services, the District recognizes its responsibility to deny services that would enable violation of the 2005 Stipulation that new urban uses “shall provide a source of supplemental water, or a water resource development fee, to offset the water demand associated with that development.”

5. The District will cooperate with San Luis Obispo County to reconcile County Ordinance 3090 with the 2005 Stipulation by expanding the County Ordinance to require that all new water uses (not just that new water use resulting from property division and/or general plan amendment) pay a supplemental water fee toward new sources of supplemental water, subject to the terms of the June 30, 2005 Stipulation.
6. Supplemental water charges collected from inside the District boundary will be utilized to build out the current supplemental water project to full (3,000 AFY) capacity.
7. The District will continue cooperation with the County and NMMA groundwater producers to define and implement management measures that will protect area groundwater resources.
8. The District will continue working cooperation with the County and other regional purveyors and interested parties to define and acquire new sources of supplemental/developed water and otherwise develop regional solutions to improve long-term water resources with the goal of continued improvement in the District’s long term water resources supply dependability.

WATER RESOURCES POLICY STATEMENT BACKGROUND

The entire Nipomo Mesa and greater Nipomo area relies on groundwater to meet 100% of current water needs. The District and two other large water companies account for about 39% of the annual groundwater pumping and supply about half of the area's residential homes and commercial businesses. The remainder of users including agriculture, residential and commercial, is supplied by private wells to access the groundwater.

Urban groundwater pumping across the Nipomo Mesa was approximately 3,000 acre-feet per year (afy) in 1981. By 2001 it had more than doubled to over 6,000 afy. Mesa area urban pumping peaked in 2007 at approximately 9,000 afy before falling along with the economy and local housing construction. In 2013, urban demand is back over 9,000 afy due to new urban development.

In 2002, the California Department of Water Resources issued a report that estimated the "safe yield" of the Nipomo Mesa was between 4,800 and 6,000 acre-feet per year.

In 1997, the Santa Maria Groundwater Basin from Orcutt to Shell Beach, including the entire NMWCA ~~defined by the County Nipomo~~, became subject to groundwater litigation. On January 25, 2008 the court issued a Final Judgment in the case and ordered a 2005 Stipulation that had been entered into by most litigants be implemented. ~~The ruling was appealed.~~

The 2005 Stipulation defines three management areas across the basin (Northern Cities, Nipomo Mesa, and Santa Maria Valley) and establishes membership and reporting requirements for each. The Stipulation requires that the District lead a project (the Nipomo Supplemental Water Project) to import 2,500 AFY of water to the Nipomo Mesa Management Area (NMMA) from the City of Santa Maria (June 30, 2005 Stipulation, Section VI Physical Solution).

With certain stated exceptions, the Stipulation additionally also requires that all new urban water uses within the NMMA shall provide a source of supplemental water or a supplemental water development fee to offset the new water uses associated with that development (June 30, 2005 Stipulation Section VI.E. New Urban Uses). Developed water for new use is above and beyond the 2,500 AFY required by the Stipulation for the purpose of offsetting the existing pumping imbalance.

~~Annual groundwater production across the Nipomo Mesa is reported (both metered and estimated values) in the Nipomo Mesa Management Area (NMMA) Technical Group's annual report (The NMMA Technical Group is a court appointed body whose boundaries encompass the Nipomo Mesa). The Group estimates the area's total annual production of groundwater across the NMMA in 2012 was 11,260 acre-feet.~~

In May 2006, the County adopted Ordinance 3090 establishing the Nipomo Mesa Water Conservation Area (NMWCA) boundaries. {The boundaries are nearly coterminous with the court defined NMMA boundary.} -The Ordinance requires all land divisions within the NMWCA that lead to increased non-agricultural water demand pay a supplemental water fee. Further, Ordinance 3090 requires that amendments to the General Plan which increase non-agricultural water demand within the NMWCA be watered by imported or supplemental water.

In October 2008, the ~~County, County~~ based on a finding of "overdraft" within the NMWCA caused by recent climatic conditions, adopted Ord. 3160 requiring that water conservation measures be implemented in new construction throughout the Nipomo Mesa Water Conservation Area (NMWCA).

In order to support the Stipulation, the District awarded construction contracts for Nipomo Supplemental Water Project, Phase 1 in June 2013. The Project will have an initial 650 acre-foot per year (AFY) capacity and is scheduled to be completed by July 2015.

~~-Phases 2 and 3 of the project will bring total capacity to 3,000 afy. The District is currently designing and preparing bid documents for a ½ million gallon pump station reservoir that is part of Phase 2 work. The tank will be built following commissioning of Phase 1 depending on financing and bid results. The tank will increase delivery capacity to as much as 1,000 afy. The remainder of Phase 2 work and Phase 3 construction and are is not yet scheduled for construction.~~

TO: MICHAEL S. LEBRUN *MSL*
GENERAL MANAGER

FROM: PETER V. SEVCIK, P.E.
DIRECTOR OF ENGINEERING
AND OPERATIONS

DATE: FEBRUARY 17, 2015

AGENDA ITEM

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FEBRUARY 18, 2015

DISCUSS SUPPLEMENTAL WATER ACCOUNTING APPROACH

ITEM

Consider supplemental water accounting approach and provide direction to staff [RECOMMEND CONSIDER INFORMATION AND DIRECT STAFF].

BACKGROUND

The District's commitment to provide water service for new development is a two-step process. The District first assigns water for the project through the Intent-to-Serve letter process to allow a developer to begin the County of San Luis Obispo planning approval process. The developer then has up to 4 years to complete the County planning approval process. Once the project is approved by the County and the developer satisfies all of the District's Intent-to-Serve letter conditions, including payment of the District's connection charges, the District "permanently" reserves water for the project and provides a Will-Serve letter for the project.

The District is constructing a supplemental water project to increase available water supply and meet the District's share of the court ordered commitment to bring a minimum of 2,500 AFY of supplemental water to the Nipomo Mesa Management Area (NMMA).

In addition to offsetting current groundwater demand, all new urban water demand within the NMMA must be met with new developed water. To meet this requirement, the District's supplemental water project includes an additional 500 AFY of capacity for new development within the District's existing boundaries. A formal program to account for water reserved for all new development within the District against the 500 AFY supplemental water project capacity is required to ensure that the District does not over reserve or under reserve water for new development in the future.

District monthly water charges as well as one-time connection charges are developed on the basis of meter size, i.e., meter capacity. Staff proposes to account for and reserve water for new development based on meter size. Meter capacity ratios, which are based on physical meter capacity, would be used to account for and reserve water for other size meters. Supplemental water for all new water connections, residential and commercial, would be accounted for based on meter size. The same approach could be used as a basis by the other water purveyors within the NMMA as well as the County in making sure new development is not putting new demand on the groundwater basin.

Staff is exploring several approaches to developing the appropriate quantity of water that would form the basis for the supplemental water accounting policy and will present these to the committee for discussion. The main goal of the new approach is allow the District to track when it is getting close to fully accounting for and reserving the 500 AFY of supplemental water so that the District can plan for acquiring additional supplies.

FISCAL IMPACT

The proposed accounting approach based on meter size would support the continued development of the District's supplemental water project, provide water for new development, and maintain fairness and equity among existing and future rate payers within the District.

STRATEGIC PLAN

Goal 1. WATER SUPPLIES. Actively plan to provide reliable water supply of sufficient quality and quantity to serve both current customers and those in the long-term future.

RECOMMENDATION

Staff is seeking Committee direction on development of a new approach to account for and reserve the District's 500 AFY supplemental water project capacity.

ATTACHMENTS

None