



Notice of Meeting

STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

Friday, May 6, 2022 – 10:00 to 11:30 AM

County Government Center, Rm. D361

1055 Monterey Street, San Luis Obispo, CA 93408

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: Ben Fine (Pismo Beach)

Vice Chair: Brad Hagemann (Avila Beach CSD)

AGENDA

1. **Call to Order** – Roll Call & Quorum Count
2. **Public Comment** (*For matters within the Committee's jurisdiction. May be limited to three minutes each.*)
3. **Review of Last Meeting's Minutes** – Approve minutes from Mar. 4, 2022.
4. **Reports from the District** – for Information Only
 - A. Water Supply & Operations Report
 - B. Emergency Water Concept – Proposed Transfer with CCWA
 - C. Discussion on Subcontracts and District's Unsubscribed Allocation
 - D. Update on Contract Extension & Water Management Tools
 - E. Update on Delta Conveyance Project
 - F. Update on Committee Membership
5. **Committee Action Items** – None
6. **Future Agenda Items**
7. **Date of Next Meeting:** SWSAC Regular Meeting -- Jul 1, 2022, at 10:00 AM.
8. **Adjournment**

Attachments

1. Agenda Item 3 – Draft Minutes – Mar. 2022
2. Agenda Item 4.A – SWP Delivery Report, Mar 2022
3. Agenda Item 4.C – 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. Persons who require accommodations for any audio, visual or other disability to review an agenda, or to participate in the meeting per the ADA, are encouraged to request such accommodation 48 hours in advance of the meeting.

The purpose of the Committee is, "to monitor all aspects of this agreement and related agreements and to advise the governing bodies of District and Contractor on the functioning of this agreement and related agreements, and to recommend to the governing bodies of District and Contractor any modifications to said agreements that may, from time to time, be appropriate."
(Art. 31, Water Supply Agreement, 1992)

County Gov't Center, Rm. D361 w/Hybrid Web-conference Option
Friday, March 4, 2022

MINUTES (DRAFT)
STATE WATER SUBCONTRACTORS ADVISORY COMMITTEE

Chairperson: Ben Fine
Vice Chairperson: Brad Hagemann (absent)
Secretary: Wes Thomson

The following action minutes are listed as they were acted upon by the State Water Subcontractors Advisory Committee (SWSAC) and as listed on the Regular Meeting agenda for **March 4, 2022**, together with staff reports and related documents attached thereto and incorporated therein by reference.

- I. Call to Order & Roll Call (Quorum Count)
Call to order at approx. 10:00 AM; a quorum was established. B. Fine serving as chair.
- II. Public Comment
B. Fine announced that The City of Pismo Beach Council approved the MOA for Central Coast Blue, and WSC is contracted for the project's program management and design.
- III. Review of Last Meeting's Minutes
Committee approved January 7th meeting minutes with minor update to correctly identify member Michael Fitzpatrick on agenda items IV.F and VI.A.
- IV. Reports from the District
 - A. Water Operations Report**
W. Thomson reported that the current 2022 SWP allocations are still at 15%, equating to 3,750 AF of Table A, or about 85% of what is scheduled for delivery for the subcontractors. The balance will be made up with stored carryover from San Luis Reservoir. The State Climatologist mentioned that it has been the driest January/February to date since 2013, although there is still a possibility for more rain in Northern California.
 - B. Emergency Water Concept – Proposed Transfer with CCWA**
Kate Ballantyne presented an “emergency water concept” that District staff will to the County Board during the upcoming drought update on March 15th. The transfer opportunity would consist of a water transfer to CCWA, providing them with 1,000 AF of the District's unsubscribed water, currently stored at SLR. In exchange, CCWA would treat and deliver an additional 1,000 AF of water for the District. This transfer is being pursued as a drought mitigation strategy that will bring water into the County from other sources. There would be no financial exchange required to make the transaction, and the idea is that the water could be made available to the subcontractors or others within the County. M. Fitzpatrick asked for clarification on the benefits to CMC from this exchange. K. Ballantyne clarified that this is an opportunity for the District's unallocated supply to be put to good use within the County in addition to fulfilling its regular delivery commitments to the subcontractors. This strategy

would allow the District to be better positioned to respond in an emergency. W. Clemens expressed his support in that this opportunity allows for more water to be taken out of SLR and used to address local needs or help agencies reduce demand on local sources. M. Fitzpatrick clarified that the water would be treated and not able to be sent to Lopez. K. Ballantyne added clarification to note that the agency that receives the water would be responsible for costs of treatment and delivery. Jeff Edwards from the public commented that there should be more than just an emergency or short-term agreement negotiated transfer since there is additional capacity that could be used to support increased deliveries to the County.

C. Review of Drought Buffer Options

W. Thomson gave an update on drought buffer options. Drought buffer is used to secure availability of supply for local delivery contracts. Current costs are about \$175/AF, which is basically covers the cost that the District pays for the unsubscribed allocation. Drought buffer contracts can be amended (increased or decreased), and they serve to secure additional supply for a subcontractor which in turn helps to address the inherent uncertainty of the SWP's annual new water supply allocation that varies year to year. Pismo Beach mentioned their possible interest in requesting an increase in drought buffer for a term. It was clarified that a change in drought buffer requires a contract amendment and that those can be requested at any time. The cost of the drought buffer is included in the annual billings to the subcontractors, and any Delta Conveyance Project capital costs would impact the drought buffer cost. M. Fitzpatrick mentioned the concern of over committing water. W. Thomson expressed the ability to discuss this topic further offline, or at the next SWSAC meeting. As a public comment, J. Edwards supported the request of additional drought buffer by subcontractors rather than using other more costly options. K. Ballantyne confirmed that the subcontractors have the first right of refusal for the District's unallocated water.

D. Water Management Tools Study (WMT) Study –Next Steps

W. Thomson gave a brief update, noting that the District is continuing discussions with CCWA and the consultant team that supported the WMT Study to explore opportunity for a “phase two” of the WMT study.

E. Delta conveyance Project (DCP) Update

W. Thomson reported that the draft EIR is on track to be released to the public by mid-June. Currently the project is in year 2 of 4 of the planning/design/environmental review.

F. Committee Membership Updates

Please contact W. Thomson if your agency would like to make any updates to committee membership; updates require about 7-8 weeks minimum to get to the Board.

V. Committee Action Items – None

VI. Future Agenda Items - None

VII. Date of Next Meeting

SWAC Regular Meeting – May 6, 2022, at 10:00 AM.

Meeting adjourned at approximately 11:02 AM.



TO: State Water Subcontractors Advisory Committee
FROM: Wes Thomson, Utilities Division Engineer
DATE: May 6, 2022
SUBJECT: SWP Water Supply Report

SWP DELIVERY REPORT

Attachment 1 is the monthly summary of State Water Project (SWP) deliveries through March 2022 for the 2022 SWP "Water Year" (Jan 1, 2022 – Dec 31, 2022).

2022 SCHEDULED DELIVERIES VS. STORED WATER SUMMARY

Attachment 2 summarizes the current 2022 delivery schedule for District Subcontractors and reports the new supply for 2022 based on DWR's 5% "Table A" water allocation and shows the estimated stored carryover water needed by the Subcontractors to meet requested deliveries for April through December 2022. This delivery schedule and storage analysis assumes that the 5% "Table A" allocation will hold for the remainder of the year. Note that this is the third year of drought conditions, and most of the Subcontractors have exhausted their stored water (numbers in red), and those that have not, are on track to use up most of their stored water by the end of the year (numbers highlighted in yellow).

Executive Order N-7-22

Attachment 3 is Governor Newsom's recent executive order (issued on 3/28/22), in response to a record January/February/March dry period. The order requires urban water suppliers to increase drought response and conservation, mandating a move to Level 2 of their Water Shortage Contingency Plans (Level 2 corresponds to the 10-20% supply shortage, so agency response actions would be aligned to achieve a 20% demand reduction).

An "urban water supplier" is defined in the California Water Code to be one that either provides over 3,000 acre-feet of water annually or serves more than 3,000 urban connections.

For more guidance on Water Shortage Contingency Plans (WSCP) under California's Urban Water Management Plan framework: <https://water.ca.gov/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans>

For many of the Subcontractors, this mandate does not directly apply, but note that SLO County has declared a drought emergency which has been in effect since July 2021. See this website for more info: <https://www.emergencyslo.org/en/slo-county-drought-information.aspx>

ATTACHMENTS

1. SWP Delivery Report, March 2022 (DRAFT)
2. 2022 Deliveries vs. Stored Water
3. Executive Order N-7-22, March 28, 2022

2022 STATE WATER DELIVERIES (DRAFT)

-- For deliveries thru March 2022 --

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<i>SHANDON TO</i>	CSA 16	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0	0.0
<i>CHORRO V. TO</i>	CMC	27.6	29.7	33.5	0	0	0	0	0	0	0	0	0	90.9
	County Ops	29.3	31.5	35.6	0	0	0	0	0	0	0	0	0	96.4
	Cuesta	13.9	15.0	16.9	0	0	0	0	0	0	0	0	0	45.9
	City of Morro Bay	87.2	86.8	102.0	0	0	0	0	0	0	0	0	0	275.9
<i>LOPEZ TO</i>	City of Pismo Beach	103.9	110.0	85.0	0	0	0	0	0	0	0	0	0	298.9
	Oceano CSD	33.1	32.2	34.6	0	0	0	0	0	0	0	0	0	99.9
	San Miguelito MWC	7.8	9.5	11.3	0	0	0	0	0	0	0	0	0	28.6
	Avila Beach CSD	4.8	5.0	6.0	0	0	0	0	0	0	0	0	0	15.8
	Avila Valley MWC	1.0	1.0	1.0	0	0	0	0	0	0	0	0	0	3.0
	San Luis Coastal USD	0.10	0.4	0.5	0	0	0	0	0	0	0	0	0	0.99
	TOTAL	308.7	321.1	326.5	0	956.3								

- Note:** 1. Deliveries based on CCWA monthly delivery reporting and subcontractor request.
2. All delivery values reported are in volumetric units of acre-feet (AF).

2022 STATE WATER REQUESTS

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<i>SHANDON TO</i>	CSA 16	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>CHORRO V. TO</i>	CMC	33	33	33	33	33	33	33	33	33	33	33	33	396
	County Ops	35	35	35	35	35	35	35	35	35	35	35	35	420
	Cuesta	17	17	17	17	17	17	17	17	17	17	17	17	200
	City of Morro Bay	100	100	100	100	100	100	100	100	100	100	100	100	1200
<i>LOPEZ TO</i>	City of Pismo Beach	105	110	85	120	140	140	125	130	55	100	70	60	1240
	Oceano CSD	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	750
	San Miguelito MWC	7	7	10	12	13	13	13	12	9	9	7	8	120
	Avila Beach CSD	5	5	6	6	6	6	6	7	6	6	6	5	70
	Avila Valley MWC	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	20
	San Luis Coastal USD	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	6
	TOTAL	366	371	350	388	409	409	394	399	320	365	332	323	4422

Note: Assumes District can supply 100% of requested delivery, to meet requests that exceed current DWR allocation*.

*Current DWR "Table A" allocation = 5%

STATE WATER PROJECT

San Luis Obispo County Flood Control and Water Conservation District

P:\State Water\Water Ops\DELIVERY\ACTUALS\2022_Subcon Reports\220419-Deliveries thru Mar 2022_DRAFT

Prepared by WT, 4/19/2022

2022 SWP Delivery vs. Estimated Stored Water

SLO COUNTY FC&WCD

5/2/2022

SUMMARY OF PROJECTED 2022 DELIVERY	
District's Stored Water at SLR ³ , 1/1/2022	12,402
Scheduled Delivery for 2022	4,422
2022 SWP "Table A" Allocation at 5%	1,250
Estimated Stored Water Needed	3,172

CONTRACTS SUMMARY

2022 DELIVERY SCHEDULE SUMMARY¹

SUBCONTRACTOR	Water Service Amount (WSA)	Drought Buffer (DB)	WSA + DB	STORED CARRYOVER ² WATER (1/1/2022)	WATER ALLOCATED AT 5%	WATER DELIVERED (THRU MAR 2022)	ESTIMATED STORED WATER BALANCE (4/1/2022)	SCHEDULED DELIVERY REMAINING (APR-DEC 2022)
CSA 16 (Shandon)	100	0	100	74	5	0	74	0
<i>Subtotal</i>	<i>100</i>	<i>0</i>	<i>100</i>	<i>74</i>	<i>5</i>	<i>0</i>	<i>74</i>	<i>0</i>
CMC	400	400	800	0	40	90.9	0	297
County Ops Center	425	425	850	0	42.5	96.4	0	315
Cuesta College	200	200	400	0	20	45.9	0	150
City of Morro Bay	1,313	2,290	3,603	534	180.2	275.9	438.2	900
<i>Subtotal</i>	<i>2,338</i>	<i>3,315</i>	<i>5,653</i>	<i>534</i>	<i>283</i>	<i>509</i>	<i>438</i>	<i>1,662</i>
City of Pismo Beach	1,240	1,240	2,480	0	124	298.9	0	940
Oceano CSD	750	750	1,500	595	75	99.9	570.2	562.5
San Miguelito MWC	275	275	550	165	27.5	28.6	163.7	96
Avila Beach CSD	100	100	200	51	10	15.8	45.2	54
Avila Valley MWC	20	20	40	0	2	3.0	0	17
San Luis Coastal USD	7	7	14	1.3	0.7	0.99	1.0	4.5
<i>Subtotal</i>	<i>2,392</i>	<i>2,392</i>	<i>4,784</i>	<i>812</i>	<i>239</i>	<i>447</i>	<i>780</i>	<i>1,674</i>
Total Subcontracted	4,830	5,707	10,537	1,420	527	956	1,292	3,336
District's "Table A" Allocation (AFY)			25,000					
Total "Table A" Subcontracted (AFY)			10,537	42%				
"Unsubscribed" Allocation (AFY)			14,463	58%				

NOTES

1. Water volumes reported in units of acre-feet.
2. Stored carryover water is District water from previous years, stored at SLR, set aside informally for Subcontractors.
3. SLR = San Luis Reservoir, a SWP storage facility.

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-7-22

WHEREAS on April 12, 2021, May 10, 2021, July 8, 2021, and October 19, 2021, I proclaimed states of emergency that continue today and exist across all the counties of California, due to extreme and expanding drought conditions; and

WHEREAS climate change continues to intensify the impacts of droughts on our communities, environment, and economy, and California is in a third consecutive year of dry conditions, resulting in continuing drought in all parts of the State; and

WHEREAS the 21st century to date has been characterized by record warmth and predominantly dry conditions, and the 2021 meteorological summer in California and the rest of the western United States was the hottest on record; and

WHEREAS since my October 19, 2021 Proclamation, early rains in October and December 2021 gave way to the driest January and February in recorded history for the watersheds that provide much of California's water supply; and

WHEREAS the ongoing drought will have significant, immediate impacts on communities with vulnerable water supplies, farms that rely on irrigation to grow food and fiber, and fish and wildlife that rely on stream flows and cool water; and

WHEREAS the two largest reservoirs of the Central Valley Project, which supplies water to farms and communities in the Central Valley and the Santa Clara Valley and provides critical cold-water habitat for salmon and other anadromous fish, have water storage levels that are approximately 1.1 million acre-feet below last year's low levels on this date; and

WHEREAS the record-breaking dry period in January and February and the absence of significant rains in March have required the Department of Water Resources to reduce anticipated deliveries from the State Water Project to 5 percent of requested supplies; and

WHEREAS delivery of water by bottle or truck is necessary to protect human safety and public health in those places where water supplies are disrupted; and

WHEREAS groundwater use accounts for 41 percent of the State's total water supply on an average annual basis but as much as 58 percent in a critically dry year, and approximately 85 percent of public water systems rely on groundwater as their primary supply; and

WHEREAS coordination between local entities that approve permits for new groundwater wells and local groundwater sustainability agencies is important to achieving sustainable levels of groundwater in critically overdrafted basins; and

WHEREAS the duration of the drought, especially following a multiyear drought that abated only five years ago, underscores the need for California to redouble near-, medium-, and long-term efforts to adapt its water management and delivery systems to a changing climate, shifting precipitation patterns, and water scarcity; and

WHEREAS the most consequential, immediate action Californians can take to extend available supplies is to voluntarily reduce their water use by 15 percent from their 2020 levels by implementing the commonsense measures identified in operative paragraph 1 of Executive Order N-10-21 (July 8, 2021); and

WHEREAS to protect public health and safety, it is critical the State take certain immediate actions without undue delay to prepare for and mitigate the effects of the drought conditions, and under Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this Proclamation would prevent, hinder, or delay the mitigation of the effects of the drought conditions.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, including the California Emergency Services Act, and in particular, Government Code sections 8567, 8571, and 8627, do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. The orders and provisions contained in my April 21, 2021, May 10, 2021, July 8, 2021, and October 19, 2021 Proclamations remain in full force and effect, except as modified by those Proclamations and herein. State agencies shall continue to implement all directions from those Proclamations and accelerate implementation where feasible.
2. To help the State achieve its conservation goals and ensure sufficient water for essential indoor and outdoor use, I call on all Californians to strive to limit summertime water use and to use water more efficiently indoors and out. The statewide Save Our Water conservation campaign at SaveOurWater.com provides simple ways for Californians to reduce water use in their everyday lives. Furthermore, I encourage Californians to understand and track the amount of water they use and measure their progress toward their conservation goals.
3. By May 25, 2022, the State Water Resources Control Board (Water Board) shall consider adopting emergency regulations that include all of the following:
 - a. A requirement that each urban water supplier, as defined in section 10617 of the Water Code, shall submit to the Department of Water Resources a preliminary annual water supply and demand assessment consistent with section 10632.1 of the Water Code no later than June 1, 2022, and submit a final annual water

supply and demand assessment to the Department of Water Resources no later than the deadline set by section 10632.1 of the Water Code;

- b. A requirement that each urban water supplier that has submitted a water shortage contingency plan to the Department of Water Resources implement, at a minimum, the shortage response actions adopted under section 10632 of the Water Code for a shortage level of up to twenty percent (Level 2), by a date to be set by the Water Board; and
- c. A requirement that each urban water supplier that has not submitted a water shortage contingency plan to the Department of Water Resources implement, at a minimum, shortage response actions established by the Water Board, which shall take into consideration model actions that the Department of Water Resources shall develop for urban water supplier water shortage contingency planning for Level 2, by a date to be set by the Water Board.

To further conserve water and improve drought resiliency if the drought lasts beyond this year, I encourage urban water suppliers to conserve more than required by the emergency regulations described in this paragraph and to voluntarily activate more stringent local requirements based on a shortage level of up to thirty percent (Level 3).

- 4. To promote water conservation, the Department of Water Resources shall consult with leaders in the commercial, industrial, and institutional sectors to develop strategies for improving water conservation, including direct technical assistance, financial assistance, and other approaches. By May 25, 2022, the Water Board shall consider adopting emergency regulations defining "non-functional turf" (that is, a definition of turf that is ornamental and not otherwise used for human recreation purposes such as school fields, sports fields, and parks) and banning irrigation of non-functional turf in the commercial, industrial, and institutional sectors except as it may be required to ensure the health of trees and other perennial non-turf plantings.
- 5. In order to maximize the efficient use of water and to preserve water supplies critical to human health and safety and the environment, Public Resources Code, Division 13 (commencing with section 21000) and regulations adopted pursuant to that Division are hereby suspended, with respect to the directives in paragraphs 3 and 4 of this Order and any other projects and activities for the purpose of water conservation to the extent necessary to address the impacts of the drought, and any permits necessary to carry out such projects or activities. Entities that desire to conduct activities under this suspension, other than the directives in paragraphs 3 and 4 of this Order, shall first request that the Secretary of the Natural Resources Agency make a determination that the proposed activities are eligible to be conducted under this suspension. The Secretary shall use sound discretion in applying this Executive Order to ensure that the suspension serves the purpose of accelerating conservation projects that are necessary to address impacts of the drought, while at the same time

protecting public health and the environment. The entities implementing these directives or conducting activities under this suspension shall maintain on their websites a list of all activities or approvals for which these provisions are suspended.

6. To support voluntary approaches to improve fish habitat that would require change petitions under Water Code section 1707 and either Water Code sections 1425 through 1432 or Water Code sections 1725 through 1732, and where the primary purpose is to improve conditions for fish, the Water Board shall expeditiously consider petitions that add a fish and wildlife beneficial use or point of diversion and place of storage to improve conditions for anadromous fish. California Code of Regulations, title 23, section 1064, subdivisions (a)(1)(A)(i)-(ii) are suspended with respect to any petition that is subject to this paragraph.
7. To facilitate the hauling of water for domestic use by local communities and domestic water users threatened with the loss of water supply or degraded water quality resulting from drought, any ordinance, regulation, prohibition, policy, or requirement of any kind adopted by a public agency that prohibits the hauling of water out of the water's basin of origin or a public agency's jurisdiction is hereby suspended. The suspension authorized pursuant to this paragraph shall be limited to the hauling of water by truck or bottle to be used for human consumption, cooking, or sanitation in communities or residences threatened with the loss of affordable safe drinking water. Nothing in this paragraph limits any public health or safety requirement to ensure the safety of hauled water.
8. The Water Board shall expand inspections to determine whether illegal diversions or wasteful or unreasonable use of water are occurring and bring enforcement actions against illegal diverters and those engaging in the wasteful and unreasonable use of water. When access is not granted by a property owner, the Water Board may obtain an inspection warrant pursuant to the procedures set forth in Title 13 (commencing with section 1822.50) of Part 3 of the Code of Civil Procedure for the purposes of conducting an inspection pursuant to this directive.
9. To protect health, safety, and the environment during this drought emergency, a county, city, or other public agency shall not:
 - a. Approve a permit for a new groundwater well or for alteration of an existing well in a basin subject to the Sustainable Groundwater Management Act and classified as medium- or high-priority without first obtaining written verification from a Groundwater Sustainability Agency managing the basin or area of the basin where the well is proposed to be located that groundwater extraction by the proposed well would not be inconsistent with any sustainable groundwater management program established in any applicable Groundwater Sustainability Plan adopted by that Groundwater Sustainability

Agency and would not decrease the likelihood of achieving a sustainability goal for the basin covered by such a plan; or

- b. Issue a permit for a new groundwater well or for alteration of an existing well without first determining that extraction of groundwater from the proposed well is (1) not likely to interfere with the production and functioning of existing nearby wells, and (2) not likely to cause subsidence that would adversely impact or damage nearby infrastructure.

This paragraph shall not apply to permits for wells that will provide less than two acre-feet per year of groundwater for individual domestic users, or that will exclusively provide groundwater to public water supply systems as defined in section 116275 of the Health and Safety Code.

10. To address household or small community drinking water shortages dependent upon groundwater wells that have failed due to drought conditions, the Department of Water Resources shall work with other state agencies to investigate expedited regulatory pathways to modify, repair, or reconstruct failed household or small community or public supply wells, while recognizing the need to ensure the sustainability of such wells as provided for in paragraph 9.
11. State agencies shall collaborate with tribes and federal, regional, and local agencies on actions related to promoting groundwater recharge and increasing storage.
12. To help advance groundwater recharge projects, and to demonstrate the feasibility of projects that can use available high water flows to recharge local groundwater while minimizing flood risks, the Water Board and Regional Water Quality Control Boards shall prioritize water right permits, water quality certifications, waste discharge requirements, and conditional waivers of waste discharge requirements to accelerate approvals for projects that enhance the ability of a local or state agency to capture high precipitation events for local storage or recharge, consistent with water right priorities and protections for fish and wildlife. For the purposes of carrying out this paragraph, Division 13 (commencing with section 21000) of the Public Resources Code and regulations adopted pursuant to that Division, and Chapter 3 (commencing with section 85225) of Part 3 of Division 35 of the Water Code and regulations adopted pursuant thereto are hereby suspended to the extent necessary to address the impacts of the drought. This suspension applies to (a) any actions taken by state agencies, (b) any actions taken by local agencies where the state agency with primary responsibility for the implementation of the directives concurs that local action is required, and (c) permits necessary to carry out actions under (a) or (b). The entities implementing these directives shall maintain on their websites a list of all activities or approvals for which these provisions are suspended.
13. With respect to recharge projects under either Flood-Managed Aquifer Recharge or the Department of Water Resources Sustainable

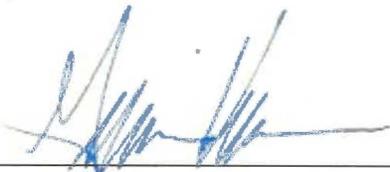
Groundwater Management Grant Program occurring on open and working lands to replenish and store water in groundwater basins that will help mitigate groundwater conditions impacted by drought, for any (a) actions taken by state agencies, (b) actions taken by a local agency where the Department of Water Resources concurs that local action is required, and (c) permits necessary to carry out actions under (a) or (b), Public Resources Code, Division 13 (commencing with section 21000) and regulations adopted pursuant to that Division are hereby suspended to the extent necessary to address the impacts of the drought. The entities implementing these directives shall maintain on their websites a list of all activities or approvals for which these provisions are suspended.

14. To increase resilience of state water supplies during prolonged drought conditions, the Department of Water Resources shall prepare for the potential creation and implementation of a multi-year transfer program pilot project for the purpose of acquiring water from willing partners and storing and conveying water to areas of need.
15. By April 15, 2022, state agencies shall submit to the Department of Finance for my consideration proposals to mitigate the worsening effects of severe drought, including emergency assistance to communities and households and others facing water shortages as a result of the drought, facilitation of groundwater recharge and wastewater recycling, improvements in water use efficiency, protection of fish and wildlife, mitigation of drought-related economic or water-supply disruption, and other potential investments to support short- and long-term drought response.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 28th day of March 2022.



GAVIN NEWSOM
Governor of California

ATTEST:

SHIRLEY N. WEBER, PH.D.
Secretary of State



TO: State Water Subcontractors Advisory Committee
FROM: Wes Thomson, Utilities Division Engineer
DATE: May 6, 2022
SUBJECT: District Subcontracts and Unsubscribed Allocation

DISTRICT SUBCONTRACTS

The District is continuing to look for ways to maximize its SWP water supply contract to benefit SLO County, and to reduce (or even largely eliminate) the financial burden carried by the local taxpayers for the cost to hold onto the unsubscribed allocation – i.e., the 14,463 AF of the District's 25,000 AF Table A contract, which represents a maximum annual amount that may be made available to the District in a given year, as defined in the District's master contract with DWR.

Specifically, we will discuss Articles 14(d) and 32 of the District subcontracts, which speak to "Additional Deliveries" for Subcontractors and establish what is informally known as the "like contract" clause – requiring the subcontracts to be substantially similar overall but allowing for some variation.

Article 14(d) of the SWP subcontracts says the following in regard to "**Additional Deliveries**" – *"In the event that the Contractor requests the delivery during any year of Project Water in addition to the quantities set forth in Article 6 hereof and to the extent that other Contractors have requested less than their total annual water allocations, District may provide such requested additional Project Water to the Contractor. For such additional Project Water..."*

Article 32 of the District SWP subcontracts that requires District contracts with others to be *"substantially similar,"* but allows for differences *"primarily with respect to quantities and payment amounts..."*

Attachment 1 is a copy of SLO County's subcontract for SWP water with the District, provided as an example contract to reference for discussion with the Subcontractors.

ATTACHMENTS

1. 1992 SWP Water Supply Agreement for SLO County.

WATER SUPPLY AGREEMENT BETWEEN SAN LUIS OBISPO COUNTY
FLOOD CONTROL AND WATER CONSERVATION DISTRICT AND
COUNTY OF SAN LUIS OBISPO
(County Operations Center and El Chorro Regional Park)

This agreement, made this 15th day of May, 1992 by and between the San Luis Obispo County Flood Control and Water Conservation District, hereinafter referred to as "District", and the County of San Luis Obispo, (County Operations Center and El Chorro Regional Park) a subdivision of the State of California, hereinafter referred to as the "Contractor".

WITNESSETH:

WHEREAS, the District and the State of California, on February 26, 1963, entered into an agreement entitled "Water Supply Contract Between the State of California Department of Water Resources and San Luis Obispo County Flood Control and Water Conservation District," which agreement has been amended from time to time, whereby the State of California will furnish a water supply to the District; and

WHEREAS, the lands and/or inhabitants of the Contractor are in need of additional water for municipal use and other beneficial uses; and

WHEREAS, because certain communities within the County of San Luis Obispo who desire to contract with the District for a water supply are now subject to water resource constraints and could, on receipt of said water supply, experience an increased rate of population growth, and, because certain of said communities are presently overdrafting their groundwater basins, this agreement requires that the governing body of each water purveyor accepting SWP water shall adopt a water management plan or program, the goal of which shall be to demonstrate that its project water shall be used first to offset its proportionate share of groundwater basin overdraft, if any, and to improve water quality for its consumers, if appropriate, and to provide an appropriate reserve available for a period of reduced water supply before being made available for other purposes. Such commitment may be manifested by the adoption of an ordinance or by the adoption of a resolution or by the adoption of a water management plan or program which brings its proportionate share of groundwater supply and demand into balance; and

WHEREAS, the Contractor desires to contract with the District for a water supply to be for the use and benefit of the inhabitants and lands of the Contractor and for which the Contractor will make payment to the District upon the terms and conditions hereinafter set forth;

WHEREAS, the District desires to make water available to Contractor, and others, under terms and conditions which are fair and equitable to all such entities and persons and consistent with the said "Water Supply Contract Between the State of California Department of Water Resources and San Luis Obispo County Flood Control and Water Conservation District."

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED by District and Contractor as follows:

Article 1. Definitions.

(a) "Master Contract" shall mean that agreement entitled "Water Supply Contract Between the State of California Department of Water Resources and the San Luis Obispo County Flood Control and Water Conservation District," dated February 26, 1963, and all amendments thereto.

(b) "Project Water" shall mean all water, including District's Entitlement Water and District's Surplus Water, made available to the District by the State of California pursuant to the Master Contract.

(c) "District's Entitlement Water" shall mean that part of the Project Water set forth in Table "A" of the Master Contract for San Luis Obispo County Flood Control and Water Conservation District.

(d) "District's Surplus Water" shall mean that Project Water made available to District pursuant to the provisions of Articles 21 and 46 of the Master Contract.

(e) "Contractor's Water Service Amount" shall mean that amount of District's Entitlement Water which District shall provide to Contractor during the term of this agreement and, specifically, in the amounts and at the times set forth in Article 6 and Article 8 of this agreement.

(f) "Year" shall have the same meaning as the word "year" in the Master Contract.

(g) "Year of initial water delivery" shall mean the year when District's Project Water is first available for delivery to the Contractor pursuant to the terms of this agreement.

(h) "Municipal use" shall mean all those uses of water usual to the municipal water supply of a city, town, or other similar population group, including uses for domestic purposes, uses for the purposes of commerce, trade or industry, and any other use incidental thereto for any beneficial purpose.

(i) "Repayment Reach" or "reach" shall mean reaches of the California Aqueduct designated by the Department of Water Resources for purposes of repayment of Project Transportation Facilities by District and other water contractors under the Master Contract.

(j) "Other agency" or "other subcontractor" shall mean any other public water distribution agency having the power to do so, which executes a contract with the District for the purchase of a water supply from District's Project Water.

(k) "District Administrative Costs" are the labor, equipment, materials and overhead costs of the District which are associated with the service of providing Project Water to Contractor under this agreement and to other agencies under similar agreements.

(1) "Central Coast Water Authority" shall mean and is a joint exercise of powers agency duly organized and validly existing under the Constitution and laws of the State of California.

Article 2. Term.

This agreement shall become effective on the date first above written and shall remain in effect throughout the term provided by Article 2 of the Master Contract; provided, that whenever the Master Contract is terminated or suspended in the manner and for a cause specified in the Master Contract, this contract shall also be terminated or suspended.

Article 3. Option for Continued Service.

By written notice delivered to District at least nine (9) months prior to the expiration of the term of this agreement, Contractor may elect to receive continued service after expiration of said term and under the conditions set forth in Article 4 of the Master Contract.

Article 4. Relationship to Master Contract.

Contractor acknowledges and agrees that this agreement is subject to the obligations and limitations imposed on District by the Master Contract and all existing and future amendments to the Master Contract and is intended to be in conformance and harmony with it. The Contractor hereby expressly agrees to the provisions of the Master Contract and all existing and future amendments thereto and further expressly agrees that nothing in this agreement shall be deemed to require the District to perform an obligation in conflict with the Master Contract. Contractor further agrees that District's rights to enter into amendments to the Master Contract is not, and shall not be restricted or impaired, in any way, by this agreement.

Article 5. Service Agreement.

Parties agree that this is an agreement for service, and only contractual rights are created by this agreement, and that it does not create an entitlement to, nor does it convey to the Contractor any property right or interest in District's Project Water.

Article 6. Contractor's Water Service Amount and Use of Project Water.

(a) Contractor's Water Service Amount

Commencing with the year that District first makes Project Water available for delivery to Contractor under this agreement, and subject to the shortage provisions of Article 10 of this agreement, District each year shall make available for delivery to the Contractor 425 acre feet of Project Water which amount is referred to in this agreement as the Contractor's Water Service Amount.

(b) Use of Project Water

Contractor shall adopt a water management plan or program, which shall demonstrate that its project water shall be used first to offset its proportionate share of groundwater basin overdraft, if any, and to improve water quality for its consumers, if appropriate, and to provide an appropriate reserve available for a period of reduced water supply before being made available for other purposes. Such commitment shall be manifested by the adoption of an ordinance or by the adoption of a resolution or by the adoption of a water management plan or program which brings its proportionate share of groundwater supply and demand into balance.

Article 7. Measuring Devices; Treatment Facilities.

(a) Measuring Devices.

The District shall be responsible for the measuring of the amounts of all Project Water delivered to the Contractor and shall keep or cause to be kept accurate records thereof. For this purpose, the District shall install, operate, and maintain at all turnouts for delivery of Project Water to the Contractor such measuring devices and equipment as are satisfactory and acceptable to both District and Contractor, except that where measuring devices and equipment to be installed, operated and maintained by the State of California pursuant to the Master Contract will be sufficient for the measurement of Project Water delivered to the Contractor, the District need not duplicate such facilities and the parties hereto agree to accept the measurements and records of the State of California in such cases. Any measuring devices and equipment installed, operated and maintained by the District shall be examined, tested and serviced regularly to insure their accuracy. At any time or times, the Contractor or any other subcontractor may inspect such measuring devices installed, operated and maintained by the District and the measurements and records taken therefrom. Contractor shall pay to District all of the costs incurred by District for those said measuring devices reasonably necessary for measuring the delivery of Project Water to Contractor

(b) Water Treatment.

The treatment of project water supplied to Contractor hereunder shall be accomplished by the Central Coast Water Authority and pursuant to and in accordance with the provisions of that certain agreement between the District and Contractor which agreement is entitled "Water Treatment and Local Facilities Agreement." Upon notice to the District by the Central Coast Water Authority that Contractor has failed to make any payment, which failure the Central Coast Water Authority certifies constitutes a default under the said "Water Treatment and Local Facilities Agreement", the District shall discontinue water service and the delivery of project water to Contractor hereunder and District shall not recommence water service or the delivery of project water to the Contractor until the Central Coast Water Authority gives written notice to District that such default has been cured.

Article 8. Location and Rate of Delivery of Contractor's Water Service Amount.

Contractor's Water Service Amount shall be made available for delivery to the Contractor at the locations and rates hereinafter specified:

(a) The location and maximum instantaneous flow capacity to be provided in each delivery structure shall be:

Location: Reach No. 33A

Maximum instantaneous flow capacity: 0.60 cubic feet per second

(b) The maximum amount of water to be delivered by District to Contractor in any one month through the State's transportation facilities shall not exceed - 35.42 acre-feet.

(c) Procedure for Determining Water Delivery Schedule.

The amounts, times, and rates of delivery of Contractor's Water Service Amount to the Contractor during any year shall be in accordance with a District water delivery schedule for that year, with such schedule to be determined in the following manner:

(1) On or before September 1 of each year, the Contractor shall submit in writing to the District a preliminary water delivery schedule, subject to the provisions of this Article, Article 6, and Article 9, indicating the amounts of Project Water desired by the Contractor during each month of the succeeding five years (5) years.

(2) Upon receipt of said preliminary schedule, the District shall review it and, after consultation with the Contractor, shall make such modifications in it as it deems necessary to insure that the amounts, times, and rates of delivery to the Contractor will be consistent with the District's receipt of Project Water from the State of California pursuant to the Master Contract, considering the then current delivery schedules of all subcontractors; provided that the District shall not make any such modification which would provide for the delivery of water to the Contractor in any month in excess of the Contractor's total water demand for that month, or 8.333 percent of the Contractor's Water Service Amount for that year, whichever is the lesser. On or before December 15 of each year, after the District has been furnished a water delivery schedule from the State of California, pursuant to the terms of Article 12 of the Master Contract, the District shall determine and furnish to the Contractor a water delivery schedule for the next succeeding year which shall show the amounts of Project Water to be delivered to the Contractor during each month of that year.

(3) The water delivery schedule may be amended by the District upon the District's initiative or upon the Contractor's written request. Proposed amendments shall be submitted by the

Contractor within a reasonable time before the desired change is to become effective, and shall be subject to review and modification by the District in like manner as the schedule itself. The District shall approve all requests for changes in delivery from one delivery structure to another when there is sufficient capacity available in the transportation facilities, considering the then current delivery schedules of all subcontractors; provided, that the Contractor agrees to pay all increased costs incurred by the District as a result of such change.

(4) In the event that the dates provided for in Article 12 of the Master Contract are changed by amendment to the Master Contract, the dates provided for in this agreement shall also be automatically changed so that they have the same relative time span as they now have with those in the Master Contract.

(d) Temporarily Exceeding Limit on Peak Deliveries of Water.

While District is not required to deliver to the Contractor in any one month of any year a total amount of Project Water greater than eight and one-third percent (8.333%) of the Contractor's Water Service Amount for that year; however, in the event deliveries required to be made by the District to other agencies permit a higher monthly rate of delivery to the Contractor without the District exceeding the limitations imposed on the District by the State of California in the Master Contract, then the District shall have the discretion to temporarily exceed the maximum monthly deliveries provided for herein.

(e) Limitation of Rate of Delivery to Contractor.

In no event shall the District be obligated to deliver water to the Contractor through all delivery structures at a total combined instantaneous rate of flow exceeding 0.60 cubic feet per second.

Article 9. Limitations on Obligation of District to Furnish Water.

(a) Notwithstanding any provisions of this agreement to the contrary, the obligation of the District to furnish water hereunder shall be limited to the times and to the extent that water and facilities necessary for furnishing the same are available to the District pursuant to the Master Contract. Further, District shall have no obligation to Contractor to deliver Project Water at any particular head or pressure.

(b) The District shall not be liable for the failure to perform any portion of this agreement to the extent that such failure is caused by the failure of the State of California to perform any obligation imposed on the State of California by the Master Contract; provided, that to the extent that the District's obligations to the State are reduced by such failure on the part of the State, the District shall make appropriate reductions in the obligations of the Contractor under this agreement; provided further, that the District shall diligently and promptly pursue all rights and remedies available to it to enforce the rights of the District against the State of California under the Master Contract relative to such failure to perform and, provided further, that the

costs and expenses incurred by District in the enforcement or attempted enforcement of said rights under the Master Contract shall be considered to be Administrative costs under this agreement.

Article 10. Water Shortages

(a) No Liability for shortages.

There may occur from time to time a shortage or shortages in the quantity of Project Water available to the District pursuant to the Master Contract and for furnishing to the Contractor pursuant to this agreement. In any such event no liability shall accrue against the District or any of its respective officers, agents or employees for any damage, direct or indirect, arising from such shortage or shortages.

(b) Temporary Shortages; Delivery Priorities.

In any year in which there may occur a shortage, due to any cause, in the supply of Project Water available to the District with the result that there is insufficient Project Water available to District for District to provide to Contractor the Contractor's Water Service Amount, then District shall reduce deliveries to each subcontractor in an amount which bears the same proportion to the total amount of such reduction that the subcontractor's Water Service Amount bears to the total of all of the Contractor Water Service Amounts of all subcontractors for that year, all as determined by the District; provided, that the District may apportion on some other basis if such is required to meet minimum demands of any Contractor(s) for domestic supply, fire protection, or sanitation during the year.

(c) Permanent Shortage.

In the event that because of a permanent shortage in the supply of Project Water available for delivery to the District there is an amendment of Table A of the Master Contract with the result that the annual supply of District's Entitlement Water is less than the total of Contractor's Water Service Amount plus the water service amounts of all other Contractors, then Contractor's Water Service Amount and the Water Service Amount of all other subcontractors shall be reduced proportionately by the District to the extent necessary so that the sum of the reduced Contractor's Water Service Amount plus the reduced Water Service Amount of all other subcontractors will then equal such reduced annual supply of District's Entitlement water to be made available to the District by the State of California.

(d) Reinstatement of Reductions in Water Service Amounts.

If after any reduction of annual supply of District's Entitlement Water, pursuant to subdivision (c) of this Article, there is an amendment to Table A of the Master Contract which increases the annual supply of District's Entitlement Water, then the District shall, with the consent of the Contractor and to the extent possible, increase the previously reduced Contractor's Water Service Amount, in proportion to the water service amounts of all other subcontractors,

up to an amount equal to, but not exceeding the amount provided for in Article 6 of this agreement.

(e) Advance Notice of Delivery Reduction.

The District shall give the Contractor written notice, as far in advance as District reasonably may, of any reduction in deliveries to Contractor under subdivision (b) or subdivision (c) of this Article.

Article 11. Curtailment of Delivery for Maintenance Purposes.

The State of California or the District may temporarily discontinue or reduce the amount of Project Water to be furnished to the Contractor during such time as the State or District are maintaining, repairing, replacing, investigating or inspecting, any of the facilities necessary for the furnishing of water to the Contractor. Insofar as it is feasible, the District shall give the Contractor notice in advance of any such temporary discontinuance or reduction, except in the case of emergency, in which case no notice need be given. In the event of such discontinuance or reduction, the District will upon resumption of service, deliver, as nearly as may be feasible, and to the extent water is furnished to it by the State of California, the quantity of Project Water which would have been furnished to the Contractor in the absence of such discontinuance or reduction.

Article 12. Responsibilities for Delivery and Distribution of Water.

Neither the District nor its officers, agents or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of Project Water supplied to the Contractor after such water has passed into the Contractor's delivery structures, nor for claim of damages of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water beyond said delivery structure; and the Contractor shall defend, indemnify and hold harmless the District and its officers, agents and employees from and against any such damages or claims of damages.

Article 13. Quality of Project Water Delivered.

Contractor acknowledges and agrees that inasmuch as District will neither operate nor control the sources, delivery facilities, or the water treatment facilities for the Project Water, the District shall not be responsible for the quality of the Project Water furnished to Contractor pursuant to this agreement.

Article 14. Payment for Water Service.

(a) Contractor's Annual Obligation.

In addition to the other payments to District by Contractor provided for herein, the Contractor shall pay to District each year during the term of this agreement a sum which shall consist of the total of the following, and which is referred to herein as Contractor's Annual Obligation:

(1) Delta Water Charge Reimbursement.

The Contractor shall reimburse District for a portion of the District's annual Delta Water Charge, as defined in the Master Contract. Contractor's reimbursement amount shall be the product of the Delta Water rate for the respective year times the amount of the Contractor's Water Service Amount specified in Article 6.

(2) Transportation Charge.

(i) Capital Cost Component Reimbursement.

The Contractor shall reimburse District for a portion of the District's annual Transportation Capital Charge, as defined in the Master Contract, for each repayment reach in which the Contractor has been provided capacity by the District, as determined by the District. The Contractor's percentage reimbursement shares of the District's Transportation Capital Charge, by repayment reach, are as follows:

<u>Repayment Reach</u>	<u>Contractor' Reimbursement Share (%)</u>	
1 through 33A	<u>5.70%</u>	<i>Subject to change</i>
34	<u>0.00%</u>	<i>In the event that</i>
35	<u>0.00%</u>	<i>the City of SLO or the Cayucos water</i>

(ii) Transportation Minimum Operation Maintenance, Power and Replacement Component (Minimum OMP&R) Reimbursement.

Organizations do not participate,

The Contractor shall reimburse District for a portion of the District's annual Transportation Minimum OMP&R Charge (Minimum OMP&R), as defined in the Master Contract, for each repayment reach in which the Contractor has been provided capacity, as determined by the District. The Contractor's percentage reimbursement shares of the District's Minimum OMP&R Charge, by repayment reach, are as follows:

<u>Repayment Reach</u>	<u>Contractor's Reimbursement Share (%)</u>	
1 through 33A	<u>5.30%</u>	<i>Subject to change in the event that the City of SLO or the Cayucos Water Organizations do not participate.</i>
34	<u>0.00%</u>	
35	<u>0.00%</u>	

(iii) Variable Operation, Maintenance, Power and Replacement Charge (Variable OMP&R) Reimbursement.

The Contractor shall reimburse District for a portion of the District's Variable OMP&R charge, as defined in the Master Contract, which shall be the product of the acre-feet of Project Water scheduled to be delivered during the respective year to the Contractor from or through said reach multiplied by the District's estimate of the charge per acre-foot to be made by the State to the District for said year for the Variable OMP&R component of the Transportation Charge applicable to transporting water through said reach.

(iv) Off-Aqueduct Power Facilities Reimbursement.

The Contractor shall reimburse District for its portion of the annual Off-Aqueduct Power Facilities charge to be paid by the District to the State, as defined in the Master Contract. Contractor's reimbursement share shall bear the same proportion to the District's annual Off-Aqueduct Power Facilities charge as the estimated electrical energy (kilowatt-hours) required to pump through project transportation facilities the Contractor's Water Allocation for that year, [as submitted pursuant to Article 8(c)(1) and as may be modified by the District pursuant to Article 8(c)(2)] bears to the total estimated electrical energy (kilowatt-hours) required to pump all such amounts for all Contractors through project transportation facilities for that year, all as determined by the District.

(3) Revenue Bond Surcharge Reimbursement.

The Contractor shall pay to the District its proportionate share as calculated by the District, of the annual Revenue Bond Surcharge to be paid by the District to the State.

(4) Administrative Cost Reimbursement.

The Contractor shall reimburse District for a portion of the District's administrative costs

associated with delivery of State Project Water under this agreement. The Contractor's share of the administrative costs shall be based upon the percentage of the Transportation Capital Cost component that the Contractor pays. This percentage multiplied by the total administrative cost shall be the Contractor's share of the administrative costs.

(b) Time of Payment.

Commencing with the year 1992, the Contractor shall pay to the District, either within 10 days after receipt by it of an annual statement from the District setting forth the Contractor's annual obligation or on January 1 of each year, whichever is later, sixty percent (60%) of its annual obligation. The Contractor shall pay the remainder of such annual obligation on or before July 1 of that year.

(c) Adjustments in Contractor's Annual Obligation.

At the end of each year the Contractor's annual obligation shall be recalculated by substituting as soon as possible the actual charges made by the State Department of Water Resources to the District for the variable operation, maintenance, power, and replacement components of said Delta Water Charge and Transportation Charge and the Off-Aqueduct Power Facilities charge for the District's estimates of these charges and the actual quantities of water delivered for any scheduled quantities used in calculating the annual obligation pursuant to the provisions of subdivision (a) of this Article. Any adjustment in the Contractor's payments required to reflect this recalculation shall be made in the Contractor's first payment to District due after said recalculation. Interest rates used in the computation of these adjustments shall be the same as those used by the State Department of Water Resources in the adjustments made for the District's obligation for that year.

(d) Additional Deliveries.

In the event that the Contractor requests the delivery during any year of Project Water in addition to the quantities set forth in Article 6 hereof and to the extent that other Contractors have requested less than their total annual water allocations, District may provide such requested additional Project Water to the Contractor. For such additional Project Water, the Contractor shall pay in advance of the delivery of such additional Project Water an amount to be determined as follows:

(1) For any such additional Project Water delivered to the Contractor, the Contractor shall pay for each acre-foot the applicable unit charges for the Variable Operation, Maintenance, Power and Replacement component of the Transportation Charge, the Off-Aqueduct Facilities charge attributable to such water, and one-half of the Delta Water rate times the amount of additional Project Water.

(e) Reduced Deliveries.

Upon reasonable notice to the District that the Contractor will not take all of Contractor's Water Service Amount for any year, the District shall adjust the payment required by the Contractor for such water as provided in Article 14(c), above. To the extent that deliveries so reduced are delivered to other subcontractors pursuant to Article 14(d) above, the District may reduce the Delta Water Charge to the Contractor in the amount of one-half of the Delta water rate times the amount of water so reduced, as determined by the District; however, Contractor shall otherwise pay to District the Contractor's annual obligation.

Article 15. Default; Suspension of Service.

In the event of any default by the Contractor in the payment of any money required to be paid to the District hereunder, the District in its discretion may suspend delivery of Project Water during the period when the Contractor is delinquent in its payment for or obligations due to the District under the terms of this agreement; provided, that during any such period of delinquency or suspension the Contractor shall remain obligated to make all payments required under this agreement. Action taken pursuant to this Article shall not deprive the District of or limit any remedy provided by this agreement or by law for the recovery of money due or which may become due under this agreement.

Article 16. Interest on Overdue Payments.

Upon each charge to be paid by the Contractor to the District pursuant to this agreement which remains unpaid after the same shall have become due and payable, interest shall accrue at an annual rate equal to that earned by the District on its funds invested through the County of San Luis Obispo by the County Treasurer calculated monthly on the amount of such delinquent payment from and after the due date when the same becomes due until paid, and the Contractor hereby agrees to pay such interest; provided, that no interest shall be charged to or be paid by the Agency unless such delinquency continues for more than (30) days. In addition, Contractor shall reimburse District for all of District's costs, expenses, and personnel costs and other overhead incurred in the collection of any past due payments owed by Contractor to District.

Article 17. Obligation of Contractor to Make Payment

(a) Character of Obligation.

The obligation of the Contractor arising out of or pursuant or incidental to this agreement including, without limiting the generality of the foregoing, the obligations of the Contractor to pay to the District the sums becoming due the District for water furnished hereunder, shall constitute a general obligation of the Contractor and the Contractor shall use all the powers and resources available to it under the law to collect the funds necessary for and to pay its obligations to the District under this contract including levying and collecting all necessary taxes, assessments and charges. The Contractor as a whole is obligated to pay to the District the payments becoming due under this agreement, notwithstanding any individual default by its water users, constituents or others

in the payment to the Contractor of assessments, tolls, or other charges levied by the Contractor.

(b) Refusal of Water Does Not Affect Obligation.

The Contractor's failure or refusal to accept delivery of Project Water under this agreement shall in no way relieve the Contractor of its obligation to make payments to the District except to the extent provided under Article 14 (e) hereof.

Article 18. Area Served by Contractor

Project Water delivered to the Contractor pursuant to this agreement shall not be sold or otherwise disposed of by the Contractor for use outside the District.

Article 19. Remedies not Exclusive.

The use by either party of any remedy specified herein for the enforcement of this agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

Article 20. Amendments.

This agreement may be amended at any time by mutual agreement of the parties, except insofar as any proposed amendments are in any way contrary to applicable law or inconsistent with the provisions of the Master Contract. The District shall make available to the Contractor at all times during the normal hours of business at the District offices for the Contractor's inspection copies of all agreements now or hereafter executed by the District with all other subcontractors or the State of California and of any amendments thereof.

Article 21. Opinions and Determinations.

Where the terms of this agreement provide for action to be based upon opinion, judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review or determination to be arbitrary, capricious, or unreasonable.

Article 22. Waiver of Rights.

Any waiver at any time by either party hereto of its rights with respect to a default or any other matter arising in connection with this agreement, shall not be deemed to be a waiver with respect to any other default or matter.

Article 23. Notices.

All notices that are required either expressly or by implication to be given by either party to the other under this agreement shall be signed for the District and for the Contractor by such officers as they may, from time to time, authorize in writing to so act. All such notices shall be deemed to have been

given and delivered if delivered personally or if enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown on the signature page of this agreement.

Article 24. Assignment.

The provisions of this agreement shall apply to and bind the successors and assigns of the respective parties, but no assignment or transfer of this agreement, or any part hereof or interest herein, shall be valid until and unless approved by the District.

Article 25. Contractor to Keep Books, Records and Other Data.

The Contractor shall establish and maintain accounts and other books and records sufficient to enable the District to furnish to the State of California reports and statements, to such extent and in such manner and form as may be prescribed by the District and the State of California pursuant to the terms of this agreement and the Master Contract. Reports required to be furnished by the Contractor to the District pursuant to the terms of this agreement and the Master Contract shall be furnished to the District within the period of time specified therefor.

Article 26. District to Keep Books, Records and Other Data.

The District shall establish and maintain accounts and other books and records sufficient to enable Contractor to determine the use and disposition of all monies paid by Contractor to District pursuant to this agreement.

Article 27. Inspection of Books and Records.

The officers or agents of the Contractor shall have full and free access at all reasonable times to the account books and official records of the District insofar as the same pertain to the matters and things provided for in this agreement, with the right at any time during office hours to make copies thereof, and the representatives of the District and the State of California shall have the same rights in respect to the account books and records of the Contractor.

Article 28 Good Faith.

Contractor and District shall each act in good faith in performing their respective obligations as set forth in this agreement.

Article 29 Water Rights.

No provision of this agreement shall be considered to be in derogation of any existing water right(s) or claim(s) to water right(s) by or any agreements concerning water rights of any party hereto, including but not limited to overlying, prescriptive, appropriative, riparian, or pueblo rights, nor shall it be construed to result in any relinquishment or adjustment of any such water rights or claims thereto; and, in particular, no provision of this agreement shall be considered to diminish, reduce or affect, in any way, any party's rights pursuant to California Government Code Section 1005.1 and/or Section 1005.2.

Article 30 Joint Powers Agreement and/or Authority.

No provision of this agreement is intended to prohibit the District and Contractor, in conjunction with other contractors, from entering into a joint powers agreement, or from forming a joint powers authority, concerning any subject matter contained in this agreement provided, however, that it is understood that this paragraph shall not be construed as requiring District or Contractor, or any other contractor, to enter into any such joint powers agreement or form such joint powers authority.

ARTICLE 31. Advisory Group.

District and Contractor shall use their best efforts to form, with other Contractors for Project Water, an advisory group, the membership of which shall be representatives of District and Contractor and of other Contractors. The purpose of the advisory group shall be to monitor all aspects of this agreement and related agreements and to advise the governing bodies of District and Contractor on the functioning of this agreement and related agreements, and to recommend to the governing bodies of District and Contractor any modifications to said agreements that may, from time to time, be appropriate.

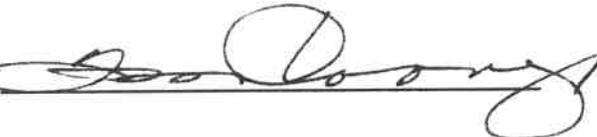
Article 32. Agreements to be Uniform.

Agreements executed by the District with other agencies shall be substantially similar to this agreement with respect to basic terms and conditions, and shall differ primarily with respect to quantities and payment amounts; except that any such agreement(s) with San Luis Obispo County Waterworks District No. 8, Morro Rock Mutual Water Company and/or Paso Robles Beach Water Association may include provisions for exchange of water in lieu of participation in the construction of Local Facilities, and, also, conditions precedent concerning the construction of Local Facilities.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date first above written.

ATTEST:

SAN LUIS OBISPO COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

By 

By 

ATTEST:

COUNTY OF SAN LUIS OBISPO

By FRANCIS M. COONEY

By 

County Clerk and Ex-Officio Clerk, Board of Supervisors,
County of San Luis Obispo, State of California

Chairman, Board of Supervisors, County of
San Luis Obispo, State of California

By: 
Deputy Clerk

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