



CITY OF MORRO BAY PUBLIC WORKS ADVISORY BOARD AMENDED AGENDA

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

REGULAR MEETING
Wednesday, June 21, 2023 – 5:30 PM
Veterans Memorial Hall
209 Surf Street, Morro Bay, CA

Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation. Ways to watch this meeting and submit public comment are provided below.

Public Participation:

Public participation is allowed in the following ways:

- *Community members may attend the meeting in person at the Morro Bay Veterans Hall.*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the “raise hand” feature to indicate your desire to provide public comment.*

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzdwTHlRTk9xaTlmWVNWRWFUQT09>
Password: 135692
- *Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900-6833 or 1 (346) 248-7799; Webinar ID: 827 2274 7698; Password: 135692; Press *9 to “Raise Hand” for Public Comment*

- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the Public Works Advisory Board at pwab@morrobayca.gov prior to the meeting. Agenda Correspondence received at pwab@morrobayca.gov by 10 a.m. on the meeting day will be posted on the City website.*

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE
ANNOUNCEMENTS

PUBLIC COMMENT

Members of the audience wishing to address the Board on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Board at this time.

A. BUSINESS ITEMS

- A-1 RESOLUTIONS AUTHORIZING THE CITY MANAGER TO APPLY FOR STATE REVOLVING FUND FINANCIAL ASSISTANCE, EXECUTION OF SUCH AGREEMENTS, AND ANY OTHER ACTION REQUIRED FOR THE PURPOSES OF THE CLEAN WATER AND DRINKING WATER STATE REVOLVING FUND GRANTS TO EVALUATE POTENTIAL CONSOLIDATION OF THE CITY AND RANCHO COLINA MUTUAL WATER COMPANY'S WATER AND WASTEWATER UTILITIES

Recommendation: Staff recommends the Public Works Advisory Board recommend that the City Council adopt resolutions authorizing the City Manager to apply for State Revolving Fund Financial Assistance, execution of such Agreements, and any other action required for the purposes of the Clean Water and Drinking Water State Revolving Fund Grants to evaluate potential consolidation of the City and Rancho Colina Mutual Water Company's water and wastewater utilities.

- A-2 PRESENTATION OF ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT AND ALLOCATION OF WATER EQUIVALENCY UNITS (WEU) FOR FISCAL YEAR 2023/24

Recommendation: Staff recommends the Public Works Advisory Board:

- 1. Receive and file findings and strategies resulting from the Annual Water Supply and Demand Assessment;**
- 2. Allocate 50 WEUs for residential development (30 SFR and 20 MFR) and 65 for commercial development for a total of 115 WEUs for FY2023/24.**

ADJOURNMENT

The next Regular Meeting will be held on **Wednesday, August 16, 2023, at 5:30 PM.**

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT THE PUBLIC WORKS DEPARTMENT, 955 SHASTA AVENUE, FOR ANY REVISIONS OR CALL THE DEPARTMENT AT 805-772-6263 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE PUBLIC WORKS ADVISORY BOARD AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST BY CALLING THE DEPARTMENT AT 805-772-6263.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE PUBLIC WORKS DEPARTMENT AT LEAST 24 HOURS PRIOR TO THE MEETING TO ENSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

Staff Report

TO: Public Works Advisory Board

DATE: June 14, 2023

FROM: Gregory Kwolek, Public Works Director
Damaris Hanson, Utilities Division Manager

SUBJECT: Resolutions authorizing the City Manager to apply for State Revolving Fund Financial Assistance, execute such agreements, and perform any other action required for the purposes of obtaining the Clean Water and Drinking Water State Revolving Fund Grants to evaluate potential consolidation of the City and Rancho Colina Mutual Water Company's water and wastewater utilities.

RECOMMENDATION

Staff recommends that the Public Works Advisory Board recommend that the City Council adopt resolutions authorizing the City Manager to apply for State Revolving Fund Financial Assistance, execution of such Agreements, and any other action required for the purposes of the Clean Water and Drinking Water State Revolving Fund Grants to evaluate potential consolidation of the City and Rancho Colina Mutual Water Company's water and wastewater utilities.

FISCAL IMPACT

Under the terms of the Cost Share Agreement with Rancho Colina Mutual Water Company (Rancho Colina) the City will be reimbursed for up to a maximum of \$25,000 in costs to prepare the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) Planning Grant applications. It is anticipated the costs to prepare and submit these grant applications will not exceed \$25,000 and there will be no fiscal impact to the sewer or water fund or other City funds.

If awarded, the Planning Grants will provide the funding necessary to complete the water and wastewater utility consolidation feasibility evaluation, design of Rancho Colina water and wastewater connections and necessary upgrades to City water/wastewater infrastructure (via OneWater projects) and applications for the CWSRF/DWSRF Construction Grants. If consolidation is determined feasible and beneficial to the City by City Council, then the City would apply for CWSRF/DWSRF Construction Grants to fund the necessary expansions and upgrades to the City's water and wastewater systems to connect Rancho Colina and accommodate the additional water demand and wastewater flows.

It is envisioned the feasibility evaluation, design and construction of infrastructure to connect Rancho Colina to the City's water and wastewater utilities will not be funded using City water and sewer funds and that the available funding from the CWSRF/DWSRF grants will assist in reducing the costs to City rate payers for implementing projects that are necessary to address existing deficiencies in the City's systems and to accommodate connecting Rancho Colina to the City's utilities. However, the City will learn more about any potential fiscal impacts during the planning process and will bring back to City Council any funding decisions that involve the water or sewer funds.

BACKGROUND/DISCUSSION

Rancho Colina

Rancho Colina Mutual Water Company provides water and wastewater services to the Rancho Colina Mobile Home Community and RV Park, which is located on Highway 41, approximately a ½ mile east of the existing City Limits and provides water, wastewater and other services for approximately 69

Mobile Homes and 57 Recreational Vehicle (RV) camping sites. The Rancho Colina Wastewater Treatment Facility is in need of significant upgrades and repairs to meet the requirements of the new General Permit for wastewater treatment facilities discharging <100,000 gallons per day. Additionally, the Rancho Colina groundwater wells have elevated concentrations of Nitrates and have nearly run dry during recent droughts, forcing Rancho Colina to occasionally truck in water from other wells in the Morro Basin.

The Regional Water Quality Control Board (RWQCB) contacted the City regarding the potential for Rancho Colina to connect to the City’s water and wastewater utilities to address these significant challenges. Due to the fact that the Rancho Colina Mobile Home Community is classified as a Disadvantaged Community, there is significant grant funding available in the CWSRF and DWSRF programs to pay for infrastructure upgrades to the City’s water and wastewater systems to accommodate the consolidation and connections to Rancho Colina’s systems. Based on information provided by the RWQCB and Division of Drinking Water (DDW) funding representatives RVs are potentially not eligible for consolidation funding. The following table outlines the potential available funding from these programs under the existing configuration of Mobile Homes and RV at Rancho Colina.

Rancho Colina Grant Funding Summary	
Rancho Colina Units	
Mobile Homes	69
Recreational Vehicles	57
Total Units	126
CWSRF (Wastewater)	
Maximum Funding Amount (per connection)	\$100,000
CWSRF Potential Available Funding (Mobile Homes)	\$6,900,000
DWSRF (Water)	
Funding Amount (per connection)	\$70,000
DWSRF Potential Available Funding (Mobile Homes)	\$4,830,000
Total Potential Funding Available (Mobile Homes)	\$11,730,000

Additional outside funding, up to \$10M total from CWSRF and up to \$6M total for DWSRF could potentially be available for the RV units depending on how they are categorized by the CWSRF/DWSRF funding agencies or if they were converted to Mobile Homes by the operators of the Rancho Colina RV Park.

Preliminary analysis indicates to connect Rancho Colina to its water and wastewater utilities, the City would likely need to complete two key OneWater projects – the Main/Atascadero Street Sewer Replacement (\$7.9M) and the Nutmeg Tank Replacement (\$17.9M) – to accommodate the additional water demand and sewer flows. Connecting Rancho Colina to the City’s water and wastewater systems presents the opportunity for the City to access CWSRF/DWSRF funding to reduce the costs

to the City's rate payers of these OneWater projects, which are needed regardless of connecting Rancho Colina.

To fund the evaluation of connection feasibility, design and construction of water and wastewater system upgrades and the development of the grant funding applications at limited/to-no cost to the City, the City and Rancho Colina developed the following proposed approach.

1. Rancho Colina executes a Cost Share Agreement to reimburse the City for the preparation of the CWSRF and DWSRF Planning Grant Applications
2. City/Rancho Colina consultants prepare the Planning Grant Applications
3. If awarded, the costs for preparing the Planning Grant Applications are reimbursed to the City through the grant and then reimbursed to Rancho Colina
4. If awarded, City selects consultant to complete the consolidation feasibility evaluation, design and permitting of Rancho Colina water and wastewater connections, design of necessary upgrades to City water/wastewater infrastructure and applications for the CWSRF/DWSRF Construction Grants
5. Pursue CWSRF/DWSRF Construction Grants, if identified as the preferred approach, to fund the Rancho Colina/Morro Bay water and wastewater consolidation and portions of upgrades to City water/wastewater infrastructure (i.e. OneWater projects) to address Rancho Colina connections and other City infrastructure needs

Utilizing this approach, the feasibility evaluation and design and construction of infrastructure to connect Rancho Colina's systems to the City's water and wastewater utilities will not be funded using City water and sewer funds and those costs will be borne by Rancho Colina and the CWSRF/DWSRF grants. Limited City Staff time will be required to coordinate with consultants, Rancho Colina and funding/regulatory agencies, but will be offset by the potential to obtain significant grant funding to reduce the costs to City rate payers for necessary water and wastewater infrastructure improvement projects.

On September 13th, 2022 the City Council approved the execution of the cost share agreement with Rancho Colina to prepare the CWSRF and DWSRF Planning Grant Applications. Confluence Engineering Solutions, Inc., was selected to support preparation of the grant applications and initiated those efforts. Prior to submitting the applications, the City must adopt the attached Authorizing Resolutions to provide the City Manager with the necessary authorities to move forward with the planning grants, if awarded.

ATTACHMENTS

- Attachment A: Clean Water State Revolving Fund Grant Application Authorizing Resolution
- Attachment B: Drinking Water State Revolving Fund Grant Application Authorizing Resolution

RESOLUTION NO. **XX-23**

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
AUTHORIZING THE CITY MANAGER TO APPLY
FOR STATE
REVOLVING FUND FINANCIAL ASSISTANCE, AND
AUTHORIZING THE EXECUTION OF SUCH AGREEMENT,
AND ANY OTHER ACTION REQUIRED, FOR PURPOSES OF
THE CLEAN WATER STATE REVOLVING FUND GRANT**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on September 13, 2022, the City of Morro Bay (the "City") City Council authorized the City Manager to execute a Cost Share Agreement with Rancho Colina Mutual Water Company (Rancho Colina) to fund the preparation of Clean Water and Drinking Water State Revolving Fund Planning Grant applications.

WHEREAS, if awarded, then the Planning Grants will provide the funding necessary to complete the water and wastewater utility consolidation feasibility evaluation, design of Rancho Colina water and wastewater connections and necessary upgrades to City water/wastewater infrastructure (via OneWater projects) and applications for the CWSRF/DWSRF Construction Grants;

WHEREAS, Rancho Colina is located on Highway 41, approximately a ½ mile east of the existing City jurisdictional limits and provides water, wastewater and other services for approximately 69 Mobile Homes and 57 Recreational Vehicle (RV) camping sites;

WHEREAS, Rancho Colina's Wastewater Treatment Facility is in need of significant upgrades and repairs to meet the requirements of the new General Permit for wastewater treatment facilities discharging <100,000 gallons per day;

WHEREAS, the Regional Water Quality Control Board (RWQCB) has contacted the City regarding the potential for Rancho Colina to connect to the City's wastewater utilities. Due to the fact Rancho Colina provides wastewater services to the Rancho Colina Mobile home community, which is classified as a Disadvantaged Community, there is significant grant funding available in the in the Clean Water State Revolving Fund (CWSRF) (up to \$10M) programs to pay for infrastructure upgrades to the City's wastewater systems and connections to Rancho Colina;

WHEREAS, preliminary analysis indicates to connect Rancho Colina, the City would likely need to complete Main/Atascadero Street Sewer Replacement (\$7.9M) to accommodate the additional sewer flows; and

WHEREAS, connecting Rancho Colina to the City's wastewater system would allow the City to access CWSRF funding to reduce the costs to the City's rate payers for funding other necessary City projects.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRO BAY, AS FOLLOWS:

SECTION 1. The City Manager (the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance Application for a grant agreement from the State Water Resources Control Board for evaluation of a potential consolidation of wastewater infrastructure with Rancho Colina (the "Project").

SECTION 2. This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a Financial Assistance Agreement from the State Water Resources Control Board and any amendments or changes thereto.

SECTION 3. The Authorized Representative, or his/her designee, is designated to represent the City in carrying out the City's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the City and compliance with applicable state and federal laws.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the **XXrd** day of **XXX** 2023 by the following vote:

AYES: NOES: ABSENT: ABSTAIN:

XXX, XXX, XXX, XXX, XXX

None

None

None

CARLA WIXOM, Mayor

ATTEST:

DANA SWANSON, City Clerk

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, **Dana Swanson**, City Clerk of the City of Morro Bay, hereby attest to and certify that the foregoing Resolution No. **XX-23** is the original resolution adopted by the Morro Bay City Council at its regular meeting held on the **XXrd** day of **XXX** 2023, by the following vote:

AYES: NOES: ABSENT:
XXX, XXX, XXX, XXX, XX
None
None

City Clerk

RESOLUTION NO. XX-23

RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
AUTHORIZING THE CITY MANAGER TO APPLY
FOR STATE
REVOLVING FUND FINANCIAL ASSISTANCE, AND
AUTHORIZING THE EXECUTION OF SUCH AGREEMENT,
AND ANY OTHER ACTION REQUIRED, FOR PURPOSES OF
THE DRINKING WATER STATE REVOLVING FUND GRANT

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, on September 13, 2022, the City of Morro Bay (the "City") City Council authorized the City Manager to execute a Cost Share Agreement with Rancho Colina Mutual Water Company (Rancho Colina) to fund the preparation of Clean Water and Drinking Water State Revolving Fund Planning Grant applications.

WHEREAS, If awarded, then the Planning Grants will provide the funding necessary to complete the water and wastewater utility consolidation feasibility evaluation, design of Rancho Colina water and wastewater connections and necessary upgrades to City water/wastewater infrastructure (via OneWater projects) and applications for the CWSRF/DWSRF Construction Grants;

WHEREAS, Rancho Colina is located on Highway 41, approximately a ½ mile east of the existing City jurisdictional limits and provides water, wastewater and other services for approximately 69 Mobile Homes and 57 Recreational Vehicle (RV) camping sites;

WHEREAS, Rancho Colina's groundwater wells have elevated concentrations of Nitrates and have nearly run dry during recent droughts, forcing Rancho Colina to truck in water from other wells in the Morro Basin;

WHEREAS, the Regional Water Quality Control Board (RWQCB) has contacted the City regarding the potential for Rancho Colina to connect to the City's water utilities. Due to the fact Rancho Colina provides water services to the Rancho Colina Mobile home community, which is classified as a Disadvantaged Community, there is significant grant funding available in the Drinking Water State Revolving Fund (DWSRF) (up to \$6M) programs to pay for infrastructure upgrades to the City's water systems and connections to Rancho Colina;

WHEREAS, preliminary analysis indicates to connect Rancho Colina, the City would likely need to complete the Nutmeg Tank Replacement projects (\$17.9M) to accommodate the additional water demand; and

WHEREAS, connecting Rancho Colina to the City's water system would allow the City to access DWSRF funding to reduce the costs to the City's rate payers for funding other necessary City projects.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORRO BAY, AS FOLLOWS:

SECTION 1. The City Manager (the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the Entity, a Financial Assistance Application for a grant agreement from the State Water Resources Control Board for evaluation of a potential consolidation of drinking water infrastructure with Rancho Colina (the "Project").

SECTION 2. This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a Financial Assistance Agreement from the State Water Resources Control Board and any amendments or changes thereto.

SECTION 3. The Authorized Representative, or his/her designee, is designated to represent the City in carrying out the City's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the City and compliance with applicable state and federal laws.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the **XXrd** day of **XXX** 2023 by the following vote:

AYES: NOES: ABSENT: ABSTAIN:

XXX, XXX, XXX, XXX, XXX

None

None

None

CARLA WIXOM, Mayor

ATTEST:

DANA SWANSON, City Clerk

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, **Dana Swanson**, City Clerk of the City of Morro Bay, hereby attest to and certify that the foregoing Resolution No. **XX-23** is the original resolution adopted by the Morro Bay City Council at its regular meeting held on the **XXrd** day of **XXX** 2023, by the following vote:

AYES: NOES: ABSENT:
XXX, XXX, XXX, XXX, XX
None
None

City Clerk



AGENDA NO: A- 2

MEETING DATE: June 21, 2023

Staff Report

TO: Public Works Advisory Board

DATE: June 19, 2023

**FROM: Gregory Kwolek, Public Works Director
Damaris Hanson, Utilities Division Manager
Dan Heimel, Confluence Engineering Solutions**

SUBJECT: Presentation of Annual Water Supply and Demand Assessment and Allocation of Water Equivalency Units (WEU) for Fiscal Year (FY) 2023/24

RECOMMENDATION

Staff recommends the Public Works Advisory Board recommend to City Council:

1. Receive and file staff findings and strategies resulting from the Annual Water Supply and Demand Assessment;
2. Allocate 50 WEUs for residential development (30 SFR and 20 MFR) and 65 for commercial development for a total of 115 WEUs for FY2023/24.

ALTERNATIVES

As an alternative to the proposed allocation of 115 WEUs, Public Works Advisory Board could recommend to City Council to modify the allocation of WEUs for FY 2023/24 by increasing or decreasing the total amount allowed by Ordinance No. 266.

FISCAL IMPACT

There is no direct fiscal impact associated with the allocation of the WEUs. However, a moratorium on new WEUs would reduce the amount of revenue the City received through building and planning fees, property taxes, sales taxes, and other property related revenues.

ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT

Updates to the California Water Code now require Urban Water Suppliers to prepare an Annual Water Supply and Demand Assessment (AWSDA) and submit an AWSDA Report to the California Department of Water Resources (DWR) by July 1st of each year. The AWSDA is an evaluation of a water utility's ability to reliably provide water to meet its customers' demands for the current year and one additional dry year. The evaluation is performed on a monthly time-step basis and compares anticipated available supply with anticipated demand to forecast potential water surpluses and shortages. The results of the AWSDA are used to help inform the City on how to implement its Water Shortage Contingency Plan and which Water Shortage Level and Demand Reduction Actions the City should require to ensure there is enough water for a potential upcoming dry year.

The summary of the City's FY 2023/24 AWSDA is presented here in the following order:

- Water Supply Background

Prepared By: GK, DH, DH

Dept Review: GK

City Manager Review: SC

City Attorney Review: CN

- FY 2023/24 Projected Water Supplies
- Current Water Conservation Requirements
- Annual Water Supply and Demand Assessment

Water Supply Background

The City of Morro Bay’s primary source of water is imported water from the State Water Project (SWP). During periods when SWP supplies are limited or unavailable (i.e., extended droughts or annual SWP shutdowns for maintenance) the City relies upon water pumped from the Morro Valley Groundwater Basin (Morro Basin). During 2022, SWP Water provided 96% of the City’s drinking water and the Morro Basin Wells provided the remaining 4%.

State Water Project

In 1963, the San Luis Obispo County Flood Control and Water Conservation District (District) entered into a long-term water supply contract (Contract) with DWR for a Table A Allocation of up to 25,000 acre-feet per year (AFY) of water from the SWP¹. In the 1990s, the City and 10 other agencies (Subcontractors) entered into contracts with the District to take delivery of up to 4,830 AFY of treated SWP water, referred to as their Water Service Amount (WSA). The District then entered into an agreement with the Central Coast Water Authority (CCWA) for the construction and operation of a water treatment plant to treat the Subcontractors SWP water prior to delivery in San Luis Obispo County. The Subcontractors additionally entered into agreements with the District for an additional 5,707 AFY of SWP Water, referred to as drought buffer, to provide additional water supply reliability for years when SWP allocations are less than 100%² (see table below). The remaining 14,463 AFY of District SWP Allocation is referred to as the District’s unsubscribed allocation.

The City’s SWP Water is conveyed from the San Joaquin-Sacramento Delta via the California and Coastal Branch Aqueducts. The water is then pumped up to and treated at the Polonio Pass Water Treatment Plant, which is near the junction of Highways 41 and 46. From the water treatment plant, the water is then delivered via gravity to the City through the Coastal Branch and Chorro Valley Pipelines (see map below)³.

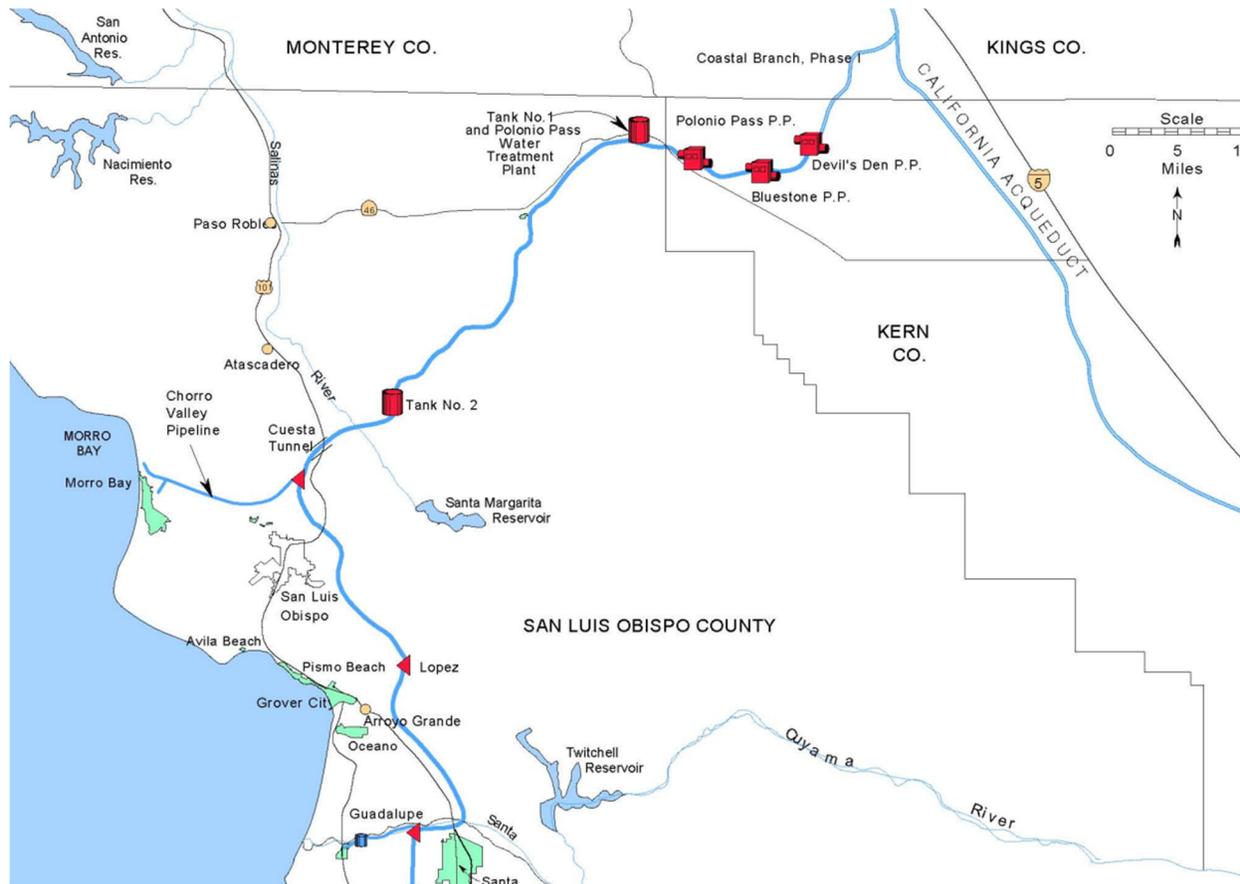
Subcontractor	WSA (AFY)	Drought Buffer (AFY)	Total Allocation
CSA 16 (Shandon)	100	-	100
CMC	400	400	800
County Ops Center	425	425	850
Cuesta College	200	200	400
City of Morro Bay	1,313	2,290	3,603
City of Pismo Beach	1,240	1,240	2,480
Oceano CSD	750	750	1,500
SMMWC	275	275	550
Avila Beach CSD	100	100	200
Avila Valley MWC	20	20	40
San Luis Coastal USD	7	7	14
District Unsubscribed Allocation		14,463	14,463
Total	4830	21,170	25,000

¹The District is one of 29 agencies that entered into substantially similar contracts with DWR. They are collectively known as “SWP Contractors”.

²DWR establishes an annual amount of SWP water (Annual Allocation) available to SWP Contractors prior to and during each calendar year. The analysis used to establish the allocation includes, but is not limited to, predicted and actual hydrologic conditions and legal requirements. <https://water.ca.gov/Programs/State-Water-Project/Operations-and-Maintenance>

³Additional information on the SWP in San Luis Obispo County is available on the District’s website here: <https://www.slocounty.ca.gov/Departments/Public-Works/Committees-Programs/State-Water-Project-and-Subcontractors-Advisory-Co.aspx>.

The City has a WSA of 1,313 AFY and a Drought Buffer of 2,290 AFY, as shown in the above table. To calculate the amount of SWP Water available to the City in a given year, its WSA and Drought Buffer are summed and multiplied by DWR's Annual Allocation (e.g. 5% for 2022). Though City SWP deliveries within a given year cannot exceed its WSA, the City has the ability to store a portion of its unused SWP water in San Luis Reservoir for use in future dry years (Stored SWP).



Morro Basin

The Morro Basin Wellfield is located near Lila Kaiser Park, consists of 7 wells, and can provide sufficient water from the Morro Basin to meet the City's water demand for a limited period of time. The City has permits with the State Water Resource Control Board that allow for the extraction of up to 581 AFY of water from the Morro Basin, which by itself does not meet the City's current water demands of approximately 1,100 AFY. The water pumped from the Morro Basin has elevated levels of nitrates that require treatment through the City's Brackish Water Reverse Osmosis (BWRO) facility prior to entering the distribution system. Approximately 25% of the water extracted from Morro Basin is rejected as concentrate during the treatment process and discharged into the ocean.

FY2023/24 Projected Water Supplies

In 2022, the City had utilized all the SWP Water it had allocated for that year (i.e. 180 AF due to a 5% Annual Allocation) and its stored water in San Luis Reservoir and was reliant upon District stored water for its SWP supplies. However, due to historic precipitation in 2023, DWR has set the Annual Allocation for SWP water deliveries at one hundred percent (100%) for this year. Due

to this maximum allocation from the SWP this year the City has access to 3,603 AF in 2023 (i.e. $1,313 + 2,290$) * 100%). This far exceeds the City's anticipated demand for water this year of approximately 1,100 AF and therefore the City anticipates being able to meet its demands for 2023 and by storing the surplus water have sufficient water remaining for 2024, even if the 23/24 rain season is dry and the annual allocation from the SWP is low. As described, the City as a District Subcontractor has the ability to store SWP Water in San Luis Reservoir for future years. The equations that govern how much SWP Water the City can store in San Luis Reservoir are shown here:

Where:

W = Available SWP Water

T = Table A Water

B = Drought Buffer

A = Annual Allocation

$W = (T + B) \times A$

S = Amount Eligible for Storage

For deliveries from 0% to 50% the maximum storage allowed is 25% of the available water as shown in Equation 1.

Equation 1: $0 \leq A \leq 50\%$, $S \leq 25\% \times W$

For deliveries from 51% to 74% the maximum storage allowed is 25% plus 1% for every percentage point over 50% that is delivered as shown in Equation 2.

Equation 2: For $50\% < A < 75\%$, $S \leq [(A - 50\%) + 25\%] \times W$

For deliveries 75% and over the maximum storage allowed is 50% of the available water as shown in Equation 3.

Equation 3: For $A \geq 75\%$, $S = 50\% \times W$

Sample Calculations:

A = 20%

Maximum Storage,

$S = 25\% \times W$

$S = 25\% \times [(T + B) \times A]$

$S = 25\% \times [(1,313 + 2,290) \times 20\%]$

S = 180 AF

$S = 25\% \times W$

Equation 1

A = 65%

Maximum Storage,

$S = [(A - 50\%) + 25\%] \times W$

$S = [(A - 50\%) + 25\%] \times (T + B) \times A$

$S = [(65\% - 50\%) + 25\%] \times [(1,313 + 2,290) \times 65\%]$

S = 937 AF

$S = [(A - 50\%) + 25\%] \times W$

Equation 2

A = 85%

Maximum Storage,

$S = 50\% \times W$

$S = 50\% [(T + B) \times A]$

$S = 50\% [(1,313 + 2,290) \times 85\%]$

S = 1,531

$S = 50\% \times W$

Equation 3

Actual Calculation for the maximum storable City water in 2023:

The calculation for the amount of SWP water the City can store in San Luis Reservoir in 2023 is shown below.

2023 Annual Allocation (A) = 100%

Maximum Storage,

$S = 50\% \times W$

$S = 50\% [(T + B) \times A]$

$S = 50\% [(1,313 + 2,290) \times 100\%]$

$S = 1,802$

$S = 50\% \times W$

Equation 3

Of note, SWP water is an interruptible source of supply. For example, if there is an infrastructure failure or other emergency, the City could be without water from this source. Additionally, there are scheduled “shutdowns” once a year for routine maintenance, typically in November with a duration from 1-2 weeks, but which can extend up to a month. During these periods the City relies upon water from its Morro Basin wells and BWRO facility. Included in the AWSDA is an assumption that the SWP will be shut down for two weeks in November 2023.

Current Water Conservation Requirements

On March 24, 2023, Governor Newsom announced the easing of drought restrictions that were in place since 2021. The Winter Storms of 2023 have dramatically changed the drought conditions in the State of California, and locally, for the County of San Luis Obispo. The State announced increased water deliveries to 29 public agencies that serve 27 million Californians, now expecting to deliver 100% of requested water supplies.

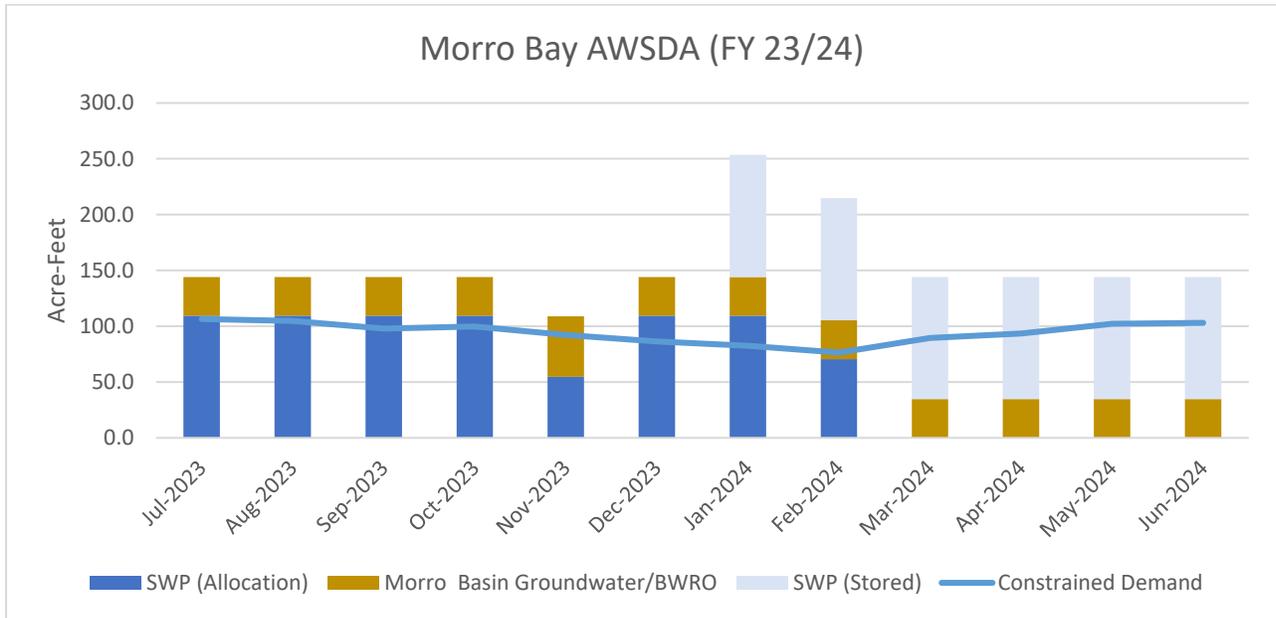
Due to the rainy winter season and subsequent increase in State Water allocation, as well as the Governor’s proclamation to easing of water restrictions, the City Council reduced the water conservation requirements from Severely Restricted Conditions to Moderately Restricted Conditions at the April 25, 2023, meeting.

Annual Water Supply and Demand Assessment

To comply with new State requirements mentioned above, City Staff prepared a draft AWSDA that included the following assumptions:

- SWP supply availability for 2023 is based on current conditions (i.e., 100% Annual Allocation).
- SWP supply availability for 2024 assumes a 5% Annual Allocation (Drought Year) and access to 1,802 AF of Stored SWP Water in San Luis Reservoir.
- SWP shutdown occurring in November 2023 is assumed to last 2 weeks.
- Morro Basin supply availability based on amount of water available under City’s water rights permit.
- Unconstrained demand estimates (i.e., anticipated demand without demand reduction actions in place) were obtained from the 2020 UWMP. Seasonal demand patterns were based on historical demands.
- Constrained demand estimates assumed to be based on Water Shortage Contingency Plan Level 2 implementation and an associated reduction in demand of 10%.

A summary graph illustrating the City’s FY 23/24 AWSDA is provided below. The colored columns represent the anticipated amount of water available from each of the City’s sources of supply and the colored lines represent the amount of anticipated demand. The relative position of the supply columns and the demand lines indicate whether there is an anticipated surplus (i.e., supply columns greater than demand lines) or a shortage (i.e., demand lines greater than supply columns).



The following table summarizes City’s anticipated available supply and utilization of water in 2023.

Supply Source	Available Supply (AF)	Anticipated Usage (AF)	Remaining Supply (AF)	Supply Eligible for Storage (AF)	Anticipated Unused Water (AF)
SWP	3,603	1,097	2,506	1,802	704
Morro Basin/BWRO	436	37	398		398
Total	4,039	1,134	2,904	1,802	1,103

Based on the results of AWSDA, it is anticipated that the City will have sufficient water to meet its customers’ demands for FY 23/24 through use of the following strategies:

1. Maintain Water Shortage Contingency Plan Stage 2
2. Utilize City SWP Water Allocation for 2023 to meet majority of anticipated demand
3. Utilize Morro Basin Water through the BWRO during the November 2023 SWP Shutdown

WATER EQUIVALENCY UNITS (WEU)

Background

In 1984 the citizens of Morro Bay adopted Measure F, codified as Ordinance 266 in MBMC as Chapter 13.20, as a “Growth Management System”. This measure set a maximum population of 12,200 by the year 2000. To accomplish the housing needs of this population growth, Measure F set a maximum number of housing units to a limit of 70 new units per year with a maximum variation in the number of units in a year cannot exceed 10 percent or 77 WEUs for residential units. City Council acted on August 27, 2007, to reduce the number of allocated housing units to

Prepared By: GK, DH, DH	Dept Review: GK
City Manager Review: SC	City Attorney Review: CN

50 new housing units. Ordinance No. 266 requires the WEU allocation mix to consist of 60% single family residential dwellings and 40% multi-family residential dwellings. Since housing and population growth has not increased to the Measure F projected population of 12,200, new housing units can still be issued. The population growth estimates in the General Plan predict reaching the Measure F established population in 2040.

A WEU is defined as a unit of measure for water use equal to the average amount of water used by a single-family residence over the period of one year. Based on calculations completed in 2016, a WEU is 8,732 cubic feet (0.2 AF) of water or 90 gallons per capita per day (GPCD). This amount was lowered in the 2016 calculation from previous years due to the historical trend of lower water use per capita compared to previous years. The intent of the WEU allocations is to regulate the addition of new water users to the City's water system and to ensure the demand for water shall not exceed available water supply.

Water Equivalency Unit Program

WEUs are issued to new projects based on the projects potential water use. WEU are issued with planning permit approvals, therefore this water use is projected to be in the future demands, not within the current or even next fiscal year water demands. Due to this water use being "delayed", the City relies on its Urban Water Management Plan's supply and demand comparisons for future multiple dry year droughts to test adequacy of its water supply portfolio to meet future demands, including new developments that require WEUs.

The City performed a water service reliability forecast as part of its Urban Water Management Plan to determine water supply availability in a hypothetical 5-year drought scenario that was based on real world data from the worst 5-year consecutive drought period on record. This forecast showed that with City stored SWP water and the IPR program, the City's future water supply portfolio will be sufficiently reliable to provide water during such a scenario. This further demonstrates that there is water available for future development in the City.

Summary of WEU FY 2022-23 activity:

The City Council authorized 115 WEUs for FY 2022-23, including 30 WEUs to be used for single-family dwellings, 20 for multiple-family dwellings, and 65 allowed for commercial/industrial uses. Those WEUs were allocated on a first-come, first-serve basis. The tracking of the WEUs utilized for FY 2022-23 indicates only 1 of the 115 WEUs allocated were used:

- Single-Family Residential: 1
- Multi-Family Residential: 0
- Commercial: 0

This is not a comprehensive list of all building activity, but rather a list of those activities which required a WEU allocation in the past fiscal year. A WEU is only required for single family residential and multi-family residential when development is on an empty lot or when a change in use is proposed, i.e., changing from office building to apartment. Many of the projects for FY 2022/23 are Accessory Dwelling Units (ADU) and per State Law these units are to be treated the same as the existing residence with no greater impact than the existing residence, and as such, ADUs do not require allocation of WEUs.

Looking ahead at the planning projects in the que for remainder of FY 2022/23, staff sees no need to adjust the number of WEUs for next fiscal year. Looking forward to next fiscal year, the Community Development Department is expecting one larger scale development to potential begin the planning process towards the end of the fiscal year. It is anticipated that the staff recommended WEUs will be sufficient to move that project and other projects forward. As such, staff recommends the FY 2023-24 WEU allocation include 50 WEUs for residential development

and 65 WEUs for commercial development for a total of 115 WEUs.

CONCLUSION

Staff recommends the Public Works Advisory Board recommend to City Council:

1. Receive and file staff findings and strategies resulting from the Annual Water Supply and Demand Assessment;
2. Allocate 50 WEUs for residential development (30 SFR and 20 MFR) and 65 for commercial development for a total of 115 WEUs for FY2023/24.