



CITY OF MORRO BAY PUBLIC WORKS ADVISORY BOARD 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, May 21, 2025 – 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=aWZpTzcwTHlRTk9xaTlmWVNWRWFUQT09>
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 WORKS DIRECTOR 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. CONSENT CALENDAR

Unless an item is pulled for separate action by the Public Works Advisory Board, the following actions are approved without discussion. The public will also be provided with an opportunity to comment on consent agenda items.

A-1 APPROVAL OF MINUTES FOR THE MARCH 19, 2025, PUBLIC WORKS ADVISORY BOARD REGULAR MEETING

Recommendation: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE APRIL 3, 2025, PUBLIC WORKS ADVISORY BOARD AND HARBOR ADVISORY BOARD SPECIAL JOINT MEETING

Recommendation: Approve as submitted.

A-3 ALLOCATION OF WATER EQUIVALENCY UNITS (WEU) FOR FISCAL YEAR (FY) 2025/26

Recommendation: Recommend to the City Council that it allocate 50 WEUs for residential development (30 SFR and 20 MFR) and 65 for community development for a total of 115 WEUs for FY2025/26.

B. BUSINESS ITEMS

B-1 RECEIVE WATER RECLAMATION FACILITY RECYCLED WATER PROJECT UPDATE

Recommendation:

1. Receive and file the Fiscal Year (FY) 2025 Quarter 3 Report for the Water Reclamation Facility Program (WRF Program);
2. Receive the Draft Conceptual Design Report (CDR) for the Recycled Water Facilities Project and provide a recommendation to the City Council for their consideration;
3. Receive the EIR Addendum #2 for WRF Program and provide a recommendation regarding City Council approval;
4. Receive the updated Recycled Water Implementation Strategy and provide a recommendation regarding City Council approval; and
5. Receive information on the proposed professional services agreements/amendments for engineering support for the implementation of the Recycled Water Project and provide a recommendation regarding City Council approval.

B-2 REVIEW OF DRAFT PROPOSED SWP WATER TRANSFER POLICY UPDATE

Recommendation: Review and provide feedback on the San Luis Obispo Flood Control and Water Conservation District Draft Proposed SWP Water Transfer Policy Update

C. FUTURE AGENDA ITEMS

D. ADJOURNMENT

The next Regular Meeting will be held on **Wednesday, June 18, 2025, 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.

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.

- | | | |
|----------|--|---|
| PRESENT: | Doug Hill
Paul Donnelly
Robert Nava
Derek Dahlgren | Chair
Vice Chair
Board Member
Board Member |
| ABSENT: | Betsy Gaudette-Cross | Board Member |
| STAFF: | Greg Kwolek
Damaris Hanson
Robbie Victor
Ryan Luzzi | Public Works Director
Utility Division Manager
Lead Utility Operator
Public Works Engineering Intern |

ESTABLISH QUORUM AND CALL TO ORDER

The meeting was called to order at 5:30 PM with all Board members in attendance except Board member Gaudette-Cross.

MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

<https://youtu.be/TCj32OKaNzg?si=klWmSqF7gIXEBSMj&t=109>

Derek Dahlgren announced he will not be able to attend the joint meeting on April 3rd.

PUBLIC WORKS DIRECTOR ANNOUNCEMENTS

<https://youtu.be/TCj32OKaNzg?si=nprDxLOFk4Hltutf&t=158>

Greg Kwolek announced he will be organizing a tour of the old Wastewater Treatment Plant for the Board and members of the City Council.

Greg also notified the Board members that Cindy Cecil the City Engineer has announced her resignation.

PUBLIC COMMENT

<https://youtu.be/TCj32OKaNzg?si=cDuomZNQQcKoU05N&t=260>

The public comment period was opened and seeing none, the public comment period was closed.

A. CONSENT CALENDAR

<https://youtu.be/TCj32OKaNzg?si=BBL3XGyPeJIJroWe&t=286>

The public comment period was opened and seeing none, the public comment period was closed.

A-1 APPROVAL OF MINUTES FOR THE FEBRUARY 19, 2025, PUBLIC WORKS ADVISORY BOARD REGULAR MEETING

Paul Donnelly noted there was an error in the minutes with his comments at the last meeting's future agenda item. He requested a tour of the new water plant and not the old facility. Greg noted a correction would be made to the minutes.

Robert Nava asked for clarification on the location of the desal plant and old desal plant.

A-2 APPROVAL OF EXCUSED ABSENCE REQUEST FOR BOARD MEMBER GAUDETTE-CROSS

MOTION: Paul Donnelly moved to approve the Consent Calendar. The motion was seconded by Derek Dahlgren and passed 4-0.

B. BUSINESS ITEMS

B-1 REVIEW AND PROVIDE INPUT ON FISCAL YEAR 2025 QUARTER 1 AND QUARTER 2 WATER RECLAMATION FACILITY QUARTERLY REPORTS
https://youtu.be/TCj32OKaNzg?si=L9Qk_GnapaRtvTKs&t=468

Greg Kwolek introduced the items and explained what steps were taken to develop the new format for the report.

Discussion, comments, and questions amongst the Board members and staff.

The Board members offered feedback for the report.

Discussion, comments, and questions amongst the Board members and staff.

Greg Kwolek introduced Dan Heimel, Confluence Engineering Solutions, who presented the report to the Board members.

Discussion, comments, and questions amongst the Board members and staff.

The public comment period was opened and seeing none, the public comment period was closed.

B-2 RECERTIFICATION OF THE UPDATED SEWER SYSTEM MANAGEMENT PLAN
<https://youtu.be/TCj32OKaNzg?si=IVdO9tCjUQrNHrV0&t=3472>

Greg Kwolek introduced Public Works Intern Ryan Luzzi and Lead Utility Operator Robbie Victor. He noted Ryan and Robbie had put a lot of their time, effort, and work into the Sewer System Management Plan (SSMP). Ryan Luzzi presented the staff report.

Discussion, comments, and questions amongst the Board members and staff.

The public comment period was opened.

Carla Wixom, the City Mayor, stated she has been a business owner for over 37 years and has gone through the Fats, Oils, and Grease (FOG) inspection process. She wanted to bring to everyone's attention the wonderful job the Wastewater crew has been doing when they conduct the inspections. Carla noted the city team was very thorough with their notices for inspections, the inspections, and the monitoring of the inspection log. Their efforts makes a noticeable difference to the effectiveness on the sewer lines.

The public comment was closed.

Greg Kwolek notified the Board that the SSMP report will be taken to City Council for certification. Greg asked the Board for any comments or suggestions they would like him to take to the City Council.

Paul Donnelly stated he didn't see any reason why the City shouldn't certify this at the City Council level and as far as he's concerned as a PWAB member, it is a fine document.

Derek Dahlgren suggested attaching a critical inventory list to the SSMP.

C. FUTURE AGENDA ITEMS

<https://youtu.be/TCj32OKaNzg?si=iSiOoJcd4Xb5Ro4i&t=5579>

Discussion amongst the Board and staff regarding the priorities for the Public Works Capital Projects and when the list will be completed.

ADJOURNMENT

The Meeting adjourned at 7:07 PM. The next meeting will be a Special Joint Meeting with the Harbor Advisory Board held on **Thursday, April 3, 2025, at 5:30 PM.**

Recorded by:

Gina Arias
Administrative Technician

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.

- | | | |
|----------|----------------------|----------------------------|
| PRESENT: | Doug Hill | PWAB Chair |
| | Paul Donnelly | PWAB Vice Chair |
| | Robert Nava | PWAB Board Member |
| | Cal Myers | HAB Chair |
| | Cherise Hansson | HAB Vice Chair |
| | Gene Doughty | HAB Board Member |
| | Jeremiah O'Brien | HAB Board Member |
| | Marshall Witkowski | HAB Board Member |
| ABSENT: | Derek Dahlgren | PWAB Board Member |
| | Betsy Gaudette-Cross | PWAB Board Member |
| | Sean Green | HAB Board Member |
| STAFF: | Chris Munson | Harbor Vitality Director |
| | Cindy Cecil | City Engineer |
| | Janeen Burlingame | Management Analyst |
| | Amanda Del Bello | Richard Brady & Associates |

ESTABLISH QUORUM, CALL TO ORDER
<https://youtu.be/q2rNNwSnADA?si=5H-V2tj4Z5bLuYh &t=81>

The meeting was called to order at 5:30 PM.

A quorum was established by the Public Works Advisory Board with all but Board members Dahlgren and Gaudette-Cross present.

A quorum was established by the Harbor Advisory Board with all but Board member Green present.

I REVIEW AND PROVIDE INPUT ON THE INSPECTION AND ASSESSMENT OF REVETMENTS AND SEAWALLS FINAL REPORT
<https://youtu.be/q2rNNwSnADA?si=u2fAbzUo7ewedbBA&t=144>

Cindy Cecil, City Engineer, introduced the item and Amanda Del Bello from Richard Brady & Associates.

Amanda Del Bello presented the report.

Discussion, comments and questions amongst the board members and staff.

The public comment period was opened.

Bill Martony, Morro Bay, commented on the city's lease sites and the restricted easement near the Inn at Morro Bay.

Carla Wixom, City Mayor, addressed the comments regarding the Army Corps Engineer. She stated the City was fortunate to have the opportunity to go to Washington D.C. to lobby for the funding for the harbor dredging and to meet with local legislatures who represent California due to the Commercial Fisherman's Association.

The public comment period was closed.

Discussion, comments and questions amongst the board members and staff.

ADJOURNMENT
The meeting adjourned at 6:26 PM.

Recorded by:
Gina Arias
Administrative Technician



AGENDA NO: A-3
MEETING DATE: May 21, 2025

Staff Report

TO: Public Works Advisory Board **DATE: May 21, 2025**
FROM: Cindy Cecil, City Engineer
SUBJECT: Allocation of Water Equivalency Units (WEU) for Fiscal Year (FY) 2025/26

RECOMMENDATION

Staff recommends the Public Works Advisory Board recommend to City Council that it allocate 50 WEUs for residential development (30 SFR and 20 MFR) and 65 for commercial development for a total of 115 WEUs for FY2025/26.

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. Measure F set a limit of 70 new housing units per year with an annual maximum variation in the number of units not exceeding 10 percent or 77 WEUs for residential units. City Council acted on August 27, 2007, to reduce the number of allocated housing units to 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 projects' potential water use. WEUs 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 demand.

Summary of WEU FY 2024-25 activity:

The City Council authorized 115 WEUs for FY 2024-25, 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 2024-25 indicates 22.32 of the 115 WEUs allocated were used:

- Single-Family Residential: 14
- Multi-Family Residential: 4
- Commercial: 4.32

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 2024/25 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.

There is no significant change in water availability that would impact the City's ability to issue WEUs. Looking ahead at the planning projects in the queue for remainder of FY 2024/25, 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 potentially 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 2025-26 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 that it allocate 50 WEUs for residential development (30 SFR and 20 MFR) and 65 for commercial development for a total of 115 WEUs for FY2025/26.

Attachment A – Water Equivalency Units Table

Attachment A

Water Equivalency Units

Land Use	Existing Typical Water Use Rate		Proposed Typical Water Use Rate		Unit Factor Per 1000 Sq. Ft./ or Seat/ or Unit/* or Site**	Changes	
	Cubic Feet Per Year Per Unit Factor	Usage in Water Equivalency (WEU) Per Unit Factor	Cubic Feet Per Year Per Unit Factor	Usage in Water Equivalency (WEU) Per Unit Factor		Unit Factor	WEU (- indicates increase)
Automotive Services							
Auto Garage (no gas)	1,800	0.17	1,620	0.19	sq. ft.	10%	-9%
Service Sta. w/mini mkt	9,900	0.92	8,910	1.02	sq. ft.	10%	-11%
Service Sta. w/o mkt	7,200	0.67	6,480	0.74	sq. ft.	10%	-11%
Banks & Financial Inst.							
Banks & Savings & Loan	4200	0.39	3,780	0.43	sq. ft.	10%	-11%
Bldg. Mat'ls & Lumber Yard							
Lumber Yard	16700	1.55	15,030	1.72	Site	10%	-11%
Plant Nurseries	2300	0.21	2,070	0.24	Sales Area/sq. ft.	10%	-13%
Eating & Drinking Places							
Bars	7400	0.69	6,660	0.76	sq. ft. or	10%	-11%
	400	0.04	360	0.04	seat	10%	-3%
Restaurants	22200	2.06	19,980	2.29	sq. ft. or	10%	-11%
	800	0.07	720	0.08	seat	10%	-18%
24 Hour Restaurant	39300	3.65	35,370	4.05	sq. ft. or	10%	-11%
	1700	0.16	1,530	0.18	seat	10%	-10%
Fast Food (Take-Out)	41700	3.8	37,530	4.30	sq. ft. or	10%	-13%
	1400	0.13	1,260	0.14	seat	10%	-11%
Pizza (Take-Out Only)	3200	0.3	2,880	0.33	sq. ft.	10%	-10%
Food Stores							
Bakeries/Ice Cream	4600	0.43	4,140	0.47	sq. ft.	10%	-10%
Supermarkets (over 10,000 sq. ft.)	2200	0.2	1,980	0.23	sq. ft.	10%	-13%
Mini-Markets	4100	0.38	3,690	0.42	sq. ft.	10%	-11%
Liquor Stores	2700	0.25	2,430	0.28	sq. ft.	10%	-11%
Health Services							
Medical Dr. Offices	6100	0.57	5,490	0.63	sq. ft.	10%	-10%

				Usage of WEU	Per SF or Seat or Unit		
Misc. Medical (Chiropractor, Optometrist)	2800	0.26	2,520	0.29	sq. ft.	10%	-11%
Mixed Medical	4900	0.45	4,410	0.51	sq. ft.	10%	-12%
Veterinarians	9500	0.88	8,550	0.98	sq. ft.	10%	-11%
Hotels & Motels							
With Manager's quarters on-site	5400	0.5	4,860	0.56	unit	10%	-11%
Without Manager's quarters on-site	5200	0.48	4,680	0.54	unit	10%	-12%
Industrial/Storage							
Industrial Laundry	85400	7.92	76,860	8.80	sq. ft.	10%	-11%
Light Industrial	1000	0.09	900	0.10	sq. ft.	10%	-15%
Storage/Mini-storage	500	0.05	450	0.05	sq. ft.	10%	-3%
Upholstery Shops	3000	0.28	2,700	0.31	sq. ft.	10%	-10%
Institutions & Organizations							
Churches	300	0.03	270	0.03	site/sq. ft.	10%	-3%
Fraternal Organizations	2500	0.23	2,250	0.26	sq. ft.	10%	-12%
Yacht Club	11500	1.05	10,350	1.19	sq. ft.	10%	-13%
Marine Oriented							
Marine Service/Supply	4100	0.38	3,690	0.42	sq. ft.	10%	-11%
Dock with Live-Aboard	N/A	N/A	5,200	0.60	slip space	Based on data from Harbor Dept for Dunes St Slips	
Dock without Live- Aboard	N/A	N/A	350	0.05	slip space		
Seafood Processors w/saltwater use	33600	3.13	30,240	3.46	sq. ft.	10%	-11%
w/o saltwater use	47800	4.43	43,020	4.93	sq. ft.	10%	-11%
Offices (Non-Medical)							
Offices - General	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Offices - Complex	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Real Estate Offices	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Personal Services							
Barber/Beautician	8000	0.74	7,200	0.82	sq. ft.	10%	-11%
Car Washes (Self-serve)	17400	1.61	15,660	1.79	bay	10%	-11%
Dry Cleaners (Off-site)	10800	1	9,720	1.11	sq. ft.	10%	-11%
Laundromats	102800	9.54	92,520	10.60	sq. ft.	10%	-11%
Mortuaries	10000	0.93	9,000	1.03	site	10%	-11%

Usage of
WEUPer SF or Seat
or Unit

Residential							
Single-family Home	10780	1	8,732	1	unit	19%	
Duplex Unit	8400	0.78	6,804	0.8	unit	19%	
Condominium Unit	6900	0.64	5,589	0.65	unit	19%	
Apartment Unit	5800	0.54	4,698	0.55	unit	19%	
Trailer/Mobile Home	6500	0.45	5,265	0.55	unit	19%	
One-bedroom and Studio Apartment Unit, 500 sq. ft. or less	4900	0.45	3,969	0.5	unit	19%	
Retail							
Art Supply Store/Studio	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Auto Parts & Supplies	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Candle Shops	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Gifts & Clothing	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Florists	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Furniture/Antiques	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Hardware/Related	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Pharmacies	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Variety	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Misc. Similar Retail	1600	0.15	1,440	0.16	sq. ft.	10%	-10%
Farm & Feed Supply	800	0.07	720	0.08	sq. ft.	10%	-18%
Pet Stores	4100	0.38	3,690	0.42	sq. ft.	10%	-11%
Social Services							
Day Care Facilities	15500	1.44	13,950	1.60	sq. ft.	10%	-11%
Misc. Uses							
Theater	100	0.01	90	0.01	seat	10%	-3%
Printer/Newspaper	2400	0.22	2,160	0.25	sq. ft.	10%	-12%



AGENDA NO: B-1

MEETING DATE: May 21, 2025

Staff Report

TO: Public Works Advisory Board

DATE: May 16, 2025

FROM: Greg Kwolek – Public Works Director

SUBJECT: Receive Water Reclamation Facility Recycled Water Project Update

RECOMMENDED ACTION

Staff recommends PWAB:

1. Receive and file the Fiscal Year (FY) 2025 Quarter 3 Report for the Water Reclamation Facility Program (WRF Program);
2. Receive the Draft Conceptual Design Report (CDR) for the Recycled Water Facilities Project and provide a recommendation to the City Council for their consideration;
3. Receive the EIR Addendum #2 for WRF Program and provide a recommendation regarding City Council approval;
4. Receive the updated Recycled Water Implementation Strategy and provide a recommendation regarding City Council approval; and
5. Receive information on the proposed professional services agreements/amendments for engineering support for the implementation of the Recycled Water Project and provide a recommendation regarding City Council approval.

DISCUSSION

1. Fiscal Year 2025 Quarter 3 Report (Jan 1-Mar 31)

The purpose of the WRF Quarterly report is to provide project status updates on schedule, budget, key activities, and critical path items as they relate to the WRF program. While the report is intended to focus on the Recycled Water project, it also contains historical information regarding budget and funding for the overall WRF Program. The FY25 Quarter 3 Report includes information on project activities between January 1, 2025, and March 31, 2025. See Attachment 1.

2. Draft Conceptual Design Report

The Recycled Water Facilities design engineer, Cannon Corporation, has prepared the draft Conceptual Design Report (CDR) for the Recycled Water Facilities. The purpose of the CDR is to identify options for the major elements and components of the RWF Project, evaluate alternative approaches, make technical recommendations, and document and adopt decisions made by the City Project Team in order to embark on detailed design and construction documents.

The CDR identifies and describes relevant design item considerations for each of the following subtasks.

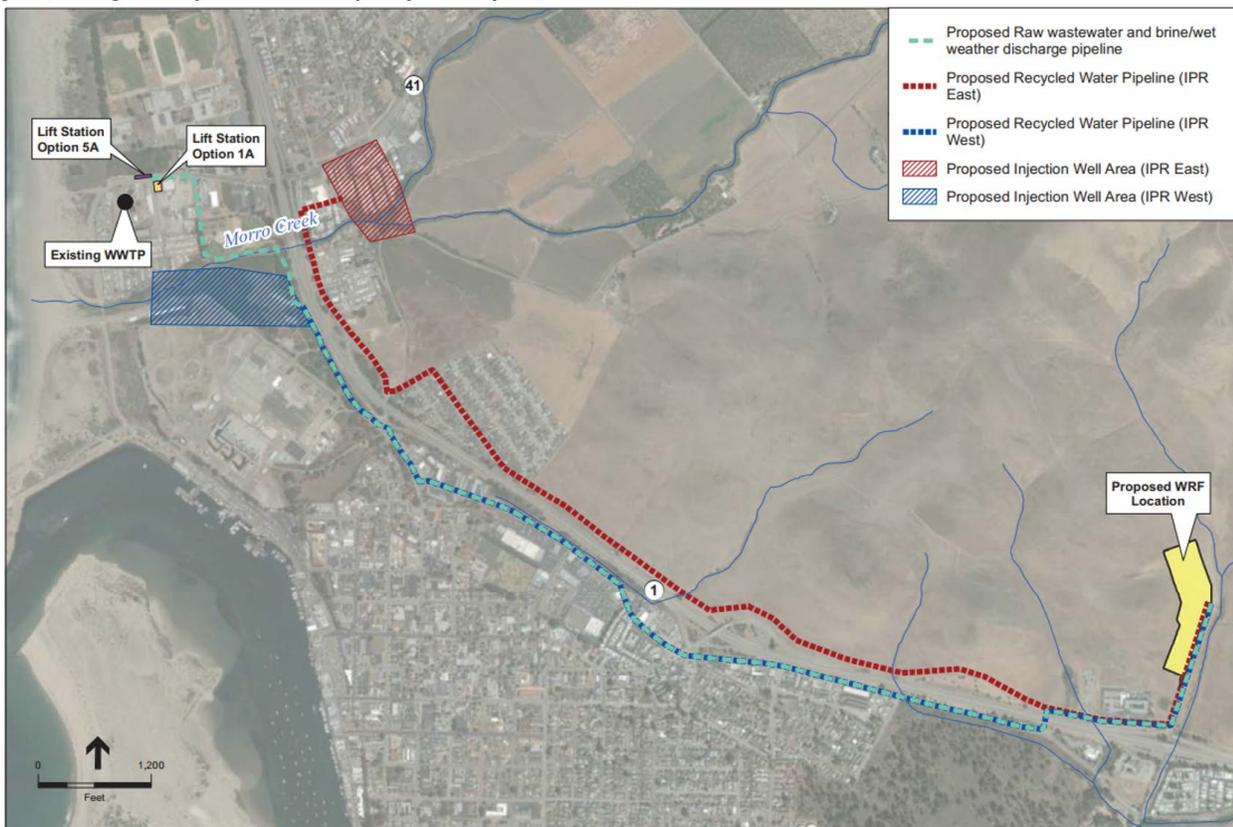
- Pipeline Alignments and Sizing
- Seawater Desalination Feedwater Pipeline Rehabilitation and Reuse
- Injection Well Equipping Configurations
- Backflush Alternatives Analysis
- Non-potable Water Reuse Alternatives
- Equipment Procurement Analysis

The CDR outlines the preferred design, identifies potential environmental impacts and requirements, and right-of-way issues, provides a constructability analysis, considers operation and maintenance requirements, and estimates construction costs. The CDR, and any new data obtained from ongoing project activities, will be used as the basis for the detailed design of the Project. See Attachment 2.

3. Draft Environment Impacts Report (EIR) Addendum #2

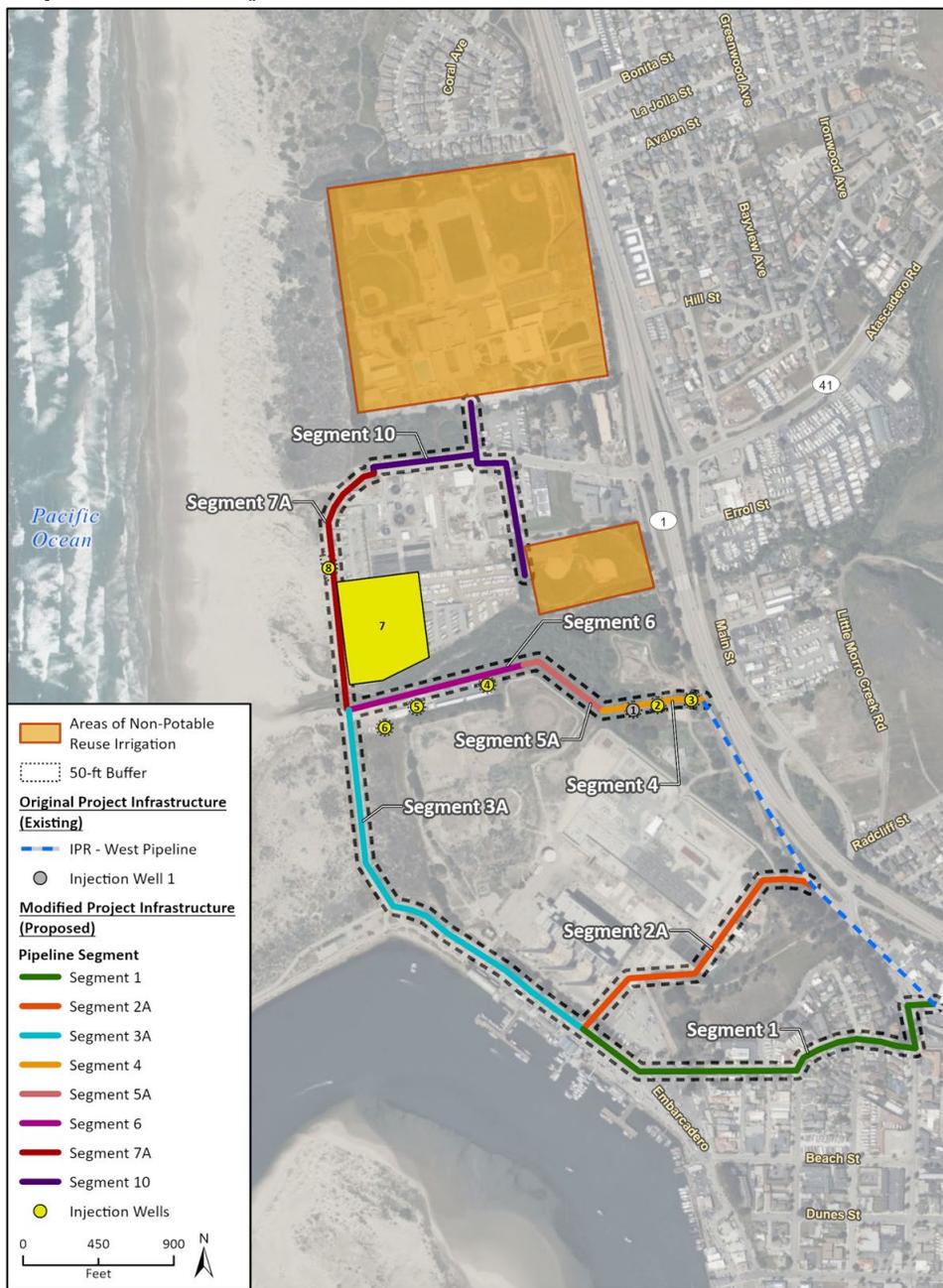
Morro Bay Water Reclamation Facility Final Environmental Impact Report (EIR) Addendum #2 (See Attachment 3) was prepared to incorporate the new proposed injection well locations and recycled water infrastructure identified for the phased implementation of the Recycled Water component of the WRF Project that the City Council directed staff to proceed with at the [11/14/23 Joint City Council/PWAB Meeting](#). Figures from the Original EIR and EIR Addendum #2 showing the proposed changes in recycled water infrastructure are shown below. These changes were proposed to improve the effectiveness of the recycled water program and to avoid impacts to environmental and archeological resources.

Recycled Water Project Area Included in the Original EIR:



Source: City of Morro Bay 2018

Recycled Water Project Area Included in EIR Addendum #2



Imagery provided by Microsoft Bing and its licensors © 2025.

23-14015 EPS
Fig 2 CEQA Project Location

The original EIR was certified in August 2018 and Addendum #1 was completed in September 2019. The California Environmental Quality Act (CEQA) requires the City prepare an addendum or supplemental EIR if changes are made to the project that were not included in the previous environmental impact evaluations. The original EIR did not include all of the areas currently envisioned for the Recycled Water injection wells and branch pipelines. The additional locations for the injection wells and pipelines are not anticipated to have any new significant environmental impacts and thus an addendum is the appropriate environmental document to address these changes to the project.

Typically, EIR Addendums are not required to be publicly circulated, but the City's CWSRF Loan includes a requirement that they be publicly circulated prior to adoption. CWSRF does not require any specific length for the public circulation period. The City held a nearly four-week public review period from April 24, 2025 through May 21, 2025 at 5:00 PM. To circulate the EIR Addendum #2 for public review, the City posted the EIR addendum to [the Our Water Program website](#), [the City website](#), the County Clerk of San Luis Obispo, the State Clearinghouse ([SCH #2016081027](#)), and the April 24th edition of the New Times. Physical notices were posted at the City's kiosk at City Hall, the Library and the SLO County Clerk's office. The schedule for EIR Addendum #2 Public Review and City Council approval consideration are outlined in the table below:

Tentative EIR Addendum #2 Circulation and Approval Consideration Schedule	
April 24, 2025	Draft EIR Addendum #2 released for public review
April 24, 2025 - May 21, 2025 at 5 PM	Public review period, the City is accepting public comments on the addendum during this period
May 8, 2025 – June 9, 2025	The City will prepare responses to comments during this period
June 24, 2025	The Final EIR Addendum #2 will be brought to the City Council meeting for adoption consideration
July 2025	The Final EIR Addendum #2 will be transmitted to SRF

4. Updated Recycled Water Implementation Strategy Recommendations

Based on the results of the Interim Injection Test/Tracer Study the City recently completed on Injection Well #1 and to mitigate against the risk of accelerated travel time of the injected recycled water, the Recycled Water Project Team is proposing a more incremental approach to implementing the Recycled Water Facilities component of the WRF Program. During the Interim Injection Test/Tracer Study, the Recycled Water Program Team initially observed faster than anticipated travel times of the injected water in the groundwater basin, but later observed slower travel times and ultimately was able to inject water for over four (4) months without detecting it at the City's nearest Extraction Well (Well #15). The minimum travel time that the Division of Drinking Water (DDW) allows for Indirect Potable Reuse (IPR) recycled water in the groundwater basin is two (2) months. However, because of the initial rapid rate of travel of the injected water, the Recycled Water Program Team is recommending performing potable water injection tests/tracer studies at the additional injection well site locations.

This differs from the implementation strategy that the Recycled Water Program Team recommended and City Council directed staff to proceed with at the [11/14/23 Joint City Council/PWAB Meeting](#), which included drilling and equipping three total injection wells, connecting Lila Kaiser Park and Morro Bay High School irrigation systems to recycled water and constructing the necessary additional pipelines to convey the recycled water. The 11/14/23 implementation strategy was estimated to allow the City to achieve the required utilization of 412.5 AFY of recycled water required by the City's Clean Water State Revolving Fund (CWSRF) loan agreement. However, with additional analysis of recycled water production capacity and the recommendation for removal of the non-potable recycled water connections at Lila Kaiser Park and Morro Bay High School included as part of the Conceptual Design Report it is estimated that a total of four (4) injection wells may be required to meet the CWSRF loan requirements.

The more incremental implementation strategy would include drilling two (2) to three (3) additional injection wells (e.g. IW-3, 4, and/or 6) and performing additional potable water injection test/tracer studies (similar to the test performed on IW-1), prior to initiating construction of additional recycled water pipelines and equipping injection wells. This will provide the City with more certainty that there is sufficient travel time (as was demonstrated for IW-1) for these additional injection wells before investing in additional infrastructure (i.e. injection well equipping and branch pipeline construction). Due to the uncertainty regarding the capacity of the additional injection wells, the Recycled Water Program Team may recommend drilling/equipping two (2) additional wells and equipping at total of three (3) wells initially to see if it can achieve the 412.5 AFY recycled water utilization requirements. If it is determined that three (3) total injection wells do not provide sufficient capacity, then a fourth well could be drilled and equipped sometime within the next five (5) years and still maintain compliance with the CWSRF loan requirements.

This new recommended strategy would delay the implementation of the recycled water program, but the Recycled Water Program Team has been in touch with representatives from the funding/financing agencies for the WRF Program and is developing strategies that will still allow the City to utilize the grants and low-interest financing, while still maintaining compliance with the funding/financing requirements.

A summary schedule for the recommended, more incremental, Recycled Water Program implementation schedule is shown in the table below. This schedule may be impacted by the schedule/timing of the permitting and/or land acquisition program elements listed in the Planning section below, but the Recycled Water Program Team is working actively to prevent these constraints from becoming critical path schedule items.

Summary Recycled Water Program Implementation Schedule		
#	Task	Actual/Anticipated Completion Date
Injection Well 1		
1	Drill Injection Well 1	January 2023
2	Perform an interim tracer study on Injection Well 1	March 2025
Planning		
3	Land Use/Environmental Permitting	Ongoing
4	Land Acquisition/Easements	Ongoing
5	Hydrogeology/Basin Mapping and Modeling	Ongoing
6	IPR/Recycled Water Permitting	Ongoing
7	Final Conceptual Design Report	July 2025
Injection Well 3, 4, and/or 6 and Monitoring Well Construction		
8	Well Design, Drilling, and Construction Documents	August 2025
9	Advertise Bid, Award Well Drilling and Construction Docs	December 2025
10	Well Drilling and Construction	August 2026
11	Injection Test/Tracer Study	December 2026
Injection Well 1, 3, 4, and/or 6 Equipping Construction		
12	Well Equipping and Design Construction/Bid Documents	June 2026
13	Advertise, Bid, Award, Well Equipping Construction Docs	April 2027
14	Well Equipping Construction	December 2027
IPR Recycled Water Distribution Pipelines		
15	IPR Branch Pipelines and Misc. Design and Construction Documents	June 2026
16	Advertise Bid, Award Distribution Pipelines and Retrofits	April 2027
17	Distribution Pipeline and Retrofits Construction	December 2027
18	IPR Recycled Water Facilities Construction Complete	December 2027
Post-Construction Activities		
19	Complete DDW required tracer study	March 2028

5. Professional Services Agreements/Amendments for the implementation of the Recycled Water Component of the Water Reclamation Facility Program.

To support the continued implementation of the Recycled Water Project, City Staff is recommending that the City Council approve the following critical path contract agreements/amendments. Together, they comprise, along with existing contracts, the necessary next steps to keep the Recycled Water Project moving forward and meeting the deadlines associated with the City's funding/financing agreements for the WRF Program. Below is a summary of the services for each amendment and associated cost estimate.

Recycled Water Program Proposed Amendments

1. Recycled Water Program Management (Agreement Amendment No. 4)

Since August 2022, Confluence Engineering Solutions (ConfluenceES) has been providing Program Management services for the Recycled Water Component of the WRF Program. These Program Management services include coordination and oversight of the multi-disciplinary team, including archeologists, biologists, environmental specialists, design engineers, permitting engineers, hydrogeologists and City Staff, needed to deliver this complex public works infrastructure program in the Coastal Zone of California. The key components of the Program Management Scope of Work are outlined below.

ConfluenceES FY 2025/26 Scope of Work Summary

Task 0 Program Management

Task 1 Program Controls

Task 2 Hydrogeologic Design Management

Task 3 Recycled Water Facilities Design Management

Task 4 Environmental & Permitting Support

Task 5 RWQCB/DDW Permitting Support

Task 6 Funding/Financing Support

The proposed scope of work was developed through close coordination with City Staff to provide for efficient delivery of the Recycled Water Program and the estimated fee for FY 2025/26 is \$356,772.

2. GSI Additional Professional Services for Injection Well Site Selection (Agreement Amendment No. 5)

GSI provides hydrogeological support for the WRF project. The proposed Amendment No. 5 to GSI's agreement includes scope for the extended timeframe for the Injection Well 1 tracer study completed from November 2024 – March 2025, ASR permitting support, project meetings and management, and basin characteristic refinements based on new data. The proposed budget for these baseline tasks is \$206,000. GSI has additionally proposed three optional tasks: 1) model refinements and four additional modeling scenarios [\$45,000], 2) an additional interim tracer study for Phase 1 [\$70,000], 3) an antidegradation analysis to support DDW compliance [\$40,000]. The total proposed budget, including the baseline tasks and optional tasks, is \$361,000.

3. Far Western (Agreement Amendment No. 9)

Pre-Construction Archeological Testing is required by the Programmatic Agreement that was developed and agreed to by Environmental Protection Agency (EPA), the State Historic Preservation Officer (SHPO), and the City for the WRF Program.

Phase 3 - Far Western completed archaeological investigations related to the injection well and recycled water conveyance pipeline locations in June of 2024. Since then, the project design engineer (Cannon) determined the Willow Camp Creek crossing alignment to be preferable from a construction cost standpoint through use of trenchless construction methods (Horizontal Directional Drilling [HDD]). The Recycled Water Project Team is recommending the City move forward with this investigation due to the significant potential cost savings associated with the much shorter pipeline alignment that this alternative provides.

The scope of work includes five borings drilled at roughly 25-meter intervals across the proposed water pipeline alignment. If mechanical borings are not feasible due to access, hand augering may be required. Pre-field work will include one field visit to mark Underground Service Alert and a private utility locator to scan the testing area prior to fieldwork. The scope assumes testing between 25 to 45 feet below surface to account for depth of project impacts. Cores will be opened on site to determine the presence or absence of cultural materials. Findings from this investigation will be documented in a Phase 3 addendum report to be submitted to the City, the EPA, consulting tribes, and SHPO for review. Phase 3 investigations are anticipated to cost \$48,411.

Phase 4 - The Morro Bay - Cayucos Wastewater Treatment Plant is located in an archaeologically sensitive area and based on discussion with EPA representatives it has been determined that pre-construction testing will be required prior to initiating decommissioning/demolition activities.

The scope of work includes ten borings drilled at roughly 25-meter intervals across the Phase 4 project area where accessible. Pre-field work will include one field visit to mark Underground Service Alert. The scope assumes testing to 5 feet below surface; however, includes an optional deep field testing to drill cores to 25 feet below surface to account for potential deeper project impacts. Cores will be opened on site, as they are drilled to determine the presence or absence of cultural materials. Findings from this investigation will be documented in a Phase 4 (Old WWTP Decommissioning and Demolition) testing report to be submitted to the City, the EPA, consulting Tribes, and SHPO for review. Phase 4 investigations are anticipated to cost \$69,605.

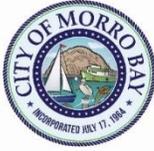
Far Western's proposed Amendment No. 9 is for a total of \$118,016, including scope for additional archaeological investigations for Phase 3 (Recycled Water Facilities) and for Phase 4 (Old WWTP Decommissioning and Demolition). This fee reflects the reduced mobilization costs associated with completing the Phase 3 and Phase 4 investigations at same time.

4. Ongoing WRF Program Outreach Support (Katz & Associates)

Katz & Associates (Katz) was the outreach consultant for the Conveyance and Water Resources Center Components of the WRF Program and is currently a subcontractor to Cannon under their Recycled Water Project Design contract. Under this contract Katz provided outreach services for the WRF Program for Fiscal Year (FY) 2024/25, which included updating the WRF website and preparing project FAQs, informational figures, AWP Communications and Public Outreach Plan, and other educational documents to support outreach efforts. To allow Katz to continue providing outreach support services for the Recycled Water Project, the Recycled Water Project Team is recommending that the City enter into a new contract with Katz for as-needed outreach support services for FY 25/26. The new contract amount would be \$84,760 for the following services: development of informational materials, website maintenance, Enhanced Source Control Program implementation support, and monthly coordination meetings.

ATTACHMENTS

1. FY25 Quarter 3 Report for WRF Program
2. Draft Conceptual Design Report for Recycled Water Facilities Project: [Link to the document on the City website](#)
3. Draft EIR Addendum #2 for WRF Program: [Link to the document on the State Clearinghouse Website](#)



City of Morro Bay
Water Reclamation Facility Program



QUARTERLY REPORT

JANUARY 1, 2025 THROUGH MARCH 31, 2025

INTRODUCTION

The Recycled Water Facilities (RWF) project is a portion of the larger Water Reclamation Facility (WRF) Program. The RWF project is anticipated to be complete by Fall 2026. This quarterly report includes updates on project status, schedule, program funding, and program budget. The current program budget is \$159.84 million and \$146,276,951 million has been spent to date.

RECYCLED WATER PROJECT STATUS

The RWF project is currently in the design phase and the following activities were completed during this quarter:

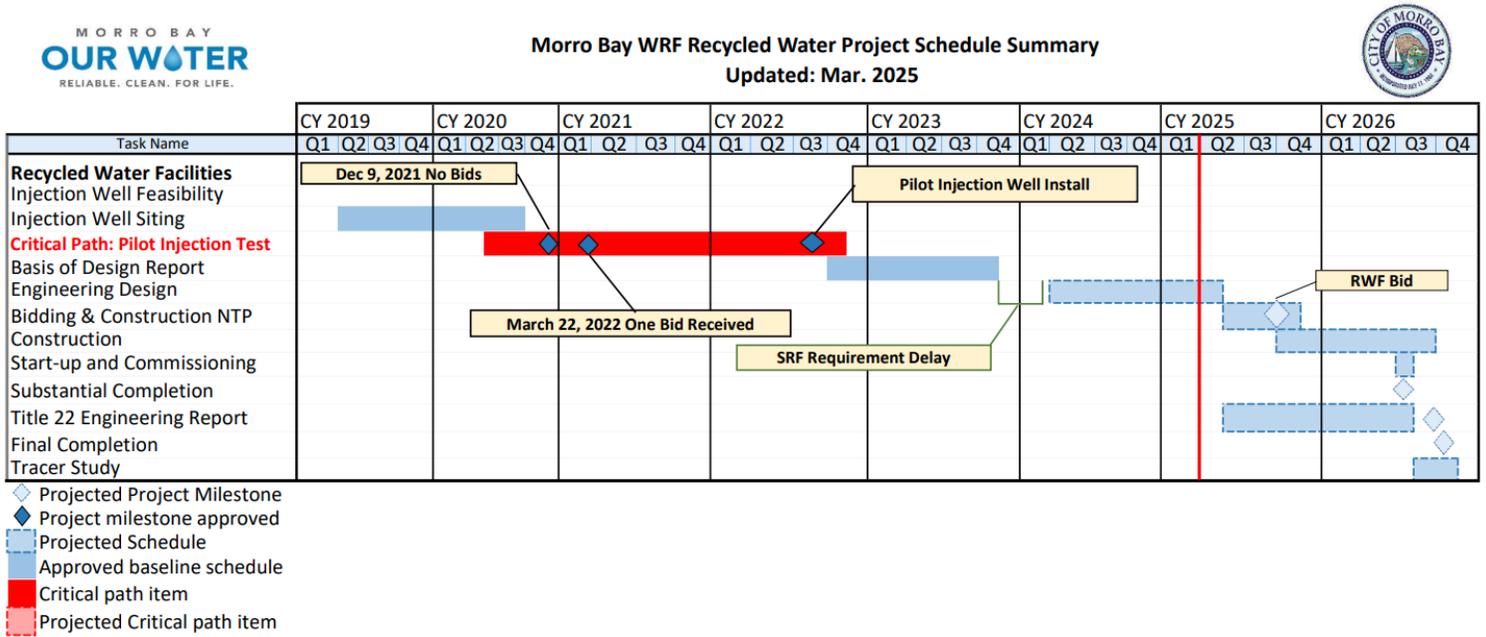
Recycled Water Project Status Update (January 1, 2025 – March 31, 2025)

- **Environmental/Permitting**
 - Activities completed
 - In January 2025, the City submitted the 2024 Yearly Report for the City of Morro Bay Water Reclamation Facility Project Biological Opinion (Year 2).
 - On March 12, 2024, the City sent the Draft NEPA Environmental Assessment (EA) to the United States Bureau of Reclamation (USBR) for their review and feedback.
 - Ongoing activities and upcoming timelines
 - During this period, the City finalized the draft CEQA EIR Addendum #2. The CEQA EIR Addendum #2 is available on the City website, Our Water Program website, and the State Clearinghouse. The public review period is from April 24, 2025 – May 21, 2025.
 - The City is waiting to receive feedback from USBR on the National Environmental Policy Act (NEPA) Environmental Assessment (EA) and is anticipating it will be circulated for public review in 2025.
- **Recycled Water Permitting**
 - Activities completed
 - In February 2025, the City submitted the Draft Title 22 Engineering Report to the Department of Drinking Water (DDW).
 - On March 6, 2025, the City met with DDW to provide an overview of the Draft Title 22 Engineering Report.
 - In March 2025, the City submitted the Recycled Water Management Plan Phase 1 Progress Report, in compliance with their NPDES permit.
 - Ongoing activities and upcoming timelines

- The Basis of Design Report (BOD), attached to the Draft Title 22 Engineering Report, will continue to be updated as more hydrogeologic data becomes available throughout the project.
 - City staff and the Recycled Water Program Team are continuing to prepare the Draft Report of Waste Discharge (ROWD) Application.
- **Engineering Design**
 - Activities completed
 - In February 2025, the project engineer provided the Recycled Water Project team an admin draft of the Draft Conceptual Design Report.
 - Ongoing activities and upcoming timelines
 - During this period, the project design engineer continued to prepare the recycled water pipeline and injection well equipping design.
 - During this period, the project design engineer continued to investigate the abandoned desal feedline pipeline for potential reuse for the IPR pipeline.
 - During this period, the project design engineer continued to prepare a test plan for flow and pressure testing the existing IPR conveyance pipeline.
 - The Conceptual Design Report is anticipated to be completed in Q2 2025.
- **Hydrogeologic Analysis and Design**
 - Activities completed
 - In January 2025, the City completed the ERT survey as part of the project’s geophysical investigations.
 - In February 2025, the City performed a backflush test on Well 1 to help inform the backflush appurtenance design and operational strategy.
 - On March 24, 2025, the City ended the interim tracer study which had been initiated on November 18, 2024.
 - Ongoing activities and upcoming timelines
 - The project hydrogeologist continued to evaluate which injection well locations are most favorable from a hydrogeological perspective and preparing the design of the downhole components of the injection wells.
- **Funding/Financing**
 - Activities completed
 - The City prepared and submitted the Water Infrastructure Finance and Innovation Act (WIFIA) Funding and Financing Quarterly Report.
 - The City prepared and submitted the Integrated Regional Water Management (IRWM) Funding and Financing Quarterly Report.
 - Ongoing activities and upcoming timelines
 - The IRWM grant agreement has been executed by the City and is in the process of being executed by the San Luis Obispo County Flood Control and Water Conservation District.
 - City Staff and the Recycled Water Program Team are coordinating with the funding financing agencies to provide quarterly reports, environmental documentation, and other required documentation.
 - City staff and the Recycled Water Program Team are coordinating with the Bureau of Reclamation to modify grant agreement materials and continue preparation of the Title XVI Grant Agreement.

RECYCLED WATER PROJECT SCHEDULE

Figure 1. Recycled Water Summary Schedule



PROGRAM BUDGET

Table 1 lists actual expenditures for each program component and the percent of the budget expended. The WRC and Conveyance Facilities components of the project were closed out in 2024.

Table 1. WRF Program Expenditures

Program Component	Previous Total Expenditures	Jan-Mar 2025 Expenditures ⁽¹⁾	Total Expenditures To Date	FY 24/25 Budget ⁽²⁾	Percent Budget Expended
RWF	\$2,741,319 ⁽³⁾	\$63,738	\$2,805,057	\$9,424,174	30%
General Project	\$24,445,647 ⁽³⁾⁽⁴⁾	\$232,275	\$24,677,922	\$30,968,609	80%
WRC Plant	\$77,895,236	\$0	\$77,895,236	\$79,123,216	98%
Conveyance	\$40,891,202 ⁽⁵⁾	\$7,534	\$40,898,736	\$40,324,350	101%
Total	\$145,973,404	\$303,547	\$146,276,951	\$159,840,349	92%

(1) Jan-Mar 2025 total expenditures as tallied on the Accounts Payable Report run on April 9, 2025, including all invoices accrued through Mar 31, 2025.
 (2) [FY 24/25 Budget adopted by Council](#).
 (3) A correction was made to adjust the previous expenditures to move \$24,276 from the RWF to General Project for due to an error on the July-Sept 2024 PWAB Quarterly Report.
 (4) \$85,366 in program management invoices for Oct-Dec were added to the General Project previous expenditures category.
 (5) Although the Conveyance budget has been closed out, an invoice for Phase 2 archeological testing (conveyance) sample processing was received this quarter.

PROGRAM FUNDING

Table 2. WRF Program Funding Sources

Funding Agency ⁽¹⁾	Funding Type	Total Funding	Spent to Date	Funding Available	Notes
SRF Construction Loan	Loan	\$66,604,638	\$64,910,849	\$1,693,789	Terms: 0.9%, 30 years
SRF Loan Forgiveness	Loan Forgiveness	N/A	N/A	N/A	\$5M
SRF Construction Loan Amendment	Loan	\$21,172,000	\$0	\$21,172,000	Terms: 0.9%, 30 years
WIFIA	Loan	\$61,700,336	\$46,259,157	\$15,441,179	Terms: 0.83%, 35 years
SRF Planning Loan	Loan	\$10,300,000	\$10,300,000	\$0	Terms: 0.9%, 30 years
Recycled Water Planning Grant	Grant	\$75,000	\$75,000	\$0	Costs reimbursed upon request
City of Morro Bay	Water/Sewer Fund	\$24,731,945	\$24,731,945	\$0	Subject to loan reimbursement
Executed Funding Sources Total		\$184,583,919	\$146,276,951	\$38,306,968	
USBR - Title XVI	Grant (pending)	\$9,310,095	\$0	\$9,310,095	Developing grant agreement
IRWM	Grant (pending)	\$1,200,000	\$0	\$1,200,000	Agreement in execution process
Pending Funding Sources Total		\$10,510,095	\$0	\$10,510,095	
Total		\$195,094,014	\$146,276,951	\$48,817,063	

(1) Abbreviations: SRF – State Revolving Fund; EPA – Environmental Protection Agency; WIFIA – Water Infrastructure Finance & Innovation Act; USBR – United States Bureau of Reclamation; IRWM – Integrated Regional Water Management.

OTHER PROGRAM UPDATES

N/A

Historical information on the WRF Program and previous quarterly reports are available on the program website: <https://morrobaywrf.com/>.



AGENDA NO: B-2
MEETING DATE: May 21, 2025

Staff Report

TO: Public Works Advisory Board **DATE: May 16, 2025**

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

SUBJECT: Review of Draft Proposed SWP Water Transfer Policy Update

RECOMMENDATION

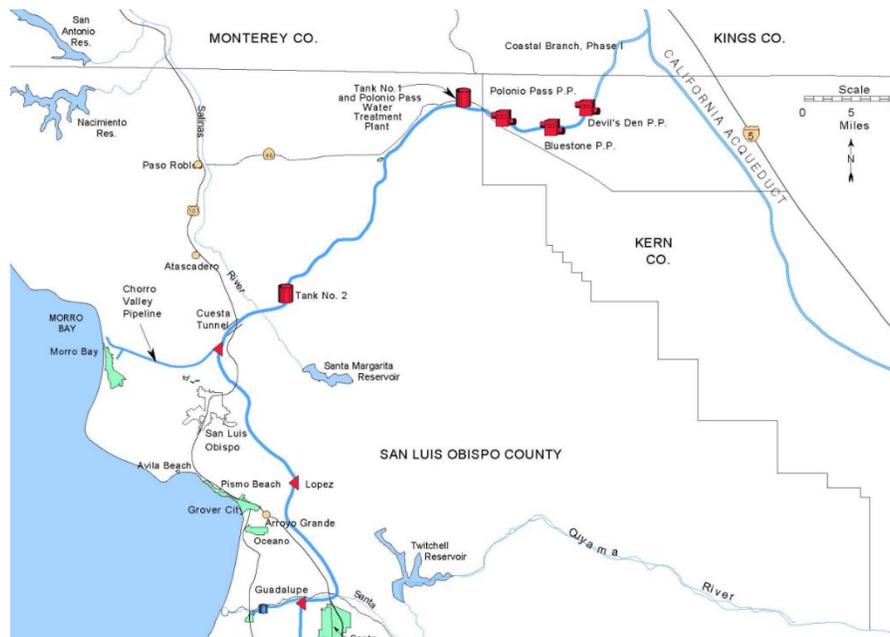
Staff recommends the PWAB review and provide feedback on the San Luis Obispo Flood Control and Water Conservation District Draft Proposed SWP Water Transfer Policy Update

MORRO BAY 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 SWP shutdowns) the City relies upon water pumped from the Morro Valley Groundwater Basin (Morro Basin). During 2024, State Water provided 82% of the City's drinking water and the Morro Basin Wells provided the remaining 18%. In addition to SWP and Morro Basin water, the City is in the process of implementing a Recycled Water Project that is intended to provide 412.5 acre feet of additional water during its initial phase for injection into the Morro Basin. More detail on the City's current and future sources of water are available below.

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 the California Department of Water Resources (DWR) for a Table A allocation of up to 25,000 acre-feet per year (AFY) of water from the SWP. 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 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 above).

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%.

The City has a WSA of 1,313 AFY and a Drought Buffer of 2,290 AFY, as shown in Table 1. To calculate the amount of SWP available to the City in a given year, its WSA and Drought Buffer are summed and multiplied by DWR's Annual Allocation (e.g. 50% for 2024). Though City SWP deliveries within a given year cannot exceed its WSA, the District has the ability to store unused SWP water in San Luis Reservoir for use in future dry years (Stored SWP).

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	4,830	21,170	25,000

In 2021, the District and other SWP Contractors approved changes to the SWP Contracts that allow the District and Subcontractors to more easily transfer or sell excess SWP supplies to other water users in the state. These potential transfers/sales provide an opportunity for the District and Subcontractors to obtain cost recovery through sale of additional water that they don't need. In 2024, the District and Subcontractors sold 13,500 AF of surplus SWP and received ~\$5.6M in cost recovery, in which Morro Bay received a credit for approximately \$160,000. Historically, the District and SWP Subcontractors have lost on average ~8,000 AFY¹ of SWP Water to spills at San Luis Reservoir and/or due to an inability to put allocated SWP water into storage. Additionally, Subcontractors have had on average ~1,500 AFY² of unused SWP delivery capacity. Both the loss of SWP water and unused delivery capacity represent potential significant cost recovery opportunities for the District and Subcontractors.

Morro Basin

The Morro Basin Wellfield is located near Lila Kaiser Park, consists of 6 wells, and can provide water from the Morro Basin to meet the City's needs for a limited period of time. The City has permits with the State Water Resource Control Board that allows for the extraction of up to 581

¹ From 1996 to 2023, it is calculated that the District/Subcontractors lost 221,383 AF or 7,907 AFY on average of SWP water due to spills at San Luis Reservoir and/or an inability to take delivery or put into storage SWP water allocated in a given year.

² From 2009 to 2023, it is calculated that the Subcontractors took delivery of an average of ~3,330 AFY of SWP water through the Polonio Pass Water Treatment Plant and Phase 2 of the Coastal Branch pipeline.

AFY of water from the Morro Basin, which by itself does not meet the City's current water demand. Further, there is no guarantee the wells can pump out 581 AFY from Morro Basin during drought years. 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.

Recycled Water

The City is in the process of implementing an Indirect Potable Reuse (IPR) recycled water project that will allow it to augment the recharge to the Morro Basin and extract additional groundwater during periods of extended drought that could significantly reduce SWP allocations. The IPR recycled water project will utilize injection wells to inject advanced purified recycled water from the newly constructed Water Resources Center into the Morro Basin and extract that water through existing production wells to provide a local, reliable, resilient water supply for the City. By utilizing IPR recycled water injection and extraction during low SWP allocation years to preserve its SWP and Stored SWP water supplies for potential extended drought years, it is predicted that the City can reliably meet its water supply needs under current and future build-out demand conditions. As the City's demands increase with future development and/or additional cost recovery strategies are identified, it may be beneficial to increase the capacity of the IPR program to provide additional drought proof water and/or additional cost recovery opportunities through sale of surplus water.

DRAFT STATE WATER MANAGEMENT POLICY

The State Water Subcontractors Advisory Committee (SWSAC), which is an advisory board to the District Board, formed a Water Management Working Group (WM WG) to work with District Staff to develop a draft SWP Water Transfer Policy Update document for the District Board's consideration. The SWP Water Transfer Policy Update document is intended to help clarify the District's priorities and criteria for SWP contracting conditions and serve as a framework for developing programs and/or contracts to maximize the SWP water supply benefit for San Luis Obispo County and reduce the cost burden on the county taxpayers and Subcontractors.

These policies are intended to replace / supersede the District's 2003 Excess Entitlement policies approved by the Board of Supervisors sitting as the District Board (Board) on January 14, 2003.

The priorities set forth in these proposed policies are listed below:

1. Prioritize Needs of Subcontractors
2. Prioritize Local Public Water Agencies and Purpose of Use
3. Prioritize Place of Use
4. Prioritize Internal Temporary Transfer/Exchanges within the District
5. Consider External Temporary Transfers/Exchanges
6. Additional Considerations

The Criteria For Use set forth in these proposed policies includes criteria for the following:

- A. Eligible Users
- B. Restrictions on Contracting
- C. Approval Requirements
- D. Emergency Use
- E. System Reliability
- F. Financial Considerations
- G. Investment Recovery
- H. Regional Water Collaboration
- I. Compliance with Obligations and Laws

The proposed policies indicate that the District Board acknowledges that the existing SWP Subcontracts do not provide for a water transfer program but are intended to guide District staff and Board in considering transfer requests by developing a more defined process for temporary and/or permanent transfers. Additionally, it is not anticipated that any new long-term contracts will be established between the District and others for use of the District's Surplus Water until the updated SWP Subcontracts are in place.

On May 9, 2025, the SWSAC received the WM WG's draft SWP Water Transfer Policy Update document and voted to recommend that District staff present the proposed draft SWP Transfer Policy to the District Board for consideration. It is intended that District staff will be presenting the SWP Water Transfer Policy Update to the District Board in June 2025 for their adoption consideration.

The SWP Water Transfer Policy Update outlines a framework for how the District can prioritize and develop programs and/or contracts to maximize the benefit of SWP for San Luis Obispo County. These programs/contracts will provide Subcontractors with opportunities for cost recovery through transfers/sales of excess SWP water and/or unused SWP/Coastal Aqueduct capacity and for storing SWP in groundwater banks to reduce the risk of loss to spills. The policies will also be utilized to help guide the District in identifying additional potential users of District's SWP water which could reduce the amount of the District's SWP water that has historically been available to Subcontractors during periods of extended drought.

On November 14, 2023, City Staff and the WRF Program Recycled Water Team presented results of water supply modeling that indicated that the City's current water supply portfolio is vulnerable to extended drought conditions (e.g., drought from 2020 to 2022). However, with the City's significant Drought Buffer (2,290 AFY) and implementation of an initial phase of a Recycled Water Program are anticipated to be able to address water supply deficiencies under current and future demand conditions. By utilizing IPR recycled water injection and extraction during low SWP allocation years (e.g., less than 25%) to preserve its SWP and Stored SWP water supplies for potential extended drought years, it is predicted that the City can reliably meet its water supply needs under current and future build-out demand conditions.

Additionally, the SWP Water Transfer Policy Update indicates in General Provisions Section C, that the District will maintain a 5,000 AFY Table A Allocation for short-term use intended to help meet Subcontractor obligations and support countywide water resiliency and reliability needs. This SWP reserve would assist in addressing potential Subcontractor and other potential water supply shortfalls during future drought conditions.

CONCLUSION

The SWP Water Transfer Policy Update is intended to provide District Staff and Board with guidance for future decisions regarding SWP water in San Luis Obispo County, but is policy direction only. Any future short-term or long-term transfers/sales would require subsequent District Board approval and would include opportunities for Subcontractors and public to provide input on the proposed actions. The proposed SWP Water Transfer Policy Update identifies the existing Subcontractors as the highest priority users of SWP, provides for first right of refusal, includes provisions preventing harm, and describes an investment recovery program to compensate Subcontractors for costs contributed to the SWP system. Additionally, the SWP Water Transfer Policy Update indicates that the District Board would not enter into any long-term contracts until the Subcontractors and the District have negotiated updated SWP subcontract agreements that provide Subcontractors with more defined water transfer, banking, and/or storage authorities.

ATTACHMENT

1. SWP Water Transfer Policy Update

State Water Project Water Transfer Policies

I. INTRODUCTION

A. Background

The State Water Project (SWP) Water Supply Agreement (Master Contract) is a long-term contract between the Department of Water Resources (DWR) and the San Luis Obispo County Flood Control and Water Conservation District (District) which provides for the annual purchase and delivery of up to 25,000 acre-feet (AF) of SWP water (Project Water) to San Luis Obispo County. The District, as a wholesaler of Project Water, has in turn contracted with local public water agencies and others for delivery of Project Water within its service area (each a Subcontractor and collectively, the Subcontractors) pursuant to certain agreements (collectively, the SWP Subcontracts).

Additionally, the District has a side agreement with the Central Coast Water Authority (CCWA) for annual treatment of up to 4,830 AF of Project Water (CCWA Agreement), and coordinates delivery operations with DWR and CCWA for the delivery of Project Water to the District's turnouts within the DWR-owned SWP Coastal Branch pipeline.

One of the primary purposes of these Policies is to establish a framework for the District and Subcontractors that promotes flexibility and cost recovery to minimize the long-term financial burden on county taxpayers and ratepayers.

B. Description of the Coastal Branch System

In the 1990s, the District (on behalf of its Subcontractors) and CCWA (on behalf of its Santa Barbara County members) partnered with DWR to plan and design "Phase II" of the SWP Coastal Branch Aqueduct ("Phase I" was completed in 1968). This extension of the SWP brought Project Water supplies into San Luis Obispo and Santa Barbara counties starting in 1997.

The DWR-owned pipeline (with pumping plants and storage tanks) and CCWA treatment plant (collectively, the Coastal Branch System) were developed to provide supplemental water for municipal use. For the District, the facilities were sized to deliver up to 4,830 AF annually based on its SWP Subcontracts at the time.

The Coastal Branch System delivers treated water to three turnouts in San Luis Obispo County – Shandon, Chorro Valley, and Lopez – before continuing south to serve communities in Santa Barbara County (see Exhibit A). Once the water passes through these District turnouts, it enters local distribution systems and becomes subject to local agreements, policies, and oversight. In some areas, the District or County may continue to have responsibilities – either as a water service provider or in their role as a land use and permitting authority – depending on local governance.

C. SWP Allocation

The "SWP Allocation" is the "Annual Table A Amount" of 25,000 acre-feet (AF) available to the District under the Master Contract and represents the maximum annual amount of Project Water

that can be delivered to the District under certain conditions. A portion of the District's SWP Allocation is committed to the Subcontractors (the Subcontracted Amount) for municipal (domestic) supply use. The Subcontractors' annual Water Supply Agreements total 4,830 AF, and Drought Buffer Water Agreements total 5,747 AF (for a combined total Subcontracted Amount of 10,577 AF).

The Subcontractors' Water Supply Agreements are long-term "take-or-pay" arrangements (i.e., for annual delivery of up to 4,830 AF) and provide them with the first right each year to schedule monthly Project Water deliveries to the three existing SWP turnouts within the District. Under certain conditions, this benefit means the Subcontractors may decide to utilize 100% of the District's conveyance capacity within the Coastal Branch in a given month or "delivery year" (Jan. 1 to Dec. 31). However, the take-or-pay condition means that regardless of whether the Subcontractors use 100% of the available Coastal Branch capacity needed to take delivery of the subcontracted amount under their Water Supply Agreements (i.e., the 4,830 AF), they are still obligated to pay 100% of the annual DWR Coastal Branch and CCWA treatment plant costs that are allocated to the District. Accordingly, Subcontractors shall have the first right to utilize all Project Water and Coastal Branch System capacity (conveyance and treatment) made available to the District under the Master Contract and CCWA Agreement.

The remaining portion of the 25,000 AF of SWP Allocation not subcontracted is held in reserve by the District, and totals 14,423 AF (the District's Reserve Amount). Consistent with the requirements of the Master Contract the District's Reserve Amount is paid for primarily by property tax revenue which enables the District to maintain the balance of its contracted SWP water supply from DWR for the long-term benefit of the County.

When there is available Project Water in a given year that is not needed by the District to fulfill the Subcontractors' Water Supply Agreements, then that water is considered surplus Project Water (the District's Surplus Water).

II. GENERAL

A. Relationship to Previously Adopted Policies

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

B. Application and Interpretation

These Policies apply to all of the District's Project Water. The purpose of these Policies is to establish a framework that will guide District staff, the Board and its Subcontractors in maximizing the Project Water supply. The goal is to fully utilize the District's Surplus Water within the County, and develop opportunities to optimize the Subcontracted Amount with a recognition that water transfers/exchanges (on an annual, multi-year, or permanent basis) are going to be one of the primary water management tools to achieve these objectives.

These Policies are intended to apply and be limited to water management decisions concerning water delivery contracts within DWR's SWP conveyance facilities, primarily those within the Coastal Branch, as shown in Exhibit A. Although these policies apply to the entire annual SWP water supply available to the District, the District is only a wholesaler of the Project Water, and so the Policies are limited to SWP water transfers within the District's contracted share of the DWR-owned part of the SWP system. The District is a separate legal entity from the County of San Luis Obispo, and recognizes that other laws, regulations, and policies may govern how, where, or under what conditions the Project Water can be used locally. As such, these policies are not intended to address water management decisions about Project Water once that water is within local systems, that is, once that water has passed through the DWR-owned turnout (i.e., Shandon, Chorro Valley, Lopez, etc.). Water management actions for the water at that point are subject to the respective policies and contractual arrangements of the local systems (e.g., Chorro Valley Pipeline, Zone 3/Lopez, etc.). However, these policies shall not be deemed to limit future discretionary actions by the District Board.

C. SWP is a Supplemental Supply – Primarily for Urban Water Needs (But Not Exclusively)

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

For the County of San Luis Obispo, SWP water supply was developed as a supplemental supply to meet municipal water needs. Domestic use shall be considered the highest priority use of all SWP water made available for local use in the County under the Master Contract. Domestic use is needed for sustenance, public health and safety, and welfare. State Water shall be used first to address public health, ensure reliable access to safe, affordable drinking water and sanitation. It recognizes that domestic use occurs both within the public water supply system service areas and outside of those areas in the rural areas of the County where domestic water supplies are from individual water supply wells.

As part of a future program, the District will incorporate a reserve of 5,000 acre-feet (20% of its 25,000 AF SWP allocation) for short-term use only. This reserve is intended to help meet Subcontractor obligations and support countywide water resiliency and response needs. It will not be available for long-term contracts.

III. PRIORITIES (GUIDING PRINCIPLES FOR HOW THE DISTRICT'S SWP ALLOCATION SHOULD BE PRIORITIZED)

A. FIRST – Prioritize Needs of Subcontractors.

The Subcontractors shall have first rights to Project Water. The District will prioritize meeting the needs of its Subcontractors before making Project Water available to third parties. If any Subcontractor plans to acquire additional supplies or to sell surplus supplies, the District will attempt to meet the needs of the Subcontractors first, before entering into transactions with third parties. In addition:

- District Surplus Water made available to third parties must not harm the District's ability to meet its obligations to the existing Subcontractors.
- Transfers/exchanges of the District's Surplus Water with third parties can only be considered – whether temporary (short-term/single-year or multi-year) or permanent (long-term) – under a second-priority/standby basis in which the Subcontractors' first right of refusal to use the District's Surplus Water is preserved, and they retain the first priority option for delivery scheduling.
- Financial considerations shall be provided to Subcontractors providing capacity to deliver second-priority water. This ensures deliveries of transferred water do not detrimentally impact the ability of the District to fulfill existing delivery contracts for the other subcontractors.

B. SECOND – Prioritize Local Public Water Agencies and Purpose of Use.

After all Subcontractors' Project Water needs are met, the District will give preference to local Public Water Agencies (within San Luis Obispo County), with water allocated according to the purpose of use (via direct delivery, in-lieu, or groundwater recharge):

- **1st Order – Emergency Use:** Project Water needed for emergency use to ensure public safety and well-being. The intention is to give priority to transfers that address a public health need or a water shortage emergency pursuant to Water Code Section 350.
- **2nd Order – Domestic Use:** Use of Project Water as a supplemental supply to improve water system resiliency and reliability for drinking, sanitation, and fire protection for urban and rural water users.
- **3rd Order – Agricultural Use:** Use of Project Water for production agricultural irrigation or other farm and ranch purposes.
- **4th Order – Non-Domestic Use:** Water allocated for non-domestic, non-agricultural purposes such as industrial, commercial, recreational or other non-essential uses.

C. THIRD – Prioritize Place of Use.

The original delivery location established under each of the Subcontractors' Water Supply Agreements is considered the preferred place of use. However, when capacity allows, requests for emergency or domestic use at other locations should take precedence over requests for agricultural or non-domestic use at a preferred place of use.

Among requests of the same priority (e.g., two domestic use requests), preference is given to those uses within the same/upstream financial reach – to minimize the “allocation without capacity” issue.

Downstream deliveries (including transfers or new water supply agreements involving turnout locations beyond the financial/conveyance reaches with dedicated capacity for that allocation) can be considered only under short-term (single-year) or on a second-priority/standby basis in which the Subcontractors' first right of refusal is preserved, and they retain priority for delivery scheduling.

D. FOURTH – Prioritize Internal Temporary Transfers/Exchanges within the District.
(Temporary reallocation to balance supply among local entities.)

If water remains available after meeting the needs described in Orders 1-4, the District will consider transfers or exchanges of District Surplus Water between local entities within the District, to balance out the supply.

E. FIFTH – Consider External Temporary Transfers/Exchanges.

Consider only after internal priorities are met; temporary transfers only, for achieving water management objectives and/or cost recovery.

F. SIXTH – Additional Considerations.

Additional consideration should be given to uses that:

- Help the District manage the District’s Surplus Water to better match the variation in local domestic need that varies from year-to-year and seasonally.
- Store available and/or unscheduled water deliveries for later use during times of water shortages to support municipal, groundwater basin replenishment, and agricultural benefits provided these uses are integrated with domestic or other priority uses.
- Complement demonstrated efforts to maximize the efficiency and beneficial use of locally available supplies.
- Solve or mitigate water supply problems in key watersheds/groundwater basins identified by the Board.
- Support SWP supply planning objectives and create opportunities for the District and Subcontractors to benefit from revenue-generating water market activities that offset or recover costs.
- Align with State, District, or County water management plans, strategies, and priorities.

IV. CRITERIA FOR USE

Requests for use of the District’s Surplus Water must meet the following Board-established criteria:

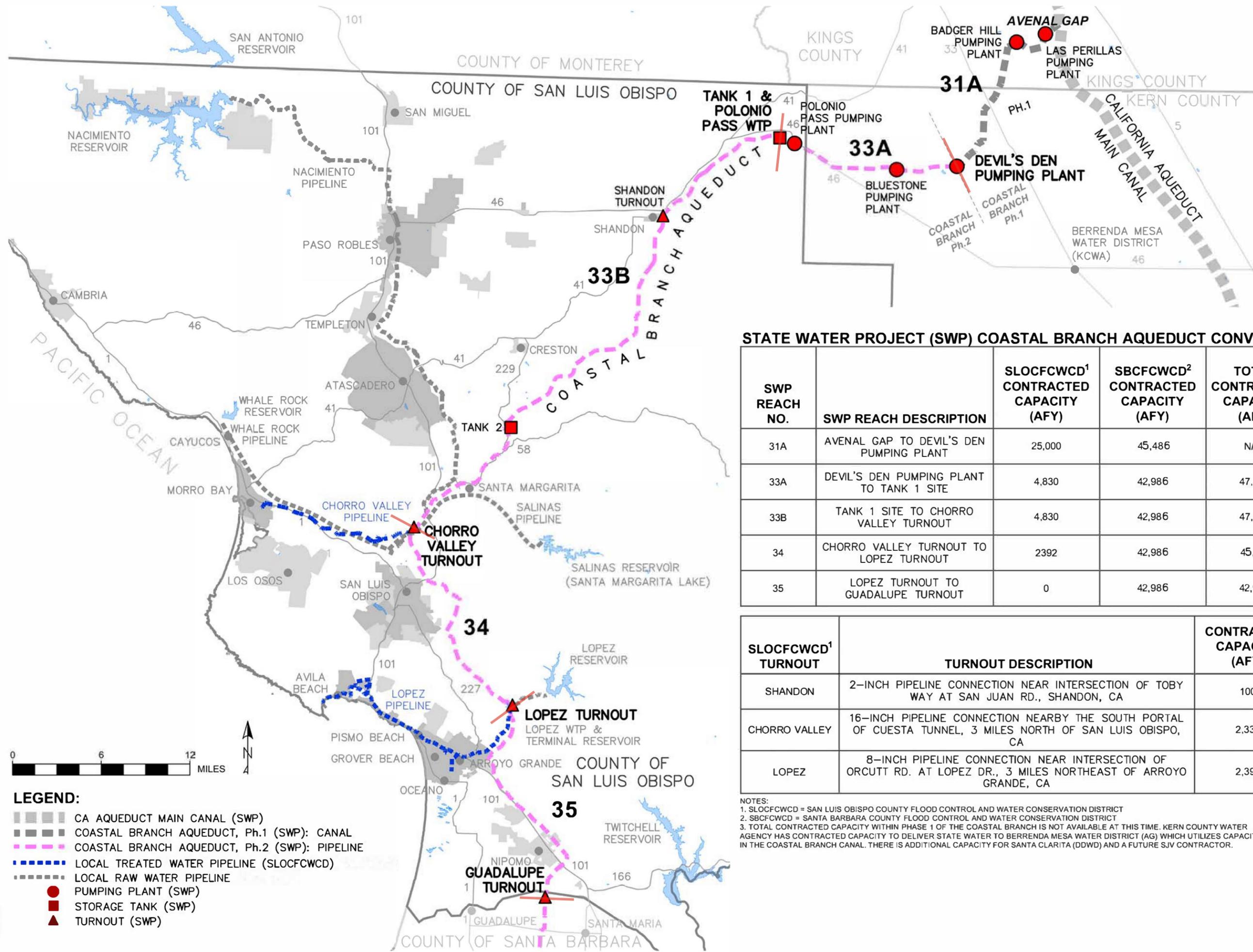
- A. Eligible Users** – Subcontractors, public water agencies, special districts, and groundwater sustainability agencies established to serve municipal/domestic, agricultural, or basin water management needs.
- B. Restrictions on Contracting** – Water cannot be contracted to non-public water agencies, or private individuals, private organizations, or institutions; the District will not establish new agreements for delivery of Project Water to entities whose primary mission is not focused on water supply management or water delivery operations for domestic, agricultural, or basin management needs.

- C. Approval Requirements** – The County or a designated public water agency / special district must request and approve the contract for supplemental use – whether for domestic, agricultural, or non-domestic use.
- D. Emergency Use** – Allowed if both County Board and requesting agency declare an “Emergency Condition”; use is subject to emergency declarations and all costs at that time.
- E. System Reliability** – Use of the District’s Surplus must not compromise the SWP system reliability or reduce delivery capabilities to the Subcontractors.
- F. Financial Considerations** – All costs must be paid by the water user. Uses shall not detrimentally impact existing subcontractors from a financial standpoint. There shall be no increase in administrative costs to the Subcontractors.
- G. Investment Recovery** – An investment recovery program is necessary to recover current and past costs. An amendment(s) to the SWP Subcontracts is anticipated to be the mechanism by which the investment recovery program is created and implemented, the development of which will necessitate the involvement of the Subcontractors.
- H. Regional Water Collaboration** – Requests should demonstrate how the proposed use of Project Water supports regional water supply reliability and maintains or strengthens existing partnerships that improve regional water resilience for the County.
- I. Compliance with Obligations and Laws** – Transfers and exchanges shall be carried out consistent with all applicable requirements and obligations, including but not limited to these policies, Master Contract, Subcontracts, and all applicable laws and regulations, including the California Environmental Quality Act (CEQA).

V. IMPLEMENTATION

The District Board acknowledges that the existing SWP Subcontracts do not provide for a water transfer program. These Policies are intended to guide the District staff and Board in considering transfer requests and in preparing amendments to the SWP Subcontracts that would make implementation of said requests possible by creating a defined process for temporary and permanent transfers; and it is not anticipated that any new long-term contracts will be established between the District and others for use of the District’s Surplus Water until the updated SWP Subcontracts are in place.

Notwithstanding, as indicated above, these Policies shall not be deemed to limit future discretionary actions by the District Board, including, without limitation, approval of a permanent transfer of existing water supply amounts under the SWP Subcontracts while the amendments needed to provide for the program contemplated herein are completed.



STATE WATER PROJECT (SWP) COASTAL BRANCH AQUEDUCT CONVEYANCE CAPACITY

SWP REACH NO.	SWP REACH DESCRIPTION	SLOCFCWCD ¹ CONTRACTED CAPACITY (AFY)	SBCFCWCD ² CONTRACTED CAPACITY (AFY)	TOTAL CONTRACTED CAPACITY (AFY)	OWNER-SHIP	O & M
31A	AVENAL GAP TO DEVIL'S DEN PUMPING PLANT	25,000	45,486	N/A ³	DWR	DWR
33A	DEVIL'S DEN PUMPING PLANT TO TANK 1 SITE	4,830	42,986	47,816	DWR	DWR
33B	TANK 1 SITE TO CHORRO VALLEY TURNOUT	4,830	42,986	47,816	DWR	CCWA
34	CHORRO VALLEY TURNOUT TO LOPEZ TURNOUT	2,392	42,986	45,378	DWR	CCWA
35	LOPEZ TURNOUT TO GUADALUPE TURNOUT	0	42,986	42,986	DWR	CCWA

SLOCFCWCD ¹ TURNOUT	TURNOUT DESCRIPTION	CONTRACTED CAPACITY (AFY)	OWNER-SHIP	O & M
SHANDON	2-INCH PIPELINE CONNECTION NEAR INTERSECTION OF TOBY WAY AT SAN JUAN RD., SHANDON, CA	100	DWR	CCWA
CHORRO VALLEY	16-INCH PIPELINE CONNECTION NEARBY THE SOUTH PORTAL OF CUESTA TUNNEL, 3 MILES NORTH OF SAN LUIS OBISPO, CA	2,338	DWR	CCWA
LOPEZ	8-INCH PIPELINE CONNECTION NEAR INTERSECTION OF ORCUTT RD. AT LOPEZ DR., 3 MILES NORTHEAST OF ARROYO GRANDE, CA	2,392	DWR	CCWA

NOTES:
 1. SLOCFCWCD = SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 2. SBCFCWCD = SANTA BARBARA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
 3. TOTAL CONTRACTED CAPACITY WITHIN PHASE 1 OF THE COASTAL BRANCH IS NOT AVAILABLE AT THIS TIME. KERN COUNTY WATER AGENCY HAS CONTRACTED CAPACITY TO DELIVER STATE WATER TO BERRENDA MESA WATER DISTRICT (AG) WHICH UTILIZES CAPACITY IN THE COASTAL BRANCH CANAL. THERE IS ADDITIONAL CAPACITY FOR SANTA CLARITA (DDWD) AND A FUTURE SJV CONTRACTOR.

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

Excess Entitlement - Definition

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

Priority of Use

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

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

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

Note:

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