

City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: James M. Smith, Senior Civil Engineer
VIA: Dan Takasugi, Public Works Director/City Engineer
DATE: May 20, 2008
SUBJECT: Consideration of a Resolution authorizing the one-time sale of a portion of Calistoga's 2007 State Water Project Carryover Water Allocation to the City of Napa and City of American Canyon via the Napa County Flood Control and Water Conservation District

APPROVAL FOR FORWARDING:


 James C. McCann, City Manager

1
2 **ISSUE:**

3
4 Consideration of a Resolution authorizing the one-time sale of a portion of Calistoga's
5 2007 State Water Project Carryover Water Allocation to the City of Napa and City of
6 American Canyon via the Napa County Flood Control and Water Conservation District.
7

8 **RECOMMENDATION:**

9
10 Adopt the Resolution.
11

12 **BACKGROUND/DISCUSSION:**

13
14 The City of Calistoga obtains a portion of its drinking water from the State Water Project
15 (SWP). The City obtains this water via a contract with the Napa County Flood Control
16 and Water Conservation District ('District'), as do most of the cities within Napa County.
17 The District serves as the direct Water Supply contractor for the SWP water, and
18 Calistoga is in essence a 'subcontractor' to the SWP. Calistoga's portion of the
19 District's SWP contract accounts for approximately 7.5% of the Napa County water.
20

21 For the current year, the City of Calistoga is eligible for delivery of SWP water that is far
22 in excess of anticipated SWP demands for 2008, largely as a result of a substantial

23 portion of 'carryover' water that is available this year. Carryover water is that portion of
24 last year's (2007) SWP water allocation that was not completely utilized in 2007. The
25 SWP allows for unused water to be carried over to the following year, provided that
26 certain conditions are met. The biggest restriction to using carryover water is that it is
27 no longer available after the San Luis Reservoir in the Central Valley is filled. Current
28 State projections are that San Luis will not fill this year, meaning that all of the District's
29 (including Calistoga's) 2007 carryover water is expected to be available for use this
30 year.

31
32 Based on Calistoga's actual usage of SWP water in 2007, we have 630 acre-feet of
33 carryover water available this year. In addition, the City is entitled to delivery of 577
34 acre-feet of regular contract water, based on the State's announced allocation delivery
35 rate of 35%. The sum of these figures is 1,207 acre-feet of SWP water available this
36 year, which is substantially in excess of our expected demands of the SWP water
37 supply. Calistoga has used between 360 and 490 acre-feet of SWP per year in recent
38 years, out of total City water consumption of 800 to 835 acre-feet per year. The other
39 source of City water supply is Kimball Reservoir.

40
41 Staff estimates that City water usage for 2008 can be met as follows:

42

43	2007 Carryover SWP Water	112 acre-feet
44	2008 Regular SWP Water	390 acre-feet
45	2008 Kimball Water	<u>318 acre-feet</u>
46	Total	820 acre-feet

47

48 Considering only the SWP water, the excess SWP water available this year is 705 acre-
49 feet (1,207 minus 112 minus 390 equals 705). Of this excess SWP water, staff
50 proposes to reserve 205 acre-feet for Calistoga's sole use, to serve as a contingency
51 amount in the event that water demands are unexpectedly much higher than projected.
52 This 205 acre-feet contingency amounts to a 40% 'cushion' as compared to the
53 expected use of SWP water. Further, since staff does not anticipate using much, if any,
54 of this contingency water this year, any remaining water will be available for carryover
55 for 2009, assuming that overall SWP conditions permit carryover to next year.

56
57 The remaining SWP water supply for 2008, 500 acre-feet, could be considered surplus
58 and made available to other entities in need of supplemental water this year. This
59 would be a one-time sale opportunity, having no impact or effect on Calistoga's long-
60 term water supply contract. A one-time water sale possibility has been discussed at the
61 staff level with other cities in Napa County, and the cities of Napa and American Canyon
62 have expressed their interest in acquiring additional water supplies this year. They
63 have each already taken steps to acquire surplus water from elsewhere in the SWP
64 system. However, such external supplies are limited, and all the staff have recognized

65 this as an excellent opportunity to coordinate and cooperate with each other (within the
66 County) with respect to water supply issues. The cities of Napa and American Canyon
67 are currently prepared to purchase our excess water, in whatever quantity Calistoga
68 deems suitable for sale.

69
70 Staff proposes to achieve the sale through very simple 'book-keeping' actions to be
71 administered through the Napa County Flood Control and Water Conservation District
72 (District). No State action will be involved. The District will simply debit (bill) the other
73 two cities for Calistoga's surplus water, and credit Calistoga for the associated revenue.
74 Staff proposes a \$200 per acre-foot cost of the water, which is based on a statewide
75 negotiated value of single, dry-year water supplies, as developed by a coalition of State
76 Water Contractors. Staff at both Calistoga and the other two cities believe that this cost
77 is equitable, and that it is appropriate to be consistent with the prevailing purchase rate
78 for surplus water. Note that the other two cities are also going to be purchasing surplus
79 water from others at this same price.

80

81 **ENVIRONMENTAL REVIEW**

82

83 Staff has reviewed this proposed action, in consultation with the City Attorney's office,
84 from the perspective of CEQA. Under the CEQA guidelines, defined at Section 15378,
85 this action is not a 'project'. It is merely a government fiscal activity, which does not
86 cause a direct or reasonably foreseeable indirect physical change in the environment.
87 Activities that are not a project are not subject to any further review or action under
88 CEQA.

89

90 **FISCAL IMPACT:**

91

92 The sale of up to 500 acre-feet of surplus water, valued at \$200 per acre-foot, has the
93 potential to result in \$100,000 of net revenue to the Water Enterprise Fund.

94

95 **ATTACHMENTS**

96

97 1. Resolution

98

RESOLUTION 2008- _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA,
COUNTY OF NAPA, STATE OF CALIFORNIA,
AUTHORIZING THE CITY MANAGER TO IMPLEMENT A ONE-TIME SALE OF
UP TO 510 ACRE-FEET OF SURPLUS 2007 STATE WATER PROJECT (SWP)
CARRYOVER WATER TO THE CITIES OF NAPA AND
AMERICAN CANYON VIA THE NAPA COUNTY FLOOD CONTROL AND
WATER CONSERVATION DISTRICT

WHEREAS, the City of Calistoga obtains a portion of its drinking water from the State Water Project (SWP); and

WHEREAS, for the current year, the City of Calistoga is eligible for delivery of 1,207 acre-feet of SWP water, which is far in excess of our anticipated SWP demands for 2008; and

WHEREAS, staff estimates the total water supply required for 2008, from all water sources, to be 820 acre-feet, of which 502 acre-feet will be supplied by the SWP; and

WHEREAS, staff has recommended that Calistoga should retain full ownership and control of an additional 205 acre-feet of SWP water, as a contingency against unexpectedly high water demands; and

WHEREAS, after fully considering the expected water demands for 2008, plus the additional contingency allowance, staff recommends that 500 acre-feet of SWP be found to be surplus; and

WHEREAS, the cities of Napa and American Canyon have expressed a strong interest in acquiring additional water supplies this year, and the sale of surplus water from the City of Calistoga to these other cities presents an excellent opportunity to coordinate and cooperate with each other (within the County) with respect to water supply issues; and

WHEREAS, staff proposes a \$200 per acre-foot cost of the water, which is based on a statewide negotiated value of single, dry-year water supplies, as developed by a coalition of State Water Contractors and found to be fair and reasonable; and

WHEREAS, staff proposes to implement the sale through a simple administrative process to be facilitated by the Napa County Flood Control and Water Conservation District.

NOW, THEREFORE BE IT RESOLVED that the City Manager is authorized, in his sole discretion, to implement a one-time sale of up to 500 acre-feet of surplus SWP carryover water to the cities of Napa and American Canyon, at the agreed-upon price of \$200 per acre-foot.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this 20th day of May 2008 by the following vote:

AYES:
NOES:
ABSTAIN/ABSENT:

JACK GINGLES, Mayor

ATTEST:

SUSAN SNEDDON, City Clerk