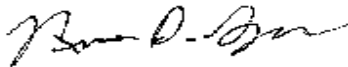


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Derek Rayner, Senior Civil Engineer
VIA: Michael Kirn, Public Works Director/City Engineer
DATE: June 18, 2013
SUBJECT: Consideration of a Resolution Approving Amendment No. 11 to the Water Supply Contract with the Napa County Flood Control and Water Conservation District Agreement No. 1926 Authorizing the Sale of a Portion of Calistoga's 2013 State Water Project Carryover Water Allocation via the Napa County Flood Control and Water Conservation District

APPROVAL FOR FORWARDING:



Richard D. Spitler, City Manager

1 **ISSUE:** Consideration of a Resolution approving Amendment No. 11 to the
 2 Water Supply Contract with the Napa County Flood Control and Water
 3 Conservation District Agreement No. 1926 authorizing the sale of a portion of
 4 Calistoga's 2013 State Water Project Carryover Water Allocation via the Napa
 5 County Flood Control and Water Conservation District.
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7 **RECOMMENDATION:** Adopt Resolution.
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9 **BACKGROUND:** The City of Calistoga obtains a portion of its drinking water
 10 from the State Water Project (SWP). The City obtains this water via a contract
 11 with the Napa County Flood Control and Water Conservation District (District), as
 12 do most of the cities within Napa County. The District serves as the direct Water
 13 Supply contractor for the SWP water, and Calistoga is in essence a
 14 'subcontractor' to the SWP. Calistoga's portion of the District's SWP contract
 15 accounts for approximately 6.6% of the Napa County water. The SWP operates
 16 on a calendar year schedule.
 17

18 In response to continuing dry conditions statewide, the Department of Water
19 Resources (DWR) is establishing a 2013 – 2014 Multi-Year Water Pool
20 Demonstration Program (Demonstration Program) to improve water management
21 flexibility within the SWP. The Demonstration Program will allow water short
22 SWP contractors to purchase project water from other SWP contractors for two
23 consecutive years. Carryover water (discussed later) will only be available in
24 2013. The cities of American Canyon, Calistoga, and Napa (Cities) have
25 requested that the District participate in the Demonstration Program. The Cities
26 are all bringing this discussion to their Councils this evening. The Cities must
27 advise the District if they wish to be buyers or sellers no later than June 24, 2013.
28 The selling price depends on the SWP allocation. Currently the SWP allocation
29 is at 35% bringing the selling price to \$253 per acre-foot. Implementation of this
30 Demonstration Program necessitates amending the City's contract with the
31 District. Approval of the amended agreement with DWR and the three contracts
32 with the Cities are needed for full participation in the program.

33
34 **DISCUSSION**

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36 The City of Calistoga is eligible for delivery of SWP water that is far in excess of
37 anticipated SWP demands for 2013, largely as a result of a substantial portion of
38 'carryover' water that is available over the last few years. Carryover water is that
39 portion of the previous year(s) unused allocated water. Carryover has been
40 significant over the last two calendar years (2011/2012). The SWP allows for
41 unused water to be carried over to the following year or year(s), provided that
42 San Luis Reservoir in the Central Valley does not fill and spill. Current State
43 projections are that San Luis will not fill/spill this year, meaning that all of the
44 District's (including Calistoga's) 2012 water is expected to be available for use.
45 San Luis reservoir is currently only 35% full.

46
47 Based on Calistoga's actual usage of SWP water in 2012, we have 1,815 acre-
48 feet of carryover water available this year. In addition, the City is entitled to
49 delivery of 674 acre-feet of regular contract water per year (Table A), based on
50 the State's announced allocation delivery rate of 35%. The sum of these figures
51 is 2,489 acre-feet of SWP water available in calendar year 2013, which is
52 substantially in excess of our expected demands.

53
54 Calistoga's total water consumption has historically been 709 to 944 acre-feet
55 over the last 19 years (see attachment). The last 5 years we have averaged 754
56 acre-feet total annual water use. Calistoga has used between 250 and 590 acre-
57 feet of SWP water per year over the last 19 years. The last five years we have
58 averaged 442 acre-feet of SWP water annually. In addition to the SWP supply,
59 Calistoga has a second water supply in Kimball Reservoir which makes up about
60 40% to 50% of our water supply.

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63 Staff estimates City water usage for 2013 as follows:

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65 1. Water Source 1 – State Water Project (SWP)

66 • Projected SWP Carryover use in 2013 257 acre-feet

67 • Regular SWP Water (Table A) 193 acre-feet

68 • Total Projected SWP Use 450 acre-feet

69

70 2. Water Source 2 - Kimball Reservoir

71 • Kimball WTP 325 acre-feet

72

73 3. Total Projected Water Use 775 acre-feet

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75 Total projected SWP Carryover in 2014 is 2,039 acre-feet (1,558 Carryover, 481
76 of regular SWP water). Of this excess SWP water, staff proposes to reserve a
77 minimum of 600 acre-feet for Calistoga's sole use (see attached spreadsheet),
78 and serve as a contingency amount assuming drought conditions over the next 3
79 years (20% to 25% SWP allocation). This value includes higher than average use
80 of SWP demands over the 3-yr drought period and doesn't include water
81 rationing which would be enforced. It also includes a factor of safety of 2 (or
82 200%) to cover fluctuations in the estimated values. At this point it is projected
83 we could sell up to 1,439 acre-feet of water for an estimated \$364K but as an
84 added measure of protection, we could keep an additional 300 acre-feet, to bank
85 a total of 900 acre-feet of SWP water (a total of 2 full year's supply) and propose
86 to sell 1,100 acre-feet for a total of \$278,000.

87

88 Carryover water must be sold in 2013, and according to the SWP amendment,
89 carryover water cannot be sold in 2014, only excess regular SWP water. Staff
90 recommends selling 1,100 acre-feet of SWP supply.

91

92 The attached Amendment No. 11 to Agreement No. 1926 with the Napa County
93 Flood Control and Water Conservation District (Agency) would allow the
94 purchase or sale of SWP water through a Purchase Order process. A Purchase
95 Order would be not be effective until it had been executed by both the City and
96 the Agency.

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98 **ENVIRONMENTAL REVIEW**

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100 As CEQA lead agency, the DWR plans to file a Notice of Exemption based upon
101 the Class 1 (CEQA Guidelines Section 15301) and Class 6 (CEQA Guidelines
102 Section 15306) categorical exemptions upon final approval of the agreement.

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FISCAL IMPACT:

The sale of 1,100 acre-feet of surplus water, valued at \$253 per acre-foot, has the potential to result in \$278,300 net revenue to the Water Enterprise fund.

ATTACHMENT:

1. Resolution
2. Amendment No. 11 to Agreement No. 1926
3. State Water Project Projected Water Sale 2013