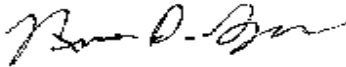


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Michael Kirn, Public Works Director/City Engineer
DATE: April 15, 2014
SUBJECT: Consideration of a Resolution Authorizing the City Manager to Negotiate and Execute the Necessary Agreements to Secure Emergency Water Supplies from the Solano County Water Agency

APPROVAL FOR FORWARDING:



Richard D. Spitler, City Manager

ISSUE: Consideration of a Resolution authorizing Resolution Authorizing the City Manager to Negotiate and Execute the Necessary Agreements to Secure Emergency Water Supplies from the Solano County Water Agency.

RECOMMENDATION: Adopt the Resolution.

BACKGROUND/DISCUSSION: Through our contract we are entitled to 1950 acre feet of State Water Project (SWP) water annually through the North Bay Aqueduct (NBA), depending on the allocation declaration issued by the State. Due to the severe dry weather the past three years the SWP has declared a zero percent water allocation for 2014.

Since January 1, 2014 we have been using our prior year carry-over allocation (which was approximately 835 acre feet as of January 1, 2014) and a small amount for Kimball which currently contains 318 acre feet. Under normal dry year conditions we have sufficient water supplies to meet our needs through 2015. Because of the uncertainty of SWP water we are limiting our production at Kimball to treat and use only water that is actively spilling to maintain maximum storage for summer and fall demands.

Due to environmental and operational constraints associated with the SWP the Department of Water Resources (DWR) is considering installing rock barriers in the Delta to maintain water quality in the middle and interior portions of the Delta. These barriers, which could be constructed as soon as May, have the potential to degrade water quality at the NBA intake pumps to a point where we would not be able to treat the water to state standards for drinking water as soon as June 1, 2014. DWR has also

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26 advised us that they have to impose pumping restrictions due to environmental
27 constraints, and take the NBA pumps off-line for extended periods this summer.

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29 If the NBA supply is reduced or eliminated, Calistoga would not be the only City affected
30 as Napa, American Canyon and Benicia depend heavily on NBA water for their needs.
31 The Council has directed staff to identify drought contingency plans and options for
32 emergency water supplies. Staff has identified the following options:

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34 • Purchase water from other SWP Contractors
35 • Implement Stage III water conservation – including a ban on all outdoor irrigation
36 • Contract for use of local wells
37 • Truck water in from outside sources

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39 Staff has been meeting with NBA users and DWR for the past two months to develop a
40 solution that that has the greatest chance of being successful for all entities. Solano
41 County Water Agency (SCWA) has indicated they would be willing to facilitate a water
42 purchase from some of their member agencies, securing the necessary approvals, and
43 constructing an inter-tie to deliver water from Lake Berryessa. The cost of the water
44 has been set at \$600 per acre foot.

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46 All costs associated with construction of the inter-tie would be borne by the parties that
47 take Berryessa water. At present the actual cost for the inter-tie is unknown but staff
48 estimates our portion would be in the \$50,000 range. Assuming that we purchase 400
49 acre feet of water through December of this year our cost for water purchase would be
50 \$240,000. There would be additional costs associated with normal NBA operations but
51 those are already included in our water operating budget.

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53 Staff believes that this option is the only one that meets our needs for the balance of
54 2014 and provides the greatest reliability in maintaining adequate water for public safety
55 (fire suppression and sanitary needs).

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57 Due to the urgent conditions, staff is recommending that the Council authorize the City
58 Manager to negotiate and execute agreements with various parties in substantial
59 conformance with the attached Principles of Agreement, and subject to approval as to
60 form by the City Attorney.

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62 **ENVIRONMENTAL IMPACT:** SCWA is taking the lead on all of the necessary
63 environmental reviews and approvals including CEQA and NEPA for the water
64 purchase. Because we would continue to receive water treated by the City of Napa and
65 delivered by the NBA pipe line there is no physical chance in our water operating
66 system.

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68 **FISCAL IMPACT:** The estimated cost to Calistoga for obtaining water from SCWA is
69 \$290,000. Our share of the inter-tie construction, estimated to be \$50,000 would be
70 incurred this fiscal year. There is currently \$300,000 in this year's Water CIP budget for
71 the Dwyer Road Pump Station that will not be expensed this year and a portion of this
72 appropriation could be directed to the SCWA Inter-tie construction.

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74 Increased costs for purchase of water would be realized next fiscal year and the
75 proposed FY 14/15 Water Operating Budget would include this increased water
76 purchase costs for Council consideration during budget deliberations.

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78 **ATTACHMENTS:**

79 Resolution

80 Principles of Agreement

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RESOLUTION 2014- XXX

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**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA,
COUNTY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE CITY
MANAGER TO NEGOTIATE AND EXECUTE THE NECESSARY
AGREEMENTS TO SECURE EMERGENCY WATER SUPPLIES FROM
THE SOLANO COUNTY WATER AGENCY**

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WHEREAS, the City of Calistoga has the authority to construct, operate, and maintain the Calistoga Water System; and

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WHEREAS, calendar year 2013 was the driest year on record and 2014 is projected to be critically dry as well; and

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WHEREAS, on January 17, 2014, Governor Brown proclaimed a Drought State of Emergency, calling on local urban water suppliers and municipalities to implement their local water shortage contingency plans immediately and calling on all Californians to reduce their water usage by 20 percent; and

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WHEREAS, in 2014, State Water Project allocations have been reduced to zero percent of contract quantity; and

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WHEREAS, Napa County Flood Control & Water Conservation District (District) manages supplies and imported water supplies from the State Water Project through the North Bay Aqueduct (NBA) for the City of Calistoga (Calistoga) via a Master Agreement; and

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WHEREAS, in March 2014, the Department of Water Resources (DWR) indicated that NBA water deliveries may be curtailed or eliminated due to environmental and operational constraints; and

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WHEREAS, Calistoga may need emergency water supplies if water deliveries from the NBA is curtailed in 2014; and

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WHEREAS, Solano County Water Agency (SCWA) is willing to assist SWP/NBA entities in Napa County, including Calistoga, in providing up to 10,000 acre feet of water from the Solano Project and other sources via an inter-tie with Lake Berryessa (Inter-tie Project) on a temporary urgency basis in an attempt to address the water supply shortages facing NBA Contractors, including Calistoga, as a result of the continuing dry conditions and the 2014 drought; and

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WHEREAS, Calistoga may require an emergency supply of water from the Solano Project in 2014 due to drought conditions; and

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WHEREAS, the timing of the need for the Inter-tie Project is uncertain, however the Inter-tie Project may be needed as soon as June 1, thus the need for an expedited approval process for agreements; and

WHEREAS, SCWA has determined that it is in the best interests of the greater Solano Napa County area to provide emergency drought assistance to its neighbors when possible; and

Principles of Agreement – SCWA Berryessa/NBA Inter-tie Project

All SCWA costs will be reimbursed by the users of the water supply and facilities.

- 1. SCWA – USBR: Land Use Agreement, a standard USBR agreement for use of USBR Solano Project facilities.** This agreement will allow a pipeline to transport Solano Project water from the Putah South Canal to the NBA.
- 2. SCWA - USBR: Water Supply Contract amendment to allow a one year change in the contract “Place of Use” to allow Solano Project water to go to Napa.**
- 3. SCWA-DWR-Napa: Agreement from DWR to allow Solano Project water to be put into the North Bay Aqueduct, including modifications to the NBA to make the connection.**
- 4. State Water Resources Control Board Temporary Urgency Order: Temporary change is water rights place of use for Solano Project water to be used in Napa.**
- 5. SCWA- UC Davis, Solano Irrigation District and Vacaville: Agreement to provide water to Benicia and Napa.**

Principles:

- A. SCWA to pay \$600/AF for water going to Napa; \$200/AF for water going to Benicia
- B. Three sellers share equally in all water sold to Napa and Benicia

6. SCWA-Benicia: Agreement to sell Solano Project water to Benicia and use of connection project.

Principles:

- A. Benicia buys Solano Project water from SCWA at \$200/AF
- B. Purchased water, if not used will be stored in Lake Berryessa under same terms as Solano Project carryover.
- C. Benicia pays a prorated share of connection project costs (same cost components as Napa) based on water volume transported by the connection if used.

7. SCWA – contractor: Agreement with a vendor to provide temporary connection project

Principles:

- A. Standard SCWA construction contract
- B. Contractor furnishes, installs and removes connection project on a rental basis

C. Contract termination 12/31/14 unless mutually agreed to extend

8. SCWA- Vallejo: Agreement for sale of Vallejo Permit Water to Napa and use of connection project

Principles:

A. Vallejo Permit Water (VPW) can only be sold to American Canyon for municipal use (water right limitation)

B. VPW will be purchased by Napa at \$600/AF, if available to be pumped at the NBA and is of a treatable water quality, prior to any purchase of Solano Project water from SCWA.

C. Vallejo pays a prorated share of connection project costs (same cost components as Napa) based on water volume transported by the connection if used.

9. SCWA –RD 2068: Agreement of purchase of exchange water for sale to Napa

Principles:

A. Basic agreement follows 2011 pilot exchange program

B. Exchange water will be purchased by Napa through SCWA at \$600/AF, if available to be pumped at the NBA and is of a treatable water quality, prior to any purchase of Solano Project water from SCWA, but after any VPW purchases.

10. SCWA – Napa County Flood Control and Water Conservation District: Agreement for sale of water and use of connection project

Principles:

A. Napa pays a prorated share of connection project costs based on water volume transported by the connection.

B. SCWA will provide requested water supply to Napa at \$600/AF, up to 10,000 AF in 2014.

C. Napa pays a \$50,000 deposit for SCWA costs from 3/17/14 and any ongoing costs.

D. Napa concurrently executes an agreement for sharing capacity in the NBA on a 74% SCWA and 26% Napa basis (70% SCWA and 30% Napa until the 10th pump at the NBA is installed).

E. Napa will not request use of the 1,500 AF Solano Project contract supply for Lake Berryessa uses for this project.