

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: May 15, 2018
SUBJECT: Consideration of a Resolution Authorizing a Water Exchange with Santa Clara Valley Water District for a Portion of the City's 2018 State Water Project Water Allocation via the Napa County Flood Control and Water Conservation District.

APPROVAL FOR FORWARDING:



Dylan Feik, City Manager

1 **ISSUE:** Consideration of a Resolution authorizing a water exchange with Santa
2 Clara Valley Water District for a portion of the City's 2018 State Water Project
3 Water allocation via the Napa County Flood Control and Water Conservation
4 District
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6 **RECOMMENDATION:** Adopt the Resolution.
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8 **BACKGROUND/DISCUSSION:** On June 18, 2013 the City approved
9 Amendment No. 11 to the Water Supply Contract with the Napa County Flood
10 Control and Water Conservation District (District) Agreement No. 1926
11 authorizing the sale or exchange of a portion of Calistoga's State Water Project
12 Water Allocation via the District upon approval by the City. At the same time the
13 City authorized the sale of 1,100-acre feet of 2013 water. On October 18, 2016
14 the City authorized the exchange of 500-acre feet of water with the Santa Clara
15 Water Agency.
16

17 The City derives its water from its three sources: The State Water Project (SWP)
18 delivered through the North Bay Aqueduct (NBA); Kimball Reservoir; and
19 recycled water from the Dunaweal Wastewater Treatment Plant.
20

21 The accounting of SWP water is complicated and there are several designations
22 of the water. Our basic allocation is called "Table A" water and at 100%
23 declaration our annual entitlement is 1,925-acre feet. As of April 1, 2018, the
24 declaration for North of Delta SWP contractors is 40% - which equates to 770-
25 acre feet for Calistoga for the 2018 calendar year. We have used 20-acre feet of
26 our 2018 allocation leaving a Table A balance of 750-acre feet.

27
28 Article 21 Water is water that is available when there are significant flows in the
29 Delta that are "in excess" of the flows needed for riparian and environmental
30 requirements and other south of Delta SWP Contractor demands. Although we
31 pay for Article 21 Water, it does not count against our Table A allocation, nor is it
32 charged against our carryover water. For 2017, the Delta was "in excess" 9 out
33 of 12 months resulting in the City receiving 366-acre feet of Article 21 water. For
34 2018 the City has received 86-acre feet of Article 21 water and there is the
35 possibility of an additional 25-30-acre feet for April deliveries.

36
37 The next SWP water is "carryover" water. This is Table A water allocations
38 which we did not use in prior years and have "carried over" to the current water
39 year. One caveat regarding carryover water is that if the San Luis Reservoir
40 spills all SWP Contractor's carryover water is assumed to have been spilled and
41 the balance is reset to zero. This was case in early 2017 and our carryover
42 balance was reduced to zero.

43
44 Formulas specifying how much water that can be "carried over" from a given
45 water year are complicated. Our current carryover balance is 818-acre feet. For
46 2018 the maximum amount of water that we can carryover is 51-acre feet, for a
47 projected year end carryover total of 869-acre feet.

48
49 This leaves Calistoga with approximately 700-acre feet of Table A Water (750 -
50 51) we have to use or lose during the 2018 calendar year. We have reviewed
51 current demand and NBA usage and estimate we will use approximately 300-
52 acre feet of our 2018 Table A allocation. This results in approximately 400-acre
53 feet of our Table A Water that would be returned to the SWP "pool" or lost. Our
54 carryover balance of 818-acre feet will remain, provided San Luis does not spill,
55 and is equal to approximately 2 years of NBA water demand taking into
56 consideration local production from Kimball Reservoir.

57
58 The Department of Water Resources is allowing water exchanges between SWP
59 Contractors to maximize water availability throughout the State. The cities of
60 Napa and Calistoga have determined that we will not be able to use or carryover
61 all of our 2018 water allocation. As such we have opened discussions with the
62 Santa Clara Valley Water District (SCVWD) on a potential water exchange.
63 Napa has identified 6,000-acre feet and Calistoga 400-acre feet of our 2018
64 allocation that is available for exchange and SCVWD has indicated a willingness
65 to enter into an exchange agreement with the District for this excess water.

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67 The principle terms of the exchange are as follows:

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- 69 • Payment of \$200/acre foot of water exchanged
- 70 • A “return” of 50% of the water exchanged within ten years
- 71 • All water exchanged will be used by the SCVWD
- 72 • The exchange is approved by the Department of Water Resources

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74 The recommended Resolution authorizes the City Manager to execute the
75 attached the Purchase Order in substantial conformance with Exhibit A to the
76 Resolution exchanging 400-acre feet of Calistoga’s Table A 2018 SWP allocation
77 to SCVWD.

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79 **ENVIRONMENTAL REVIEW:** As the CEQA lead agency, we anticipate that
80 DWR will file a Notice of Exemption based upon the Class 1 (CEQA Guidelines
81 Section 15301) and Class 6 (CEQA Guidelines Section 15306) categorical
82 exemptions similar to previous exchanges upon final approval of the exchange
83 agreement.

84

85 **FISCAL IMPACT:** The City will receive \$80,000 under the terms of the
86 exchange. Administrative costs for Calistoga are estimated to be \$2,000 with net
87 proceeds being \$78,000. Any sales proceeds will be deposited in the Water
88 Enterprise Fund until a specific need for these funds is identified.

89

90 **Attachment:**

91 1. Resolution with Exhibit A

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2
3 **RESOLUTION NO. 2018 - XXX**

4 **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, STATE OF**
5 **CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE**
6 **ORDER FOR A WATER EXCHANGE WITH THE SANTA CLARA VALLEY WATER**
7 **DISTRICT FOR A PORTION OF CALISTOGA'S 2018 STATE WATER PROJECT**
8 **WATER ALLOCATION**

9 **WHEREAS**, the City of Calistoga (City) obtains a portion of its drinking water
10 from the State Water Project (SWP) via contract (Agreement No. 1926) with the Napa
11 County Flood Control and Water Conservation District (District) and;

12
13 **WHEREAS**, in 2013 the City and the District approved Amendment No. 11
14 authorizing the District to sell or exchange portions of Calistoga's State Water Project
15 Water Allocation upon approval by the City; and

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17 **WHEREAS**, the Department of Water Resources (DWR) is allowing water
18 exchanges between SWP Contractors to maximize water availability throughout the
19 State; and

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21 **WHEREAS**, for the 2018 calendar, the City of Calistoga is eligible for delivery of
22 at least 770 acre-feet of SWP Table A water and at least 86-acre feet of Article 21
23 water, which is far in excess of our anticipated 2018 SWP demands; and

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25 **WHEREAS**, staff estimates that at the end of 2018 the City will have 869-acre
26 feet of "carry-over" water which is the maximum that we can "carry-over" for 2018; and

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28 **WHEREAS**, for 2018 Calistoga has 400-acre feet of Table A SWP water that will
29 be "lost";

30
31 **WHEREAS**, the Santa Clara Valley Water District (SCVWD) desires to enter into
32 a water exchange agreement with the District to meet their 2018 projected water
33 demands; and

34
35 **WHEREAS**, after fully considering the expected water demands for 2018, plus
36 maximizing the amount of water that can be "carried-over", and that 400-acre feet of the
37 City's Table A SWP water will be lost, staff recommends that 400 acre-feet of SWP be
38 found to be surplus and available for exchange by the District; and

39
40 **WHEREAS**, SCVWD has agreed to a price of \$200 per acre-foot and will return
41 200-acre feet back to the City within ten years and the District and the City find the
42 proposed terms of the exchange to be fair and reasonable; and

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44 **WHEREAS**, staff proposes to implement the water exchange through a simple
45 administrative process – a Purchase Order attached and made a part hereto of this
46 resolution, to be facilitated by the District; and

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48 **WHEREAS**; any sales proceeds will be deposited in the Water Enterprise Fund
49 until such time as an appropriate use of the funds is identified and approved by the City

50 Council.

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52 **NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of
53 Calistoga hereby authorizes the City Manager to execute a Purchase Order in
54 substantial conformance with Exhibit A (the Purchase Order) authorizing the exchange
55 of 400-acre feet of Calistoga's 2018 State Water Project Table A Water allocation via
56 the District at the agreed upon price of \$200 per acre-foot and hereby authorizes the
57 City Manager to execute all required documents to facilitate the water exchange.
58

59 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of
60 Calistoga at a regular meeting held this 15th day of May, 2018, by the following vote:

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62 **AYES:**
63 **NOES:**
64 **ABSTAIN:**
65 **ABSENT:**
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CHRIS CANNING, Mayor

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70 **ATTEST:**

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KATHY FLAMSON, City Clerk
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Exhibit "A"

NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

WATER PURCHASE ORDER NO. 2018-C01

In accordance with Agreement No. 1926, Amendment No. 11, Agency agrees to execute the sale of supplemental water for the City of Calistoga on the following terms:

TERMS:	
Water Source	City of Calistoga Table A
Quantity	400 Acre Feet
Raw Water Rate (per acre-foot)	\$200.00

CHARGES:	
Initial Program Deposit (refundable)	N/A
Initial Option Acquisition Price	N/A
District Administrative Costs	N/A
Raw Water Costs	\$80,000.00
Other:	N/A
Total Cost per Acre-Foot:	\$200.00
Total Amount Due:	\$80,000

Notes:

Approved by City of Calistoga (SELLER)

Signature

Date

City Manager
Title

Exhibit "A"

**NAPA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT
WATER PURCHASE ORDER NO. 2018-C01**

Approved by Napa County Flood Control and Water Conservation District

Signature

Date
District Engineer
Title

REQUESTED DELIVERY SCHEDULE*	MONTH	AMOUNT
* Agency will not be liable to City for any inability to provide the full amount of water requested or to meet the requested delivery dates.	N/A	N/A