



BOARD OF SUPERVISORS

COUNTY GOVERNMENT CENTER, Room 370 • SAN LUIS OBISPO, CALIFORNIA 93408-2040 • 805.781.5450

December 17, 1998

MICHAEL P. "MIKE" RYAN
SUPERVISOR DISTRICT FIVE

Duane J. Picanco
Mayor
City of El Paso De Robles
1000 Spring Street
Paso Robles, CA 93446

Subject: Response to Your Letter of November 18, 1998 Requesting that the County Flood Control District Pay for Additional Nacimiento Water Project Costs

Dear Mayor Picanco:

I do not support your request that additional project payments be made from Nacimiento Water Contract Fund 0647 and, frankly, am surprised that you made such a request on behalf of your City.

With respect to funding the Nacimiento project, there is a very clear public record that it was the intent of the San Luis Obispo County Flood Control and Water Conservation District to have all project participants, including County special districts, share all preliminary project costs on a pro rata basis. This intent was documented through reservation agreements that were executed specifically to memorialize the serious intent of the signing agencies to participate in the project through at least the present phase of development. Our Board chose to handle the preliminary costs of this project in this type of pay-as-you-go manner so participants could not back out at a later date without sharing any of the costs, as occurred with the State Water Project.

On October 10, 1992 your City was sent draft language concerning this concept, and on November 13, 1992 your City Manager sent a letter to our district staff making comments about the draft agreement, but saying nothing contrary to the concept of project participants paying pro rata project costs. On April 6, 1993 your City Council approved the payment concept and directed Mayor Iverson to sign the agreement, which he did. Based, in part, on that commitment, the County approved all of the participants' reservation agreements on May 4, 1993 and proceeded with the current phase of the project.

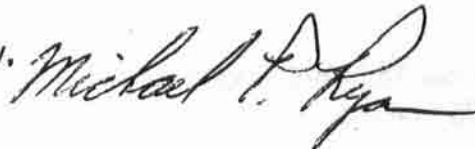
Further, in addition to the participants' requirement to comply with the conditions of the reservations agreement, you are advised that the reserve funds that were used to pay for the supplemental EIR costs were generated by a pre-Proposition 13 general property tax levy of the Flood Control District. As such, they may be used by the Board of Supervisors

of the Flood Control District for any Flood Control related purpose it chooses, on a district wide basis. This is not a "special purpose property tax assessment," as your letter states.

When my Board varied from its long standing policy of having only Nacimiento project participants pay for project costs by allocating \$396,262 of Nacimiento Water Contract funds for the supplemental EIR costs, we did so with the caveat that such a transfer was to be a special, one time action to show good faith by the County Flood Control District and support for the project participants.

In summary, for the reasons state above, I have no interest in having my Board discuss abolishing the existing participants' agreement and using funds belonging to the entire Flood Control District for the benefit of select agencies.

Sincerely,

A handwritten signature in black ink that reads "Michael P. Ryan". The signature is written in a cursive style with a large, stylized initial "M".

Michael P. Ryan
Chairman