

TO: James L. App, City Manager
FROM: Doug Monn, Public Works Director
SUBJECT: Proposed Formation of Water District
DATE: February 18, 2014

NEEDS: For City Council to consider supporting a petition for the formation of a proposed water district covering a portion of the Paso Robles Groundwater Basin.

FACTS:

1. In recent years declining groundwater levels have been reported in certain areas of the Paso Robles Groundwater Basin, particularly in the Estrella Area east of the Paso Robles Municipal Airport.
2. Rural residents have expressed concern about wells going dry and requested action by the San Luis Obispo County Board of Supervisors.
3. On August 27, 2013, the Board of Supervisors adopted Ordinance No. 3246 (the "County Ordinance"), establishing a temporary moratorium on new or expanded irrigated crop production and other activities throughout the unincorporated area and other portions of the Paso Robles Groundwater Basin.
4. Recognizing that the County Ordinance will expire and that its focus is limited to crop irrigation, stakeholders throughout the Groundwater Basin have been exploring options for more comprehensive basin management.
5. Months of public meetings have ensued with significant contributions from rural residents represented by a group known as PRO Water Equity and agriculturalists represented by a group known as PRAAGS – Paso Robles Agricultural Alliance for Groundwater Solutions.
6. Together, PRO Water Equity and PRAAGS are sponsoring a petition for the formation of a water district and seek the City of Paso Robles' support for such petition, a draft of which dated January 30, 2014 (the "Draft Petition") has been submitted to the City for consideration.
7. The Draft Petition states that the water district would be formed pursuant to California Water Code Sections 34000 through 38501, known as the California Water District Law, which outlines the steps for formation and overall powers of such water districts.
8. The Draft Petition proposes procedures for the initial Board of Directors of the water district to be nominated in accordance with the Water Code, although PRAAGS and PRO Water Equity have agreed to propose special legislation to provide for future Boards of Directors to be elected by both landowners from a variety of parcel sizes (6 Directors) and residents (3 Directors) within the water district.

9. According to the Draft Petition, the proposed water district would encompass approximately 460 square miles of the overall 790 square miles Paso Robles Groundwater Basin and would exclude (i) land within the City limits; (ii) the identified "subbasin" from which both Atascadero Mutual Water Company and the City pump; (iii) Monterey County; and (iv) areas served by existing water retailers. A map showing the proposed water district boundaries is attached.
10. On February 11, 2014, the County Board of Supervisors agenda includes consideration of a Legislative Platform Policy Statement for the Paso Robles Groundwater Basin which, among other things, would support the above-mentioned special legislation to provide for future Boards of Directors of the proposed water district to be elected by both landowners and residents within the district.
11. The San Luis Obispo Local Agency Formation Commission will also need to consider the proposed water district formation, as required by law. The draft LAFCO formation petition is attached.

**ANALYSIS &
CONCLUSION:**

Successfully addressing declining water levels in the Paso Robles Groundwater Basin is likely to require a combination of demand management and supplemental supplies. It will also require funding to actively manage the basin.

Forming the proposed water district should result in an entity with the powers to take those active management steps.

The City of Paso Robles will not be included within the boundaries of the proposed water district, but sees the regional benefits of such formation. For example, the proposed water district could undertake basin recharge projects using available Nacimiento and/or State Water. Recycled water from the City may also be purchased by the proposed water district for beneficial reuse. Such steps could result in a long-term benefit to the Paso Robles Groundwater Basin.

**POLICY
REFERENCE:**

City of Paso Robles "Water Resources Plan Integration and Capital Improvement Program" dated February 2007; 2010 Urban Water Management Plan.

**FISCAL
IMPACT:**

Formation of the proposed water district has no direct fiscal impact on the City. Its formation could result in a potential supplemental supply partner for future efforts.

OPTIONS:

- a. Adopt resolution supporting the formation of the proposed water district to cover a portion of the Paso Robles Groundwater Basin, or;
- b. Amend, modify, or reject the above option.

Attachments:

Draft Petition to LAFCO dated January 30, 2014
Proposed Paso Robles Water District Map as of February 10, 2014
Resolution No. 2014-XXXX

TO:

To be filled in by LAFCO

Local Agency Formation Commission
County of San Luis Obispo
1042 Pacific Street, Suite A
San Luis Obispo, CA 93401

File No: _____
Date Presented: _____
Officially Filed: _____
Designated as: _____
LAFCO Action: _____
Date: _____

**PETITION FOR FORMATION OF THE
PASO ROBLES BASIN WATER DISTRICT**

(pursuant to Government Code Sections 56700 and 56860; Water Code Section 34165)¹

(1) State that the proposal is made pursuant to this part.

The proposal is made pursuant to Part 3, Division 3, Title 5 of the California Government Code (commencing with section 56000, Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000).

(2) State the nature of the proposal and list all proposed changes of organization.

To form a Water District pursuant to Division 13 of the California Water Code (commencing at section 34000, the "Principle Act"). The proposed name of the new district is the "Paso Robles Basin Water District".

(3) Set forth a description of the boundaries of affected territory accompanied by a map showing the boundaries.

See accompanying map attached as Exhibit A. Attached as Exhibit B is a preliminary description of the boundaries of the proposed District, and a specific legal description of the boundaries will subsequently be submitted to the Local Agency Formation Commission, County of San Luis Obispo ("Commission").

(4) Set forth any proposed terms and conditions.

- (a) In order to encourage participation in the proposed district to effectuate enhanced management of the Paso Robles Groundwater Basin (Basin), it is requested that the Commission include the following condition upon formation of the proposed district: To the extent consistent with applicable law, that any lands that are not developed based on reliance on groundwater or any surface supplies that may be made available by the District and which lands remain undeveloped will: (a) not be subject to any

¹ This Petition supersedes and replaces petitions filed September 13 and November 8, 2013

assessments or charges to pay costs associated with importing supplemental supplies; and (b) will be subject to assessments or charges associated with the administration of the proposed district established through the Proposition 218 process, not to exceed 3. 33% of such assessments or charges levied upon lands that are so developed. Smaller parcels may be subject to a per parcel charge established consistent with the Proposition 218 process.

- (b) That the Commission provide for procedures for the nomination of candidates for the initial Board of Directors, to be elected in conjunction with the Formation Election, consistent with the Water Code. It is anticipated that special legislation will be introduced and enacted to provide for a “hybrid” Board of Directors that would be made up of landowners elected by both landowners and residents within the District.
- (c) That the District not be formed unless an assessment ballot process pursuant to Proposition 218 is successfully conducted approving said initial assessment for administration of the District.
- (d) That the Commission include the following conditional upon formation of the proposed district: the District shall not export water from the Paso Robles Groundwater Basin.

(5) State the reason or reasons for the proposal.

The Basin is one of the few major agricultural areas of the State that is not within organized water or other similar type of district. The Basin has experienced significant declines in recent years. The purpose for forming the District would be to provide a public agency with the powers and abilities to, among other things, (i) to develop, construct and operate facilities to import available water supplies to help stabilize the groundwater conditions in the Basin, and (ii) to advance groundwater management and conservation programs and thereby pursue stabilizing the Basin and sustaining its resources for the beneficial use of all who use water within the proposed District. Consistent with existing law, the District would have the authority to develop a groundwater management plan in accordance with the procedural requirements of Part 2.75 (commencing at section 10750) of Division 6 of the California Water Code (aka AB 3030 Plans). It is envisioned that certain activities may be carried out in cooperation with other public agencies, including, but not limited to, the County of San Luis Obispo, San Luis Obispo County Flood Control and Water Conservation District, the City of Paso Robles, and San Miguel and Templeton Community Services Districts. This District will provide a governmental structure for local control and management by the landowners and residents within the proposed District.

(6) State whether the petition is signed by registered voters or owners of land.

Owners of land—The Petition is to be signed by holders of title to a majority of the area proposed for inclusions in the proposed District (CWC Section 34153).

(7) Designate up to three persons as chief petitioners, setting forth their names and mailing addresses.

The Chief Petitioners, acting for and on behalf of the Paso Robles Agricultural Alliance for Groundwater Solutions (PRAAGS), a non-profit unincorporated association, and being its primary officers, are (along with their mailing addresses).

Jerry Reaugh, 3200 Branch Road, Paso Robles, CA 93446

Dana Merrill, 1220 Beaver Creek Lane, Paso Robles, CA 93446

Steve Sinton, 7420 Camatta Creek Road, Shandon, CA 93461

(8) Request that proceedings be taken for the proposal pursuant to this part.

It is requested that proceeding to form the Paso Robles Basin Water District be initiated pursuant to the above referenced Part 3, Division 3, Title 5 of the California Government Code.

(9) State whether the proposal is consistent with the sphere of influence of any affected city or affected district.

The proposal may overlap the sphere of influence of the City of Paso Robles.

(10) Additional applicable items from the Commission form Petition:

- (a) The County of San Luis Obispo and San Luis Obispo County Flood Control and Water Conservation District possesses authority to perform some similar functions as the proposed district.
- (b) The names of all other affected counties, cities and districts: County of San Luis Obispo, San Luis Obispo Flood Control and Water Conservation District, City of Paso Robles.
- (c) The territory proposed for inclusion within the District is inhabited (12 or more people).
- (d) The proposed boundary for the District may split lines of assessment; however, the intent is not to split assessor parcels.
- (e) The proposed boundary will create several islands to enable those jurisdictions to continue to manage the groundwater resources under their existing authority. Other islands may be created by property owners who do not wish to be part of the District and are excluded by LAFCO.
- (f) The District will initially be financed by an assessment approved by the land owners within the District boundary. The future activities of the District will be financed by the land owners within the District, as determined by the Board of Directors.

(11) Additional Items required by Water Code Section 34165:

- (a) The **name of the county** in which the district would be located in San Luis Obispo.
 - (b) The **acreage** included in the proposed district, as illustrated at Exhibit A, is approximately 294,200 acres.
 - (c) The **place of the principle business** (address) of the proposed district presently is PO Box 1499, Paso Robles, CA 93447
 - (d) The potential **sources of supply** to supplement groundwater available within the district include, but are not limited to, unassigned supplies from the Nacimiento Water Project, the State Water Project, and any available supplies from the Salinas River. The common source of supply for all of the proposed district is groundwater, which the proposed district would seek to enhance through projects to import supplemental supplies and groundwater management activities.
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Signatures of Petitioners

[Petitioners' signature pages and Certification of Circulator following]

RESOLUTION NO. 14-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES SUPPORTING FORMATION OF A CALIFORNIA WATER DISTRICT OVER A PORTION OF THE PASO ROBLES GROUNDWATER BASIN

WHEREAS, in recent years declining groundwater levels have been reported in certain areas of the Paso Robles Groundwater Basin, particularly east of the Paso Robles Municipal Airport; and

WHEREAS, on August 27, 2013, the Board of Supervisors adopted Ordinance No. 3246 (the "County Ordinance"), establishing a temporary moratorium on new or expanded irrigated crop production and other activities throughout the unincorporated area and other portions of the Paso Robles Groundwater Basin; and

WHEREAS, recognizing that the County Ordinance will expire and that its focus is limited to crop irrigation, stakeholders throughout the groundwater basin have been exploring options for more comprehensive basin management; and

WHEREAS, months of public meetings have ensued with significant contributions from rural residents represented by a group known as PRO Water Equity and agriculturalists represented by a group known as PRAAGS – Paso Robles Agricultural Alliance for Groundwater Solutions; and

WHEREAS, together, PRO Water Equity and PRAAGS are sponsoring a petition for the formation of a water district and seek support from the City of Paso Robles for such petition, a draft of which dated January 30, 2014 (the "Draft Petition") has been submitted to the City for consideration; and

WHEREAS, the Draft Petition states that the proposed water district would be formed pursuant to California Water Code Sections 34000 through 38501, known as the California Water District Law, which outlines steps for formation and overall powers of such water districts; and

WHEREAS, the Draft Petition proposes procedures for the initial Board of Directors of the water district to be nominated in accordance with the Water Code, although PRAAGS and PRO Water Equity have agreed to propose special legislation to provide for future Boards of Directors to be elected by both landowners from a variety of parcel sizes (6 Directors) and residents (3 Directors) within the water district; and

WHEREAS, according to the Draft Petition, the proposed water district would encompass approximately 460 square miles of the overall 790 square miles Paso Robles Groundwater Basin and would exclude (i) land within the City limits; (ii) the identified "subbasin" from which Atascadero Mutual Water Company and the City pump; (iii) Monterey County; and (iv) areas served by existing water retailers; and

WHEREAS, successfully addressing declining water levels in the Paso Robles Groundwater Basin is likely to require a combination of demand management and supplemental supplies along with funding to actively manage the basin; and

WHEREAS, forming the proposed water district should result in an entity with the powers to take those active management steps; and

WHEREAS, the City of Paso Robles will not be included within the boundaries of the proposed water district, but sees the regional benefits of such formation such as 1) undertaking basin recharge projects using available Nacimiento and/or State Water Project supplies, 2) purchasing recycled water from the City for beneficial reuse, and/or 3) partnering with the City on supplemental water supply projects.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of El Paso de Robles does hereby support formation of the proposed water district as set forth in the Draft Petition to cover a portion of the Paso Robles Groundwater Basin.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said City Council held on the 18th day of February, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Duane Picanco, Mayor

ATTEST:

Caryn Jackson, Deputy City Clerk