



SAN LUIS OBISPO COUNTY  
**DEPARTMENT OF PUBLIC WORKS**

Noel King, Director

**TO:** County Service Area No. 23 Advisory Committee

**FROM:** Paavo A. Ogren, Deputy Public Works Director

**VIA:** Noel King, Director of Public Works

**DATE:** November 4, 2004

**SUBJECT:** Initial Consideration / Introduction of a Technical Memorandum prepared by Todd Engineers on Groundwater Resources of CSA 23 - Santa Margarita

**Recommendation**

That the County Service Area No. 23 Advisory Committee:

1. Review, consider, and obtain public input on the subject technical memorandum at your November 4, 2004 meeting and subsequent meetings, as you deem necessary.
2. Develop changes or additions to your existing public policy recommendations for the Board of Supervisors, if you deem appropriate.

**Discussion**

The County Department of Public Works (DPW) has been working with the CSA 23 Advisory Committee for several years on water resource issues. The following is a list of the most recent actions and direction received by DPW relating to our efforts:

- ✓ In a letter dated April 7, 2004 (Attachment "A") to the Board of Supervisors (Board), your Advisory Group expressed:
  - Support for the DPW recommendation that CSA 23 not participate in the Nacimiento Water Project, and
  - Support for the DPW to pursue other options for acquiring supplemental water at a reasonable cost for customers within CSA 23.

- ✓ In a letter dated May 14, 2004 (Attachment “B”) to the Board, your Advisory Group provided an additional letter to the Board requesting DPW to:
  - Immediately pursue the procurement of State Water via Shandon’s allotment of 85 acre-feet, and
  - The expectation that this action would be done simultaneous to, yet independent of, any supplemental water negotiation with the Santa Margarita Ranch.
  
- ✓ On May 18, 2004, the Board of Supervisors directed staff to “pursue cooperative development of water supply alternatives with Santa Margarita Ranch for County Service Area No. 23 (Santa Margarita) consistent with concepts identified in Exhibit “B-1” of the staff report dated 5/18/04 and pursue State Water with or without or independently of the Santa Margarita Ranch.” The entire May 18, 2004 Board agenda materials and Board minutes are available for review at <http://www.slocountywater.org>

As a result of these actions, DPW began the preparation of a Supplemental Environmental Impact Report (SEIR) to the State Water EIR (certified on October 23, 1993). A “Notice of Preparation” (NOP) indicating our intent to prepare the SEIR was prepared and distributed to state agencies that might have a role in approving or implementing the project. The NOP is required by the California Environmental Quality Act (CEQA) for the specific purpose of initiating interagency dialogue regarding the scope of an EIR. See Attachment “D.”

In our recent efforts to prepare an SEIR that meets the requirements of CEQA, evaluating water supply alternatives has been a major focus of those work efforts. Alternative #4 described in the attached NOP includes the alternative of additional groundwater pumping. Based in part on public comments received over the past several months, we believed that carrying out the direction of the Board and the expectations of the Advisory Group, while ensuring an adequate SEIR, necessitated the hiring of a qualified hydrogeologist to express an opinion on additional groundwater pumping.

The attached technical memorandum prepared by Todd Engineers has been completed consistent with the expectations of DPW for their scope of work. It is especially important for alternatives analysis, as required by CEQA. In essence, it provides “new information” to be considered. This new information should also be considered in your Advisory Group’s policy deliberations, and to reiterate – it must be considered in the SEIR. In essence, it provides additional information relating to the risks associated with the CSA 23 water supply. It is important to recognize, however, that the technical memorandum does not cover water rights or identify new water quality issues.

## New Evidence

Historical concerns of DPW include the concern that the quantity of water within the boundaries of CSA 23 would be insufficient during significant drought to provide an adequate water supply to Santa Margarita residents and customers. In the early 1990's, the CSA 23 well levels located in the shallow alluvial aquifer had dropped substantially, and mandatory rationing was required. These events, in part, led to the development of a well in the separate deeper water bearing "Santa Margarita" formation (the name of the formation is only coincidentally the same as town; the formation exists throughout the state). The new well mitigated some of the risks of the alluvial aquifer by obtaining a portion of the supply from a water bearing formation that is separate from the alluvial aquifer.

The findings of the Todd Engineers technical memorandum conclude, among other things, that the "shallow alluvial aquifer can potentially support the future water needs of the town." The findings also state that "additional agricultural and/or residential development of the surrounding Santa Margarita Ranch based on groundwater is uncertain and additional demands will reduce the reliability of the alluvial aquifer as a source of groundwater."

While the technical memorandum does provide analysis indicating that the alluvial aquifer has a better ability to support the future needs of town as compared to historical concerns expressed by DPW, the technical report does not address the legal water rights of the Ranch versus the legal water rights of town to draw the water from the alluvial aquifer. Lastly, the technical memorandum reiterates risks associated with water quality although it does not provide any new information on water quality risks.

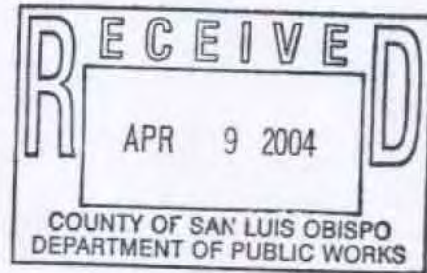
### Does the new evidence have policy significance?

From the perspective of the CSA 23 Advisory Group, DPW would like to know if the new evidence would cause your recommendations to the Board of Supervisors to change. We recognize that discussing the technical memorandum may take more than one meeting of your group, and Todd Engineers can be available to answer questions at a future meeting. If we are to invite them to a future CSA 23 Advisory Group meeting, it would be beneficial if the group could develop a list of question so that Todd Engineers can prepare in advance of the meeting.

From the perspective of the DPW, we do believe that the new information has some policy significance. We do not, however, believe that the new information would cause us to recommend to the Board a change in the overall existing policy direction. Instead, the new information could lead to more detailed direction under the existing general policy direction. For example, the potential agreement with Santa Margarita Ranch should be developed to mitigate water right concerns since that is a significant benefit that could be achieved through a cooperative agreement that could not be achieved under any of the other alternatives for town.

April 7, 2004

Santa Margarita County Service Area 23 Advisory Group



County of San Luis Obispo Board of Supervisors  
Room 370  
County Government Center  
San Luis Obispo CA 93408

Dear Members of the Board of Supervisors,

The Santa Margarita County Service Area 23 Advisory Group supports the Public Works Department in not recommending to the SLO County Board of Supervisors that Santa Margarita participate in the Nacimiento Water Project. We also support Public Works in pursuing other options for acquiring supplemental water at a reasonable cost for customers within CSA 23.

A handwritten signature in cursive script that reads "Heidi Petersen".

Heidi Petersen  
Chairperson, CSA 23

Cc: Noel King, Director Public Works Department

RLK

May 14, 2004



Santa Margarita County Service Area 23 Advisory Group

County of San Luis Obispo Board of Supervisors  
Room 370  
County Government Center  
San Luis Obispo CA 93408

Dear Members of the Board of Supervisors,

The Santa Margarita County Service Area 23 Advisory Group requests that Public Works, on behalf of CSA 23, immediately pursue the procurement of State Water via Shandon's allotment of 85 acre-feet. CSA 23 expects this action would be done simultaneous to, yet independent of, any supplemental water negotiations between Public Works or CSA 23 and the Santa Margarita Ranch.

Heidi Petersen  
Chairperson, CSA 23

Cc: Noel King, Director Public Works Department

Santa Margarita – County Service Area No. 23  
Supplemental Water Alternatives

PKO 4/1/04

Background

In reply to public comments during CSA 23 Advisory Committee meeting of March 2004, Paavo Ogren met with Doug Filipponi on Friday March 12, 2004 to discuss potential cooperation between Santa Margarita Ranch and CSA 23 on water supplies.

The Ranch's Willingness

The following four points were identified by the Ranch as items that they would be open to discuss.

1. The Ranch is willing to consider sharing in the cost of acquiring State Water.
2. The Ranch is willing to consider sharing in the cost of a State Water turnout.
3. The Ranch is willing to consider an emergency intertie with CSA 23.
4. The Ranch's willingness is conditional upon approval of an Agricultural cluster of not less than 112 units.

The County Public Works Thoughts

1. These are good principals to start negotiations.
2. We believe that this approach is better than any of the specific alternatives presented by Public Works staff.
3. It can be less costly than any specific alternative presented by staff.
4. It can provide greater reliability/deliverability than any specific alternative presented by staff.
5. Expansion of CSA 23 should be considered, as well as specific conditions of development, to protect "town" on financial and water rights issues.
6. In our upcoming hearing with the Board of Supervisors on April 27th, we intend to present the "concept" as our #1 alternative and not recommend Nacimiento at this time.
7. We would like to meet with Mr. Filipponi and the CSA 23 subcommittee asap.

## NOTICE OF PREPARATION

**To:**

**From:** Mark Hutchinson  
County of San Luis Obispo  
Department of Public Works  
County Government Ctr Rm 207  
San Luis Obispo CA 93408

**Subject: Notice of Preparation of a Draft Supplemental Environmental Impact Report**

The County of San Luis Obispo will be the Lead Agency and will prepare a supplemental environmental impact (SEIR) report for the project identified below. We need to know the views of your agency as to the scope and content of the environmental information which is germane to your agency's statutory responsibilities in connection with the proposed project. Your agency will need to use the SEIR prepared by our agency when considering your permit or other approval for the project.

The project description, location, and the potential environmental effects are contained in the attached materials. A copy of the Initial Study is not attached.

Due to the time limits mandated by State law, your response must be sent at the earliest possible date but not later than 30 days after receipt of this notice.

Please send your response to Mark Hutchinson, Environmental Programs Manager, at the address shown above. We will need the name for a contact person in your agency.

**Project Title: Supplemental Water Supply for County Service Area 23 (Santa Margarita)**

**Project Applicant: County Service Area 23 / County of San Luis Obispo**

Date: July 9, 2004

Signature:

Title: Environmental Programs Manager

Telephone: (805) 781-5458

Email: mhutchinson@co.slo.ca.us

***Attachment "D"***

## **Project Description**

County Service Area 23 (CSA 23) consists of the community of Santa Margarita, an unincorporated community in north-central San Luis Obispo County (see attached location maps). Santa Margarita has a population of approximately 1,400 and covers an area of approximately 265 acres. CSA 23 supplies the community with water via groundwater wells located in the north-eastern corner of the community. The community is completely reliant on groundwater for its supply.

During periods of low seasonal rainfall, water levels in community wells typically drop, triggering various voluntary conservation methods. Although the community is better than 90% built out according to the current general plan, there is concern that existing groundwater supplies may not be adequate to supply additional residents and that they are inadequate during periods of less than normal rainfall. More importantly, there is concern that current residents may be forced to reduce water use below appropriate levels in years of drought, and further that the reliance on essentially a single supply source (groundwater) may be placing the community in a tenuous public health and safety position.

The purpose of this project is to provide existing and future residents of the community with a more reliable water supply. In order to preserve groundwater supplies (avoid over-pumping) and provide water to build-out, it is estimated that at least 85 acre feet per year of additional water is needed. The evaluation of water demand for the community will include reductions reasonably foreseeable with the implementation of water conservation measures. Also, water demand calculations will assume no changes in general plan build-out numbers for the community (no expansion of the Urban Reserve Line/CSA 23 boundary and no major changes to existing or planned land uses within the community).

### *Alternatives*

The supplemental will evaluate four alternatives:

No Project. Consistent with the requirements of the California Environmental Quality Act (CEQA), the supplemental EIR will examine the probable environmental effects of the “no project” alternative, that is, water would continue to be supplied with existing wells (or new wells located in substantially the same location as the existing wells

Nacimiento Water. The probable environmental effects of supplying the community with water from the Nacimiento Reservoir have been evaluated in the recently certified final EIR for the Nacimiento Water Project (December 2003). The supplemental EIR will incorporate by reference and summarize the relevant information contained in the December 2003 EIR.

State Water. The probable environmental effects of supplying the community with water from the State Water Project were evaluated in the Final Environmental Impact Report



for the State Water Project Coastal Branch Phase II Local Lines and Facilities (March 1992). The supplemental EIR will incorporate by reference, summarize and update the relevant information contained in the March 1992 EIR.

Groundwater Pumping. This alternative consists of new wells either inside and/or outside CSA 23 boundaries to utilize local groundwater resources to meet the needs of existing and future residents.

### *Relationship to the Previous EIR's*

The 1992 Final Environmental Impact Report for the State Water Project Coastal Branch Phase II Local Lines and Facilities addressed the environmental effects of the state water project as well as the effects of serving the community of Santa Margarita with 100 acre feet of state water. However, the community, through the Board of Supervisors of the San Luis Obispo County Flood Control and Water Conservation District, chose not to join the state water project. The main pipeline of the state water project was constructed along the southern boundary of the community, serving water to communities south of Santa Margarita, without a connection to the community's water distribution system.

The 2003 Nacimiento Water Project EIR addresses the environmental effects of that project, including serving the community of Santa Margarita with 100 acre feet of water. The Nacimiento project is in its final stages of evaluation by the various participants, with project design activities anticipated to begin within the next few months.

Although the environmental effects of connecting to either the State Water project or the Nacimiento Water project have been evaluated, the effects of the fourth alternative listed above, groundwater pumping outside CSA 23 boundaries, have not. Therefore, this supplement to the 1992 EIR will both update the 1992 information where necessary, and evaluate the new alternative.

### **Location**

The community of Santa Margarita (CSA 23) is located in north-central San Luis Obispo County. The community is bisected by State Highway 58, approximately two miles east of its junction with State Highway 101. The community can be found on the United States Geological Survey's Atascadero Quadrangle Map (see attached location maps).

### **Probable Environmental Effects**

#### *Direct Effects*

The direct physical impacts of each of the alternatives would result from the installation of varying amounts of new water wells and water lines. The greatest physical impact would be from the Nacimiento Water Project, as connecting the community would require the installation of several miles of additional pipeline, connecting with the system

operated by the Atascadero Mutual Water Company, located north of Santa Margarita. However, the majority of the new pipeline would be constructed with existing road rights-of-way, adjacent to the primary distribution line. [The Nacimiento Water Project is currently proposed as a raw water system; Santa Margarita has no treatment plant so therefore could not draw directly from the primary distribution line that will traverse the community. The option to construct a local treatment plant is considered economically infeasible.]

Connecting to the existing State Water pipeline would require the construction of approximately 65 linear feet of new pipeline, in an area already disturbed by the initial construction of the State Water project.

The groundwater pumping alternative would entail drilling one or more new wells at various locations within and/or outside the community and then connecting them to the existing water distribution system. Depending on the location of the new wells, existing water lines may need replacement for upsizing.

In 1994 the County Department of Planning and Building prepared an Environmental Constraints Analysis for the Santa Margarita Ranch, an approximate 14,000 acre property that completely surrounds the community of Santa Margarita. The constraints analysis identified various environmental constraints relative to proposed development of the Ranch. With respect to the proposed project, the key constraint to the construction of new water facilities is the potential for encountering cultural resources during construction of underground facilities. Other identified constraints in the community, such as seismic effects, drainage and flooding, noise, and public safety hazards either would not substantially impact the construction of new facilities, or would have common effects to all of the alternatives.

### *Secondary Effects*

All three "build" alternatives would have the same secondary impacts, which result from the probable growth inducing effects of the project. While limited by the fact that the community is over 90% built out, secondary growth impacts in the areas of schools (capacity), air quality, and traffic are expected to occur, as identified in both the 1992 and 2003 EIR's. (Note that the growth inducing analysis contained in the 2003 EIR is an update of the 1992 analysis.)

### *Cumulative Effects*

As noted above, the community of Santa Margarita is located in the midst of the approximate 14,000 acre Santa Margarita Ranch. Over the past several years, various development proposals have been proposed for the ranch property. Currently, the ranch supports a variety of agricultural activities, including cattle grazing, dry farming and more recently, vineyards. A proposal to develop over 112 residential units and agricultural related facilities in an agricultural cluster subdivision is expected to undergo preparation of an Environmental Impact Report in the near future. The Ranch was also

identified in the Nacimiento Water Project EIR, with a potential allocation of 200 acre feet/year of water from the Nacimiento Water Project. The cumulative effects of the Ranch Development together with the proposal to secure a more reliable water supply for the community will need to be addressed.

In seeking to ensure a safe, reliable water supply for the community, the County is, on behalf of CSA 23, exploring potential future options for working with the Santa Margarita Ranch on water management approaches that could benefit both entities. To the extent that this option is reasonably foreseeable, it will be addressed in the groundwater pumping alternative. For instance, portions of the ranch overlie the same groundwater basin that supplies the community. It may be possible to jointly manage this groundwater basin in ways that better ensure that water is available to users during periods of reduced deliveries from other sources. Also, should a development project eventually be built on the ranch, it may be beneficial to construct connections between the two water systems to allow sharing of supplies during both planned system maintenance outages as well as during time of emergencies.

However, the proposal to supply the community with additional water is a project that is wholly independent of any future development that might occur on the Santa Margarita Ranch. The volume of water proposed to be delivered to the community is not sufficient to supply future ranch development, and the new infrastructure proposed to be constructed is directed to the community, not to the ranch.