

DRAFT

TO: Blaine Reely, Director of Groundwater Sustainability, County of San Luis Obispo

FROM: Los Osos Basin Management Committee

DATE: [Insert Date]

SUBJECT: Los Osos Basin Management Committee 2026 Growth Rate Recommendation

Executive Summary/Recommendation

The San Luis Obispo County (County) Board of Supervisors (BOS) will vote on a Calendar Year (CY) 2026 Growth Rate for the Los Osos Urban Reserve Line (Los Osos URL) in December 2025. The County's Title 26 Growth Management Ordinance (GMO) (Attachment 1) prescribes a Growth Rate of 0.6% for CY 2026, but this may be adjusted by the BOS as needed. The BMC recommends the County BOS adopt a CY 2026 growth rate of 0% based on the reduced Sustainable Yield estimate predicted utilizing the newly developed Transient Groundwater Model (Transient Model) and the uncertainty of impacts from the growth rate approved for 2025, but not yet implemented.

Notwithstanding the foregoing, this recommendation should not be construed as a recommendation with respect to the appropriateness of issuing permits, in accordance with the provisions of the County's Title 26 (Growth Management Ordinance) and Title 19 (Retrofit to Build) Code of Regulations, to property owners that were provided notice regarding allocations for new development in CY 2025.

Introduction

The Los Osos Basin Management Committee (BMC) prepared the following letter to the County of San Luis Obispo's (County) Groundwater Sustainability Director to provide its recommendations for the County Board of Supervisor's (County BOS) consideration of the Growth Rate for within the Los Osos Urban Reserve Line (Los Osos URL) for Calendar Year (CY) 2026 as outlined in the County's Title 26 Growth Management Ordinance (GMO).

Background

The Los Osos Groundwater Basin (Basin) is the sole drinking water source for the community of Los Osos. Rapid development in the 1970-80's led to rapid increases in water demand and unsustainable levels of groundwater pumping in the Basin. This resulted in seawater intrusion in the lower aquifer, estimated to have intruded at rates exceeding 500 feet/year. Additionally, decades of high-density septic tank discharges contaminated the upper aquifer with nitrate concentrations above the Maximum Contaminant Level (MCL), making it unsafe to drink.

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These conditions prompted several actions including: the California Department of Water Resources declaring the Basin to be in critical conditions of overdraft, a Basin adjudication, formation of the BMC, and development of the 2015 Updated Basin Plan for the Los Osos Groundwater Basin (Basin Plan) (Attachment 2) that outlines the strategy to bring the Basin back into sustainability. Through implementation of the Basin Plan and other measures, the BMC and the community of Los Osos have made significant progress toward halting seawater intrusion, raising groundwater levels, and reducing nitrate contamination.

The Los Osos Community Plan (Community Plan) (Attachment 3) is a planning document adopted by the County and the California Coastal Commission to guide land use, development, infrastructure, and environmental mitigation in the Los Osos area. It is part of the County's General Plan and Land Use Element, and it integrates with other regional plans such as the Estero Area Plan, the Los Osos Habitat Conservation Plan, and the GMO.

The Community Plan focuses on sustainable development within the constraints of limited water resources, sensitive environmental habitats, and infrastructure capacity in Los Osos. The Community Plan includes land use designations, development standards, infrastructure planning, environmental resource management, and community goals and policies. The Plan's development policies are implemented through the GMO's annual dwelling unit allocations and growth rate caps. The GMO was established by the County to regulate residential development in unincorporated areas, ensuring that growth aligns with the capacity of local resources and is tied to the BMC's Sustainable Yield estimate and Basin Yield Metric.

The GMO ordinance sets phased annual growth limits—starting at 0.4% in 2025, increasing to 0.8% by 2027 and adjusting based on a five-year rolling average of the Basin Yield Metric in 2028 and beyond.

The GMO specifies the proposed incremental growth rate for the Los Osos URL for 2025-2027 outlined below:

- 2025: 0.4%
- 2026: 0.6%
- 2027: 0.8%

The Stipulated Judgement prepared as a result of the Los Osos Basin adjudication requires that the BMC adopt a Sustainable Yield estimate on an annual basis. The Sustainable Yield estimate is utilized as part of the equation for calculating the Basin Yield Metric (estimated annual groundwater production/adopted Sustainable Yield estimate) and is used to assess progress toward achieving a production of 80% of the Sustainable Yield estimate and to determine the growth rate set each year under the GMO. As described in the GMO, the BMC annually assesses Basin conditions and provides the County Groundwater Sustainability Director with a recommendation letter each year for their consideration prior to the adoption of the growth rate for the upcoming year.

For 2028 and onward, the GMO identifies that the growth rate for the Los Osos URL is tied to the 5-year rolling average of the Basin Yield Metric, see framework below.

5-Year Rolling Average of Annual Basin Yield Metric	Annual Growth Rate
≤80%	1.0%
>80% to 81%	0.8%
>81% to 82%	0.6%
>82% to 83%	0.4%
>83% to 84%	0.2%
>84%	0.0%

Overview of Basin Conditions

The following section provides an overview of modeled predictions and observed conditions for the Los Osos Basin. The BMC utilizes this combination of groundwater modeling to predict potential future Basin conditions and groundwater monitoring to observe current conditions in its assessment of overall groundwater sustainability for the Basin.

CY 2026 Sustainable Yield Estimate

In the Stipulated Judgement (SJ) and the Basin Plan, the BMC Parties agreed on a framework and methodology for estimating and updating the Sustainable Yield for the Los Osos Basin (Basin), referred to as Sustainable Yield_x, where “X” represents the Sustainable Yield estimate for that year. The SJ and Basin Plan require the BMC to annually evaluate, confirm and set the Sustainable Yield_x based on the best available data and evidence.

Section 6.3.2 (A) of the Basin Plan defines Sustainable Yield_x as:

Sustainable Yield_x equals the maximum amount of groundwater that may be extracted from the Basin in Year X without causing seawater to advance further inland and with no active well producing water with chloride concentrations above 250 mg/l...

The Sustainable Yield_x is determined for a given set of infrastructure in place by using the Model to determine the maximum amount of groundwater extractions that may occur with a stable seawater intrusion front, and no active well producing water with chloride concentrations above 250 mg/l.

The amount of water that can be extracted under these criteria has historically been determined using the Steady State Groundwater Model (Steady State Model) created for the Basin. In 2025, the BMC developed a new Transient Groundwater Model (Transient Model) for the Basin. The Transient Model is a tool that provides a calibrated, dynamic simulation of groundwater levels and seawater intrusion in the Basin and will be utilized by the BMC to assist in its management of this critical resource for the community of Los Osos. The Transient Model is an improvement upon the Steady State Model that the BMC utilized previously for developing Sustainable Yield estimates and predicting potential future conditions in the Basin. The Transient Model allows for prediction of impacts from variable hydrology (i.e. extended droughts, above average rainfall periods, etc.) and incorporates new information on the structure (i.e. depth, layering, etc.) of the Basin that was not previously available.

The Transient Model was utilized to develop a Sustainable Yield estimate for Calendar Year 2026. The results of the Sustainable Yield 2026 Baseline Scenario indicate that a production scenario, which includes the assumption that the Current Condition pumping distribution (i.e. average distribution of pumping from 2019 – 2023) continues for 5 years before the purveyors (i.e. Los Osos Community Services District, Golden State Water Company, and S & T Mutual Water Company) transition to an optimized distribution of pumping, would allow for an average of 2,000 AFY of groundwater to be extracted from the Basin without exceeding the criteria established in the Adaptive Method for seawater intrusion over a 50-yr period (see Attachment 4 for more details on the 2026 SY Baseline Scenario). At the October 15, 2025 BMC meeting (see Attachment 5), the Board approved the Sustainable Yield estimate of 2,000 AFY for Calendar Year 2026.

2024 Annual Monitoring Report

The data for the Basin provided below is from the 2024 Los Osos Basin Annual Monitoring Report (AMR) and covers the reporting period from January 1, 2024 - December 31, 2024. 2024 AMR data is provided for use in guiding the BMC's recommendations regarding the 2026 GMO growth rate because the 2026 growth rate will be adopted prior to the completion of the 2025 reporting year. See the report in Attachment 6.

The BMC's hydrogeologist prepares an AMR for each calendar year which describes activities related to the Los Osos Basin Plan (LOBP) Groundwater Monitoring Program and provides results and interpretation of these activities for Calendar Year 2024. The LOBP Groundwater Monitoring Program is necessary to accomplish the following continuing goals set forth in Section 2.4 of the LOBP:

- 1. Provide for a continuously updated hydrologic assessment of the Los Osos Groundwater Basin (Basin), its water resources and Sustainable Yield.*
- 2. Create a water resource accounting which is able to meet the information needs for planning, monitoring, trading, environmental management, utility operations, land development and agricultural operations.*

Key data and findings from the 2024 AMR are summarized below.

Groundwater Production. Groundwater production for the Basin totaled an estimated 1,690 acre-feet in the 2024 calendar year, which is an increase of 40 acre-feet from 2023. Purveyor groundwater production increased by approximately 40 acre-feet, while production for community facilities decreased by an estimated 10 acre-feet in 2024, compared to 2023. Production for agricultural irrigation increased by an estimated 10 acre-feet, and private domestic production, which was recalculated based on a new study completed in 2023, remained constant at 110 acre-feet in 2024.

Groundwater Production		
Description	2023 Production (AF)	2024 Production (AF)
Los Osos Community Services District	487	491
Golden State Water Company	470	505
S&T Mutual Water Company	27	26
Purveyor Subtotal (metered)	984	1,022
Domestic Wells ¹	110	110
Community Facilities ¹	60	50
Agricultural Wells ¹	500	510
Total Estimated Production	1,650	1,690

¹Rounded to the nearest 10 acre-feet. Production from non-metered wells (Domestic, Community, Agricultural) estimated, see 2024 AMR.

Basin Metrics The Basin Plan established several Basin metrics to evaluate nitrate impacts to the Upper Aquifer, seawater intrusion into the Lower Aquifer, and the effect of BMC management efforts. These metrics allow the BMC, regulatory agencies, and the public to evaluate the status of nitrate levels and seawater intrusion, and the impact of implementation of the Basin Plan programs in the Basin through objective, numerical criteria that can be tracked over time. The status of key Basin metrics in Calendar Year 2024 is summarized below.

2024 LOBP Metric Summary			
Metric	LOBP Goal	Calculated Value from 2024 Data	Change in Condition from 2023
Basin Yield Metric	80 or less	71	Increase from 69 (deterioration)
Water Level Metric	8 feet above mean sea level or higher	4.1 feet above mean sea level	Decrease from 4.3 feet (deterioration)
Chloride Metric	100 mg/L or lower	249 mg/L	Increase from 199 mg/L (deterioration)
Nitrate Metric	10 mg/L or lower	15.7 mg/L (NO3-N)	Increase from 14.2 mg/L (deterioration)

Basin Yield Metric The Basin Yield Metric (estimated annual groundwater production/adopted Sustainable Yield estimate) compares the estimated amount of groundwater extracted (1,690 AFY) with the adopted Sustainable Yield (2,380 AFY for 2024). The Basin Plan goal for the Basin Yield Metric is 80 or less. The Basin Yield Metric for 2024 was 71, however, if a lower Sustainable Yield estimate utilizing findings from the Transient Model was utilized in the 2024 Basin Yield Metric calculation, the value would be higher.

Water Level Metric The Water Level Metric addresses changes in the Lower Aquifer related to seawater intrusion mitigation. The Water Level Metric is defined as the average Spring groundwater elevation,

measured in feet above mean sea level, in five Lower Aquifer wells. The Water Level Metric decreased between 2023 and 2024 from 4.3 to 4.1 feet, which is a deterioration in conditions, and remains several feet below the target value of 8 feet.

Chloride Metric The Chloride Metrics address changes in the Lower Aquifer related to seawater intrusion mitigation. The Chloride Metric is defined as the weighted average concentration of chlorides in four key Lower Aquifer wells. The Chloride Metric increased relative to the 100 mg/L target value between Fall 2023 (199 mg/L) and Fall 2024 (249 mg/L), indicating a deterioration of conditions in 2024.

Seawater Intrusion Front Seawater intrusion in Zone D has increased between 2023 and 2024, with the intrusion front moving east of LA10 (similar to the position shown for 2020 and 2021) in response to increased pumping at LA10. LA10 is screened in Zone D and the top of Zone E, so the increased salinity may be caused in part by an upconing effect from Zone E. Zone E seawater intrusion is pervasive in the Western Area. In the Central Area, Zone E seawater intrusion has advanced inland of LA11, where it appears to have stalled in 2024, but LA15 (Zone D) on Palisades Avenue near the boundary between the Western and Central Areas has reported a 30 percent increase in chloride concentrations over the last five years.

Upper Aquifer Water Level Profile Upper Aquifer water levels were above the Protective Elevation along the bay, except for near UA5. Chloride concentrations at UA5 have increase over time, but remain low and are being closely monitored.

Overview of Los Osos Basin Initiatives

To support the sustainability of the Basin, the BMC and the BMC Parties (Los Osos Community Services District, Golden State Water Company, S & T Mutual Water Company, and the County of San Luis Obispo) are working on multiple initiatives to modify or construct new infrastructure, improve the groundwater monitoring program, and develop or improve tools utilized to assess Basin conditions. A summary of the most relevant initiatives is provided below.

Water Recycling Funding Study

The Los Osos Water Recycling Funding Program (WRFP) Study included development of the Transient Model and performance of a Supply Alternatives Analysis. The supply alternatives analysis utilizes the Transient Model to evaluate different potential recycled water and other water supply alternatives to help identify projects or actions that will benefit the sustainability of the Basin. In evaluating each of the alternatives, the supply analysis looks to quantify the benefit to the Basin and assess potential costs and other feasibility considerations. The supply alternatives considered in the analysis are listed below:

1. Non-Potable Reuse, Irrigation
 - Urban Reuse: Conversion of existing schools, park, and cemetery irrigation systems to be served by the existing non-potable recycled water distribution system and offset potable water deliveries.
 - Agriculture Reuse: Distribution of recycled water to agriculture users to offset groundwater pumping.
2. Indirect Potable Reuse (IPR), Groundwater Replenishment

- IPR, Creek Discharge: Discharge to Los Osos Creek to enhance groundwater recharge.
 - IPR, Injection for Seawater Barrier: Injection of advanced purified water into the lower aquifer of the Los Osos Basin to increase recharge and create a seawater intrusion barrier.
3. New Potable Supplies
- Direct Potable Reuse (DPR): Delivery of advanced purified water to the drinking water distribution system to offset groundwater pumping.
 - Upper Aquifer Nitrate Treatment: Regional Nitrate Treatment Facility to allow for enhanced use of nitrate contaminated upper aquifer supplies.
 - Surface Water Intertie Pipeline: Interconnection with regional surface water conveyance system to provide access to State Water or other supplies to enable conjunctive use.

The WRF Study will help inform the BMC and Purveyors on which projects are most effective for improving the sustainability of the Basin and will guide implementation of future projects.

Los Osos Community Services District Resiliency Intertie Project

The Los Osos Community Services District continues to make progress towards implementation of the Water Resiliency Intertie Project (Intertie Project) since they began investigations into alternative water supply sources in 2021. Efforts to date include the preparation of a preliminary design report, environmental review, and the pursuit of funding sources. At the September 4, 2025 CSD Board meeting, the Board approved a contract in the amount of \$854,044 design of the intertie pipeline. The design project is anticipated to take approximately one year to complete.

Basin Metric Updates

The BMC has provided direction to BMC Staff to update the Basin Metrics utilized to evaluate nitrate impacts to the Upper Aquifer, seawater intrusion into the Lower Aquifer, and the effect of management efforts of the Basin Management Committee (BMC). The updated metrics will allow the BMC to consider inclusion of new (e.g. Cuesta by the Sea, Skyline, Sweet Springs) or modified (LA13 LA14, LA16) monitoring wells and other modification to improve the effectiveness of the metrics for informing the BMC on the status of Basin sustainability.

Transient Model Updates

The County intends to utilize the Transient Model to evaluate growth scenarios associated with the GMO. The County has contracted with an independent hydrogeologic consultant to run additional scenarios and propose refinements to the model. Any refinements made to the model will be in coordination and agreement with the WRF Study Technical Advisory Committee and model developer (Cleath-Harris Geologists).

2026 Los Osos BMC Line Growth Rate Recommendations

With the development of the Transient Model and adoption of a Sustainable Yield estimate of 2,000 AFY for Calendar Year 2026, the BMC has determined that the Sustainable Yield for the Basin has been

significantly reduced from previous estimates. Comparing the updated Sustainable Yield estimate (2,000 AFY) for the Basin to historic production estimates for the last 5 years (1,830 AFY), incorporating updated estimates for Domestic pumpers, it could be estimated that a Basin Yield Metric of 91.5 (i.e. 1,830 AFY/2000 AFY) would be a more appropriate estimate than the value included in the 2024 AMR (71).

Due to the reduced Sustainable Yield estimate for Calendar Year 2026, observed conditions in the 2024 AMR and uncertainty regarding transient model results, the BMC strongly recommends that the County BOS not increase the growth rate for the Los Osos URL in 2026 to 0.6% rate as outlined in the GMO. **The BMC recommends the County BOS adopt a CY 2026 growth rate of 0%** based on the reduced Sustainable Yield estimate predicted utilizing the newly developed Transient Groundwater Model (Transient Model) and the uncertainty of impacts from the growth rate approved for 2025, but not yet implemented.

Notwithstanding the foregoing, this recommendation should not be construed as a recommendation with respect to the appropriateness of issuing permits, in accordance with the provisions of the County's Title 26 (Growth Management Ordinance) and Title 19 (Retrofit to Build) Code of Regulations, to property owners that were provided notice regarding allocations for new development in CY 2025.

Attachments

1. [Title 26 - GROWTH MANAGEMENT | County Code | San Luis Obispo County, CA | Municode Library](#)
2. [Updated Basin Plan for the Los Osos Groundwater Basin](#)
3. [Los Osos Community Plan \(December 2024\)](#)
4. [Sustainable Yield 2026 Baseline Scenario Results for the Los Osos Basin - Los Osos Groundwater Basin](#)
5. [October 15, 2025 Regular BMC Meeting](#)
6. [2024 LOBMC Annual Report - Los Osos Groundwater Basin](#)