



Meeting Minutes

Meeting of the California Water Commission

Wednesday, October 18, 2023

Warren-Alquist State Energy Building

1516 9th Street, Rosenfeld Hearing Room

Sacramento, California 95814

Beginning at 9:30 a.m.

1. Call to Order

Vice Chair Fern Steiner called the meeting to order at 9:28 a.m.

2. Roll Call

Commissioners Bland, Curtin, Gallagher, Makler, Matsumoto, and Steiner were present, constituting a quorum. Commissioner Solorio attended remotely.

3. Closed Session

The Commission did not hold a closed session.

4. Acknowledgement of California Native American Tribal Governments

This is an opportunity for elected Tribal leaders and formally designated Tribal representatives to identify themselves and to specify the agenda item(s) on which they will comment, as described in the Commission's California Native American Tribal Leadership Comment Policy. No Tribal Leaders were identified.

5. Approval September 20, 2023, Meeting Minutes

Commissioner Matsumoto motioned to approve the September 20, 2023 meeting minutes. Commissioner Bland seconded the motion. Commissioners Bland, Curtin, Gallagher, Matsumoto, Solorio, and Steiner voted to approve the minutes. Commissioner Makler abstained.

6. Executive Officer's Report

Executive Officer Joe Yun introduced Aaron Walters to the Commission. Mr. Walters serves as the Water Commission Meeting Coordinator. Mr. Yun also announced the promotion of Brianna Shoemaker to Administrative Supervisor. He mentioned that the draft drought white paper, previously scheduled to be brought to the Commission at this meeting, was not yet ready. Staff are targeting the November Commission meeting to present the draft paper to the Commission. Mr. Yun also reported that on September 27, he assisted Vice Chair Steiner with a presentation to the Brownstein Hyatt Farber Schreck Water Practice Group on the Commission's work and the groundwater trading white paper.

7. Commission Member Report

Commissioner Mackler said he planned to leave the meeting at 12:00 p.m. Commissioner Solorio said he was attending remotely and planned to leave the meeting at 11:00 a.m.

8. Public Testimony

Public comment from Kjia Rivers, Policy Advocate at the Community Water Center, stated that the Community Water Center worked to pass Senate Bill 552, which tasks counties with creating drought task forces and drought resiliency plans. The Community Water Center has observed that counties need more guidance on how to make their drought resiliency plans more effective. The Community Water Center appreciates the county guidebook that was developed earlier this year; however, the language needs to be stronger to portray that certain considerations are non-negotiable. Ms. Rivers suggested that the Department of Water Resources (DWR) develop a drought resilience plan template, to make it clear to counties how to meet the requirements of Senate Bill 552. Ms. Rivers also asked that DWR review and provide feedback to counties as they submit their plans. If DWR needs more authority to implement this process, the Community Water Center hopes that the Commission will make that recommendation to the legislature, so that counties can effectively meet the requirements of Senate Bill 552.

Commissioner Matsumoto requested that Executive Officer Joe Yun pass along Kjia Rivers' comments to DWR staff.

Public comment from Ben King, farmer and property manager from Colusa County, who stated that he had submitted a written comment, along with a report from the United States Fish and Wildlife Service, detailing mercury contamination at the Colusa National Wildlife Refuge. Mr. King said that while he supports the Sites Reservoir Project, he also requests that DWR and United States Geological Survey conduct an extensive groundwater quality survey at the Colusa National Wildlife Refuge. Mr. King also requests that the Commission reconsider the Delevan Interconnect Site in regard to redundancy issues and the negative effects on groundwater quality.

9. Water Storage Investment Program: Pacheco Reservoir Expansion Project Update

In June 2023 the Commission asked representatives of Valley Water, the project proponent for the Pacheco Reservoir Expansion Project, to update them on the status of the project and their progress toward completing the Water Storage Investment Program (WSIP) requirements.

Valley Water Acting Deputy Operating Officer Ryan McCarter provided introductory remarks and shared a YouTube video that provided a general overview of the Pacheco Reservoir Expansion Project, including the project's operations, construction plans, sources of funding and benefits the project would bring to the local communities. The Pacheco project addresses many regional needs, including restoring threatened fish habitats and improving emergency water supply in the case of a natural disaster. The project will store excess water from the San Luis Reservoir in the new Pacheco Reservoir and will capture some local water. That water can then be released into Pacheco Creek to improve steelhead habitats or distributed to Santa Clara

County via the Santa Clara Conduit. Mr. McCarter discussed a refinement to the project facilities, explaining that it is transitioning from a hardfill dam type to an earthfill dam type, an option which was previously explored in Valley Water's draft environmental impact report. There has also been an extension of the power line by about two miles to a new substation, which Valley Water worked closely with Pacific Gas & Electric (PG&E) on. This change will be reflected in the next environmental impact report. Mr. McCarter provided an overview of feasibility evaluations, noting three reports that all determined that the Pacheco project is technically, economically, financially, and environmentally feasible.

Valley Water Engineering Unit Manager Julianne O'Brien provided remarks on the construction costs associated with the Pacheco project, including significant inflation that impacts land values, construction costs, and labor. The capital costs were estimated at \$969 million in 2015, which is \$1.37 billion adjusted for inflation in 2023. Ms. O'Brien commented on the benefits of the project, noting that the project will improve water flow and temperature in Pacheco Creek throughout the year, which will increase the likelihood of fish survival. The project will enhance the Bay-Delta ecosystem as it dedicates 2,000 acre-feet of water for wetlands in below-normal water years. The project will also enhance water supply for agricultural purposes, with as much as 8,300 acre-feet available for agricultural use in critical years. An incidental benefit of the Pacheco project is that it will reduce flooding in disadvantaged communities. The biggest benefit of the project would be the emergency water supply. In the case of an earthquake impacting the region, the project would have just under 100,000 acre-feet of water to supply to communities. In terms of project feasibility, multiple external organizations have conducted peer reviews of the project, and in all of those reviews, the benefit to cost ratio remained above one, and the project remained feasible. The draft EIR/EIS will be recirculated in 2025 and the final EIR/EIS is slated to be provided in the summer of 2026. The project will seek to begin construction in the fall of 2027.

Public comment from Osha Meserve, with the Stop Pacheco Dam Coalition. They believe that Valley Water is glossing over issues that show that the project is becoming less feasible. Additionally, the flood control benefit is not something that the Commission agreed to, nor can it be quantified. The Coalition also believes that the economic aspects of the project are wrong, specifically the cost benefit ratio is not being met and Valley Water themselves estimates this project is a \$5.5 billion dollar project. Ms. Meserve remarked that Valley Water only has two project partners, both of which are already affiliated with the existing Pacheco Dam. Other water districts and water purveyors have not signed onto the project due to this infeasibility. She also noted the environmental damage that the project will cause, as well as encroaching on the nearby State Park and wildlife habitats. Valley Water has not included mitigation costs in the cost estimates. The Stop Pacheco Dam Coalition urges the California Water Commission to ask Valley Water to withdraw the application for this project.

Public comment from Ronald Stork, Senior Policy Advocate with Friends of the River, who said that in the initial application for the Pacheco project, there was no invasion of Henry Coe State Park by the proposed Reservoir. If you were to review Public Resources Code Section 5019.53 Section 5001.9(b), the Parks Department doesn't really have discretion to permit an invasion of

a reservoir by Valley Water. There is no legal feasibility for the project as presently conceived. Most water districts would avoid invading a State Park for fear of the Public Resources Code and the idea of setting a bad precedent.

Public comment from Katja Irvin, Water Conservation Chair with Sierra Club, who said her organization is very concerned about the changing costs and benefits of the Pacheco project. They do not understand why Valley Water reported the numbers they did, as the numbers provided to the Valley Water Board in August reported the total cost as \$2.78 billion, and, inclusive of financing costs, is \$3.27 billion assuming a 35 percent partnership level. Assuming there is no shared cost with project partners, the total cost is \$5.5 billion. Due to the massive environmental impact the project will have, the mitigation costs will be substantial. Ms. Irvin expressed concern that Valley Water did not mention the recently settled CEQA lawsuit, and due to that lawsuit Valley Water had to suspend geotechnical investigation and work on environmental analysis. Project costs and timelines have not been updated to account for the additional work. Ms. Irvin stated that the information presented to the Commission today by Valley Water is out of date and that new information is expected to be presented to the Valley Water Board in January.

Commissioner Bland asked Valley Water about the habitat component of the project and whether they were looking into additional funding from the federal government. Mr. McCarter said they will continue to pursue additional federal funding, although they do have a Water Infrastructure Finance and Innovation Act loan that they are working on with the Environmental Protection Agency (EPA) to keep the financing costs low.

Commissioner Gallagher asked Valley Water if they have received the Water Infrastructure Finance and Innovation Act (WIFIA) loan from the federal government. Mr. McCarter said they have not, but that they will continue to pursue that.

Commissioner Mackler asked Valley Water about the status of the engineering and the level of contingency, specifically the timeline regarding construction and cost certainty. Mr. McCarter said they do have the 30 percent design package that's been reviewed by the Division of Safety of Dams and now they are working on the 60 percent package, however they cannot complete the 60 percent package until next year when they can resume the geotechnical investigations. Ms. O'Brien stated that they are continuing with the aspects of the 60 percent package that do not rely on the geotechnical elements, and those elements will be added to the package once they are completed. They are targeting a completion date of summer of 2024.

Commissioner Mackler asked Valley Water if they will continue to study the flood control benefit. Ms. O'Brien said no, and that is why they are not claiming it. Flood control is not a goal of the project, it is an incidental benefit and there is no plan currently to operate the dam for the purpose of flood control. Commissioner Mackler asked if there is merit in doing a study. Mr. McCarter said there could be merit if there was an opportunity for funding to compensate that benefit.

Commissioner Mackler asked Valley Water for context regarding the reliance on water from the Pacheco Reservoir and what percentage of the water supply comes from the reservoir. Mr. McCarter said the emergency water supply is the main benefit, where in an extreme drought year, they could use the additional supply from the reservoir. He said it will not be an integral part of the annual water supply cycle.

Commissioner Matsumoto asked Valley Water where the remaining funding for the \$1.5 billion in capital costs is going to come from. Mr. McCarter said it will come from the water rates, and what is charged to the retailers. Commissioner Matsumoto asked what that will look like for the rate payers and whether that is a feasible number. Mr. McCarter said it will be a two percent increase each year throughout the life cycle of the project. Commissioner Matsumoto asked why the mitigation costs were not included in the capital costs. Mr. McCarter said that the mitigation costs are included in the \$2.78 billion figure but were not included in the \$2 billion figure given in the presentation. Commissioner Matsumoto asked about the benefit regarding cold water releases for steelhead trout and if the infrastructure of the proposed dam will be built in such a way to make that possible. Mr. McCarter said yes, there will be three different intake ports at different elevations that will be able to draw on the right water temperature and water quality for those releases.

Commissioner Curtin asked Valley Water where the other half of the water comes from that does not come from San Luis Reservoir. Mr. McCarter said that it comes from the local supply, which is mostly ground water. Commissioner Curtin asked where they are at with the Sustainable Groundwater Management Act (SGMA). Mr. McCarter said that he does not know but that Valley Water is very involved with SGMA.

Commissioner Curtin asked about the off-stream pump process and pump storage issues. Mr. McCarter said there is some ability to move that water into the reservoir through gravity. Commissioner Curtin questioned if that was possible with the San Luis Reservoir. Mr. McCarter said there is some possibility, but at a certain level in the new Pacheco Reservoir it would require pumping to offset the difference. Commissioner Curtin asked if there are any energy issues related to pump storage and Mr. McCarter responded that they have ruled out hydropower as an option. Commissioner Curtin asked if PG&E is helping with the EIR regarding the two additional miles of power line. Ms. O'Brien said yes, she believes they are. Commissioner Curtin asked for clarification on the purpose of the two-mile extension of the power line. Ms. O'Brien said that it had to do with getting the energy for the pump station and the routing of the line. Commissioner Curtin asked who was building that line. Ms. O'Brien said that PG&E is building it.

Commissioner Steiner referred to a written comment that had been received from Jim and Connie Rogers who stated in their letter that Amah Mutsun Tribal burial grounds would be buried underneath the proposed reservoir. Commissioner Steiner asked Valley Water if that was a correct statement and if so, what they are doing to address that issue. Ms. O'Brien said that they have been and will continue to be in Tribal consultation with the Amah Mutsun to mitigate any impacts to their land and that they will be reaching out to the Tribe to schedule

the next round of meetings. Commissioner Steiner asked whether that would include moving the burial grounds and Ms. O'Brien said that the exact details of the mitigation have not yet been discussed.

Commissioner Steiner asked Valley Water to speak to the question of new water versus repurposed water. Ms. O'Brien confirmed that the project will not be using new water in the sense that the water will not be used as regular water supply, but that the project will take full advantage of current allotments. For example, in years where there is an excess amount of water that could not previously be stored, it could now be stored and potentially added to the emergency water supply under the new project.

Commissioner Steiner asked Valley Water if the dam would be operated for flood control. Ms. O'Brien confirmed they are not, and that flood control is an incidental benefit.

Commissioner Matsumoto asked Valley Water if the old dam will be removed as part of the construction of the new dam. Ms. O'Brien confirmed that the old dam will be removed. Commissioner Matsumoto asked how many acres will be impacted by the new flood inundation area. Mr. McCarter said the new area is about 1,300 acres.

Commissioner Stienner thanked Valley Water for their presentation and their comments to the Commission.

10. Water Storage Investment Program: Project Update

WSIP Program Manager Amy Young provided an update on the progress of projects being considered for funding. Staff is continuing to work on the funding agreement for the Harvest Water Program. The Los Vaqueros Reservoir Expansion Joint Powers Authority (JPA) is working to meet the final award date in July 2024. The Willow Springs Water Bank will provide a project update at November Commission meeting. Commission staff recently met with the Inland Empire Utilities Agency on the Chino Basin Program and the progress on their permit pathway. Representatives for the Chino Basin Program will make a request to increase the early funding amount at the November Commission meeting. The Sites Reservoir Project's protest period for their water rights process has closed, and staff are currently going through the protest resolution process. There is no update on the Kern Fan Groundwater Project, but Commission staff will be reaching out to the project for an update. The Commission received an update on the Pacheco Reservoir Expansion Project during the previous agenda item.

Public comment from Ben King, who provided comments on the Sites Reservoir Project and expressed his concern as a taxpayer regarding the risk posed by escalating interest rates and the impact that will have on local public agencies and county taxpayers. Mr. King urged the Commission to be as transparent as possible regarding construction costs and financial equity.

Commissioner Steiner asked Amy Young if Valley Water was also involved with the Los Vaqueros Reservoir Expansion Project. Ms. Young confirmed Valley Water is a part of the JPA for the Los Vaqueros Project.

The Commission took a ten-minute break. Commissioner Solorio left the meeting.

11. State Water Project Briefing: Construction and Operations Update

State Water Project (SWP) Water Operations Manager Molly White provided an update on planning and operations during water year (WY) 2023. The WY planning cycle began in November, with conditions well below average on the heels of three drought years. Conditions significantly and rapidly changed with a series of nine atmospheric rivers, a break in February, followed by cold and warm storms, and a dry spring. During drought, key water supply objectives are to provide water to meet minimum health and safety needs, meet environmental needs to protect endangered species, conserve water storage to meet future critical needs, and deliver water based on priority. During periods of excess natural flows, the SWP operations strategy is to maximize Delta exports while providing flows for fisheries, minimize Oroville releases to build storage for future dry conditions (within flood control constraints), and to fill San Luis and southern reservoirs. Forty-six percent of the releases from Lake Oroville in WY 2023 were for flood control and storage management. Thanks to above-average precipitation, SWC allocations were increased in March to 75 percent, and in April to 100 percent, the first time since 2006. Highlights of WY 2023 include the re-direction of 25 thousand acre-feet (TAF) of flood flows through the Kern River Intertie into the California Aqueduct, 400 TAF of surplus flows to the SWC to replenish local surface and groundwater storage, and excess flows into the Delta much of the spring and summer, which were beneficial for listed and endangered species. Currently, Lake Oroville is at 134 percent capacity and is projected to have the flood control space required by the U.S. Army Corps Water Control Manual available in mid-October. San Luis Reservoir, which is jointly managed with the U.S. Bureau of Reclamation (USBR), is at 172 percent of the historical average. DWR continues to plan and prepare for extreme dry or wet conditions. The planning cycle for 2024 SWC allocations begins in November, with ongoing coordination with local, state, and federal agencies.

Sergio Escobar, DWR Division of Engineering Acting Manager, briefed the Commission on the status of major SWP investigative, construction, and refurbishment efforts in 2023. To keep the SWP functioning, there are 300 projects being actively managed in either the planning, design, or construction phase. Mr. Escobar provided updates on the following:

- Fire and Life Safety Modernization – Complete in the Oroville Field Division. Construction contract for the San Luis Field Division awarded in September. Construction manager general contractor (CMGC) contract procurement is in progress for the San Joaquin Field Division.
- Physical Security Upgrades – Complete at the Oroville Dam Complex. A contract was awarded in April for the Delta and San Luis Field Divisions. Facilities to be upgraded include the pumping plants and operations and maintenance (O&M) centers.
- Salmonid Habitat Restoration and Fish Passage (Big Notch) project – Project slowed due to high water, but construction is expected to be completed in September 2024.
- Oroville Spillway – Annual inspection conducted to identify maintenance needs. A three-year contract was awarded to address joint sealant, localized shallow concrete repairs, and to inspect the underdrain system.

- Cedar Springs and Pyramid Spillway Maintenance Repairs – Contract awarded to address joint sealant and localized shallow concrete repairs
- California Aqueduct – Radial gate maintenance and repairs continue.
- Montezuma Slough – Radial gate refurbishment includes repair and recoat of gate trunnions, fabricating stoplogs for bay isolation during gate outage, and maintenance and repairs on gate hoists and gearboxes.
- Oroville Dam River Valve Outlet System (RVOS) – Rehabilitation continues with the installation of new spherical valves, removal and replacement of fixed cone valves, and installation of new hydraulic, electrical, ventilation, and seat water system.
- Gianelli Pumping-Generating Plant – Unit and valve refurbishment underway with expected completion in 2024.
- Dos Amigos Pumping Plant – Unit refurbishment underway with expected completion of first unit in early 2025.
- Devils Den Pumping Plant – Fire event due to electrical fault caused damages; capacity recovered by late October.
- Electrical Fault Response and Recovery
- Chipps Island Tidal Habitat Restoration Project – Implemented to restore the diked managed wetland back to tidal wetlands and includes vegetation management on the exterior levee and interior island. The project is expected to be completed in November 2025.

Commissioner Makler asked about safety metrics. Mr. Escobar said safety is their number one priority. From a department standpoint they are excelling. They have had a few safety challenges with the RVOS project and have met regularly with contractor management.

Commissioner Gallagher said the communication and transparency between all the organizations in 2023 was incredible as hydrology was shifting. She said weather forecasting is the lynchpin, and while they do a good job of transitioning to whatever is coming, can they ever have a better sense of what is coming? Ms. White said forecasting is a difficult aspect, especially looking beyond a week. There is a big effort to improve forecasting capabilities for water supply runoff, incorporating airborne snow observatories to get a better idea of spatial snow coverage. John Yarbrough, SWP Assistant Deputy, said there is going to be a lot of uncertainty. They are looking at how to improve forecasting while maintaining flexibility so they can operate.

Vice-chair Steiner said their last meeting was in Oroville and they were very proud to have DWR staff show off the good work done at the dam. The term “extreme events” might not be used very much longer as it could now be our normal.

12. Legislative Update

DWR’s Deputy Director for Legislative Affairs Kasey Schimke briefed the Commission on the 2023 Legislative Session. Mr. Schimke provided brief comments summarizing the potential impacts of Assembly Bill 1572, Senate Bill 659, Assembly Bill 1373, and Assembly Bill 345 on the DWR. He then provided general comments on bills that were vetoed or otherwise failed to

make it through the legislative process. Mr. Schimke did note that some of these bills could reemerge as the legislature is in the first year of a two-year legislative cycle.

Commissioner Steiner thanked Mr. Schimke for his presentation.

13. Consideration of Items for Next California Water Commission Meeting

The next meeting of the Water Commission is currently scheduled for Wednesday, November 15, 2023, when the Commission will receive an early funding request for the Chino Basin Program, receive a draft version of the white paper on drought strategies, and hear a briefing on Voluntary Agreements.

14. Adjourn

The Commission adjourned at 12:02 p.m.

DRAFT