



Meeting Minutes

Meeting of the California Water Commission

Wednesday, July 17, 2024

California Natural Resources Building

715 P Street, First Floor Auditorium

Sacramento, California 95814

Beginning at 9:30 a.m.

1. Call to Order

Vice Chair Fern Steiner called the meeting to order at 9:36 a.m.

2. Roll Call

Commissioners Curtin, Matsumoto, Moulène, Solorio, and Steiner were present, constituting a quorum. Commissioner Solorio attended remotely due to illness.

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 or representatives requested to comment.

5. Approval of May 15, 2024, Meeting Minutes

Commissioner Moulène motioned to approve the May 15, 2024, meeting minutes.

Commissioner Curtin seconded the motion. All Commissioners present voted to approve.

6. Executive Officer's Report

Executive Officer Joe Yun reported on in-person and remote meeting attendance for the May Commission meeting. Mr. Yun also updated the Commission on the status of Senate Bill (SB) 867 and provided a breakdown of the bond funds authorized by the bill that would be provided to the Department of Water Resources (DWR) and the California Water Commission (CWC) should the bill be approved by voters in the November election. Mr. Yun also reported that Commission staff have opened two surveys, one for the general public and one for Tribes. Mr. Yun provided information regarding the surveys and noted that they would remain open until early August. Lastly, Mr. Yun informed the Commission of his decision to retire at the end of 2024, therefore vacating his position as Executive Officer. He asked that the Commission allow

him to initiate the hiring process to find the next Executive Officer. Commissioner Steiner granted Mr. Yun's request to begin the hiring process for the next Executive Officer.

Commissioner Curtin asked for clarification regarding the proposal in SB 867 to allocate \$75,000,000 million for regional conveyance or repair. Mr. Yun answered that the language in the bill could allow for additional conveyance, but that it would be hard to determine exactly how that proposal would be enacted prior to the bill being approved. Commissioner Curtin asked if a conveyance strategy is being developed by DWR. Mr. Yun said he is unaware of an overall conveyance strategy, however there are pieces of conveyance embedded in the Water Resilience Portfolio and DWR does have interest in additional conveyance. Commissioner Curtin asked for clarification regarding the \$380,000,000 million for groundwater storage, banking and recharge. Mr. Yun clarified that the money is targeted at the Sustainable Groundwater Management Act (SGMA), and that the language in the bond is meant to finance the operations and management of recharge projects. Commissioner Curtin also asked what the \$610,000,000 million for water quality and drinking water is directed at. Mr. Yun said that money is directed at the State Water Resources Control Board and the programs they operate.

7. Commission Member Report

Commissioner Moulène reported that she would need to leave the meeting between 2 and 2:15 p.m. Commissioner Matsumoto reported that she was invited back to the Drought Resilience Interagency & Partners (DRIP) Collaborative and presented to that group in her capacity as an employee of The Nature Conservancy on July 12.

8. Public Testimony

Public comment from Peter Van Dyke, who commented that California has been facing a severe water crisis and there are serious groundwater issues in the Central Valley. Mr. Van Dyke said that there is not enough money to solve the issues around aquifer subsidence. Mr. Van Dyke asked if the aquifer in the Central Valley would be able to recover with a massive percolation effort. He asked if the builder's remedy will have impacts on water demand.

9. State Water Project Briefing: Strategic Plan and Operations Update

DWR Deputy Director for the State Water Project (SWP) John Yarbrough made introductory remarks regarding how the presentations that would be heard connect to the SWP Strategic Plan. Mr. Yarbrough also provided an overview of the SWP's planning and prioritization process.

SWP Financial Manager Hong Lin described the SWP's budget process and the budget for calendar year 2024. Commissioner Curtin asked if the costs being described are external to the general fund. Ms. Lin confirmed that they are external from the general fund and are funded by the State Water Contractors (SWC).

SWP Climate Action Manager Andrew Schwarz briefed the Commission on the SWP's climate adaptation strategies, including an overview of the 2023 Delivery Capability Report, which analyzes the SWP's future water delivery potential.

SWP Water Operations Executive Manager Molly White updated the Commission on SWP's operations in the current year, including allocation, planning decisions made to date, hydrology to date, and considerations for the remainder of the year.

SWC General Manager Jennifer Pierre provided an overview of the SWC, their operations, and their relation to and perspective on the SWP.

Commissioner Steiner asked if the SWC contracts have built-in escalators in addition to paying the actual costs. Ms. Lin answered that, while the contract itself does not have built-in escalators, they look at escalating during planning, comparing it to inflation and other factors.

Public comment from Erin Wooley, acting Deputy Director for Sierra Club California, who commented that DWR released an updated cost and benefit analysis for the Delta Conveyance Project (DCP), which estimated that the updated project costs are over 20 billion dollars. DWR found that the benefits of the project exceed the cost with a benefit-cost ratio of 2.2. Ms. Wooley said she had submitted a recent report on the DCP to the Commission, which found that DWR's analysis was inflated and unreliable due to overly optimistic assumptions and that it failed to provide a comparison to alternative water supplies. Ms. Wooley noted that DWR's analysis utilized a 100-year lifespan and a discount rate of two percent, which is a departure from previous evaluations of the WaterFix project, the project's previous incarnation. Ms. Wooley said that similar analyses of other water projects typically use a lifespan of 25 to 50 years and a discount rate of 3.5 percent. The assumptions in DWR's analysis impact the cost of water and its comparison to other water supplies. Ms. Wooley asserted that the report demonstrated that the DCP is not a lowest cost alternative and emphasized the importance of providing ratepayers and the public with accurate information about project costs.

Public comment from Osha Meserve, representing Local Agencies of the North Delta, who commented that the DCP is not the best tool to adapt to climate change. Ms. Meserve expressed her concern regarding the project's impacts to the environment and the Sacramento community. She noted that the DCP would take about one third of the average flow of the Sacramento River, and that condition was not submitted in the application for water rights. Ms. Meserve said it would be false to assume that the tunnel would only operate during high flows and expressed her concern over creating additional diversion out of the Delta during periods of harmful algal blooms and other challenges. There is also an additional concern regarding cost-sharing when the Sacramento region would not benefit from the tunnel's operations. Ms. Meserve said the project beneficiaries should be the ones paying.

Public comment from Peter Van Dyke, representing the Loma Prieta Resource Conservation District, who commented that his family has farmed for five generations, and, in that time, California's population has doubled, putting pressure on older infrastructure. Mr. Van Dyke said that fish populations, such as chinook salmon, are dwindling due to water infrastructure projects and that creating water recycling programs is a better alternative. He said that, in Santa Clara Valley, the water district estimates that only five percent of water is being recycled. Agriculture used to be 70 to 80 percent of the water supply, whereas now it is at eight percent.

Mr. Van Dyke urged the Commission to put pressure on water agencies to recycle more water, noting it could be used for groundwater percolation and mitigation in creeks for fish habitats.

Commissioner Moulène asked for clarification from Jennifer Pierre on what actions SWC would like to take but are unable to due to contractual limitations. Ms. Pierre clarified that her comments were about what other people would like to see the SWP do, not SWC. For example, in the Commission's drought white paper, one of the recommendations was to re-operate the reservoirs for ecosystem benefits, and while that might be worthwhile, it is outside the parameters of the SWC contract with DWR. Ms. Pierre said there has been two contract amendments in the last couple of years, one for financial purposes and one on water management tools. The amendments allowed contractors to move water and use facilities more efficiently. She also pointed out that there is increasing flexibility around considering a long-term consolidated place of use. Ms. Pierre noted that there are some limitations, including the tendency of water planners to think regionally, but offered that some of those limitations could be resolved by building upon partnerships. Commissioner Moulène said that there needs to be adaptability and that it would be beneficial to think about what limitations may exist in the future. Mr. Yarbrough said that looking at how DWR is integrating with others to address these limitations is a good idea, particularly as related to the groundwater management program. Ms. Pierre added that there is a need for investment for conveyance facilities and it would be beneficial to take advantage of the opportunities surrounding water banking.

Commissioner Steiner commented that, although the State has been successful in its efforts towards water conservation, the existing infrastructure needs repairs and some rate payers are seeing their water bills increase, which is increasing concerns regarding the cost of the DCP. She noted that DWR will have to consider these factors and encouraged built in de-escalators on water usage. Mr. Yarbrough said there is also a need to consider the cost of not repairing and building new infrastructure and that conservation is a part of the solution.

Commissioner Solorio said that Southern California is taking action to recycle local water and encouraged continued engagement between SWC and the State. He also emphasized the importance of getting more reliable water from the Delta.

Commissioner Matsumoto asked how emergency situations like Oroville are paid for, and how those situations impact future years' budgets. Mr. Yarbrough answered that, in the case of Oroville, the SWP was eligible for Federal Emergency Management Agency (FEMA) funding, which reduced the cost that was passed on to ratepayers. Generally, the SWP looks to the SWC to pay for those types of situations. He added that there may be additional room for federal participation with subsidence. Ms. Pierre added that SWP is a multi-benefit project and has a broad group of beneficiaries. On the topic of subsidence, she said that solving safe drinking water is an issue for all Californians, not just a SWP issue. She added that there are opportunities to create partnerships and invest in infrastructure that could stabilize rates for water users and provide solutions to other concerns by utilizing the water that's available. Commissioner Matsumoto asked if the panel had any thoughts on what the Commission could do regarding funding for flood projects. Ms. Pierre said that, while she believes the federal

government should provide the funding for flood control projects, she does see value in DWR, SWP and the Central Valley Project (CVP) funding projects that are multi-benefit and provide ecosystem benefits that will take pressure off water supply systems. Commissioner Matsumoto asked about the incentives for SWC to diversify their water supply, and the discrepancy in the ability to do so among contractors. Ms. Pierre confirmed that some contractors have more options, whereas some have very few. She said some contractors are using their SWP supply and diversifying and others have been investing for years in anticipation of growth. She added that there is a reduced demand across the service area, but as a group contractors are incentivized to diversify because it is the only way to create a reliable portfolio.

Commissioner Curtin commented that there may be a need for a higher authority to act due to the complexity of the system and DWR's lack of jurisdiction over the entire system.

The Commission took a ten-minute break.

10. Water Storage Investment Program: Projects Update

WSIP Program Manager Amy Young provided an update on the progress of projects in WSIP. Ms. Young also responded to Commissioner Makler's question from the May Commission meeting on potential gaps in reporting, stating that the reporting for a project that has received a final funding award is controlled by the funding agreement, which differs from projects that have not yet received the final funding award. The funding agreement specifies the type of information that is reported, usually delivered on a quarterly basis, and therefore once a project gets to a final funding award, there is no gap in reporting.

Commissioner Matsumoto asked if ongoing negotiations with the Bureau of Reclamation (BOR) on the refuge public benefit are the reason for the Los Vaqueros project's schedule being pushed back. Executive Officer Yun confirmed that BOR and the Los Vaqueros Reservoir Joint Powers Authority (JPA) need to negotiate the partnership agreement, and the refuge benefit is a piece of that agreement. Mr. Yun said that process should get started within a month or two.

The Commission took a thirty-minute lunch break.

11. Flood Advocacy: Overview

Executive Officer Joe Yun presented on the Commission's statutory authority to advocate for funding for flood control projects to the Congressional Appropriations Committee and summarized previous Commission activity.

DWR Flood Projects Branch Manager Todd Bernardy provided an overview on DWR's federal advocacy authorities, DWR and the Central Valley Flood Protection Board's (CVFPB) roles and responsibilities, what effective federal advocacy looks like, the U.S. Army Corp of Engineers' (USACE) funding appropriations process, and the status of project implementation and funding.

Commissioner Curtin asked if DWR's role of identifying funding needs and coordinating with USACE and local agencies occurs after money has been allocated or if this is done prior to

allocation. Mr. Bernardy confirmed that this process happens prior to allocation, and that DWR's role is to influence which projects get priority from a funding perspective.

Comment from Robert Gore, speaking on behalf of the Gualco group, SAFCA (Sacramento Area Flood Control Agency) and Kings Basin Water Authority, who offered to partner with the Commission to determine where to go next. Mr. Gore noted that SAFCA has had successful partnerships with three federal specialists, and it may benefit the Commission to have the Kings Basin Water Authority present to the Commission on the operations at Pine Flat Dam, which irrigates about 700,000 acres in the South San Joaquin Valley and works with the USACE. Mr. Gore reiterated that SAFCA and the Kings Basin Water Authority would be happy to work with the Commission to form navigational aids to connect with people in Washington D.C.

Comment from Mark Strudley, Executive Director at the Pajaro Regional Flood Management Agency, who said that although DWR's presentation pertained only to the USACE budgetary process, other federal agencies like FEMA and the United States Department of Agriculture also have funding programs for flood control projects, however, those programs have restrictions. Mr. Strudley noted that half of the existing levees in Pajaro's levee reconstruction project are not eligible for sufficient funding from FEMA and other federal agencies. Those levees would continue to remain ineligible until the USACE reconfigures the way they prioritize projects through their principal requirements and guidelines. He added that the State should advocate for more federal funding. Mr. Strudley also said that the USACE is reformulating their budgetary prioritization process, and there will be a need for the State to advocate during the roll out of that program so that both non-federal project sponsors and USACE district staff understand the new prioritization process and its impacts on authorizations, appropriations and budget.

Commissioner Moulène left the meeting. The meeting adjourned at 1:47 p.m. Commission Legal Counsel Holly Stout announced that the Commission would proceed as a workshop.

Commissioner Matsumoto commented that there are two sides to the issue, the policy side and the funding side, and it may benefit the Commission to do an analysis of what expertise currently exists within the Commission to determine how the Commission can add value. Commissioner Steiner asked about the value of having direct contact with Congressmembers. Mr. Bernardy answered that there are two places where that value lies, in the development of the President's budget and during the earmarking process. He added that there is also value in supporting local entities and highlighting their struggles at the state level. While DWR works in the Central Valley, Mr. Bernardy said there may be opportunities for the Commission to advocate for entities in other regions of the state. Commissioner Steiner asked if Mr. Bernardy had ideas of how the Commission might be helpful. Mr. Bernardy suggested working with local entities to better understand the support they need, leveraging relationships with federal agencies to benefit local partners, and advocating for funding for disadvantaged communities.

Commissioner Curtin commented that the Commission might best play a reactionary role when there is political cohesion around an issue. He noted that the Commission may not currently have the relationships to tackle such a complex topic, but Commission staff could suggest how

the Commission could get involved. Mr. Yun said that the staff would first need to understand where there is a gap and what role the Commission could play in filling that gap.

12. DWR Grant Programs Update

DWR Manager for the Division of Regional Assistance Arthur Hinojosa provided an overview of DWR's major grant programs, and the range of projects funded to foster sustainable water resources management. He discussed how DWR can build on its accomplishments and lessons learned to inform future policy, legislation and funding decisions.

Commissioner Curtin asked how many agencies are involved in the American River Watershed Resilience pilot project. Mr. Hinojosa guessed that it is at least 100 agencies. He added that one of the objectives of the pilot project is to determine how networks are established and how various interests will be leveraged. Commissioner Curtin asked for clarification on the two-million-dollar grant. Mr. Hinojosa answered that the grant is for developing the plan, identifying climate risks and prioritizing projects to mitigate that risk. Commissioner Curtin asked if Folsom Reservoir is part of the SWP. Mr. Hinojosa confirmed that it is not.

Commissioner Steiner asked if DWR has the assistance of Local Agency Formation Commission (LAFCO) in the small community consolidation. Mr. Hinojosa said that DWR does not work with LAFCO directly, but the recipients of the awards do. Commissioner Steiner asked if LAFCO is asking to work with the State, and Mr. Hinojosa said he has not heard that they are.

Mr. Hinojosa mentioned that DWR is doing install work on the turf side and the water efficiency side, noting that project areas were selected based on risk analysis. He added that DWR is consulting with companies like Cal Mutual Insurance on their work in smaller communities

13. Consideration of Items for the Next California Water Commission Meeting

The Commission will not meet in August. The next meeting is currently scheduled for Wednesday, September 18, 2024, when the Commission will hold the fourth SWP briefing of 2024, hear from the WSIP project applicant for the Willow Springs Water Bank Conjunctive Use Project and hear an update on the Salton Sea Management Program.

Public comment from Justin Fredrickson, Environmental Policy Analyst at the California Farm Bureau, who commented on DWR's presentation regarding their grant programs. Mr. Fredrickson said it was encouraging to hear about grants going to local and regional projects, in particular those that enable SGMA. Mr. Fredrickson noted the enormous need for local and regional assistance and complimented the DWR grant programs on being able to provide that local assistance, with the added benefit of addressing statewide issues. Mr. Fredrickson also said he thought that DWR's LandFlex Grant Program was a creative solution and hopes that the program will be funded again at some point in the future.

14. Adjourn

The workshop adjourned at 2:54 p.m.