



Meeting Minutes

Wednesday, February 16, 2011

10:00 a.m. to 5:00 p.m.

State of California, Resources Building
1416 Ninth Street, First Floor Auditorium
Sacramento, CA 95814

1. Call to Order

Meeting was called to order at 10:03 am, February 16, 2011 by Anthony Saracino, Chair of the California Water Commission. Mr. Saracino asked Commission Members to introduce themselves.

2. Roll Call

Roll call was taken and a quorum established. The following members were present: Andrew Ball, Joseph Byrne, Joe Del Bosque, Dave Cogdill, Paul Kelley, Luther Hintz, and Anthony Saracino. Kimberly Delfino joined the commission at 1 pm. Daniel Curtin was absent.

3. Approval of minutes

A motion was made and seconded to approve the minutes from the January 19, 2011 meeting. The motion passed unanimously.

4. Interim Executive Officer's Update on various administrative issues

Sue Sims, Interim Executive Officer, mentioned that the next California Water Commission meeting will be held on March 16, 2011 in Sacramento and a tour of Cal Poly San Luis Obispo's Irrigation Training and Research Center will be on March 10, 2011 for those commissioners interested. She also discussed the Commission Workplan for 2011 and mentioned that she will be updating it regularly and posting it on the Commission website.

5. Action Item: Adoption of Internal Rules and Guidelines for Activities of the Commission

Ms. Sims provided an overview of the proposed Internal Rules and Guidelines for Activities of the Commission. The commissioners requested two edits and Sue agreed to make the edits. Motion was made and seconded to approve the Rules and Guidelines as amended. The motion passed unanimously.

Item 6 was moved to the end of the meeting.

7. Informational Item: Overview of DWR Flood Management Program activities including the FloodSAFE program and development of the Central Valley Food Protection Plan, and update on federal legislative and budget affairs for California flood projects

Gary Bardini, DWR Flood Management Division Chief, provided an overview of the FloodSAFE initiative. Lani Arena, FloodSAFE Federal Advocacy Program Manager, provided an update on federal legislative and budget affairs for California flood projects. Members of the Commission

noted that the Commission's statutory duties include presenting their views to federal appropriations committees regarding projects planned in California by the US Army Corps of Engineers and the Bureau of Reclamation. Mr. Byrne and Mr. Kelley expressed an interest in helping to support or augment DWR's current federal appropriations process and fulfilling this statutory obligation and asked Ms. Arena what actions she would suggest. Ms. Arena suggested the commission could participate in this process by either 1) filing their own federal appropriations requests, 2) supporting DWR's filings, or 3) meeting with the appropriations committees.

8. Action Item: Approval of submission of rulemaking calendar for Agricultural Water Measurement and Industrial Process Water Regulations to Office of Administrative Law

Manucher Alemi, DWR Water Use and Efficiency Branch Chief, provided an overview of the rulemaking calendar for the Agricultural Water Measurement and Industrial Process Water Regulations to Office of Administrative Law (OAL). This Calendar must be provided to the Office of Administrative Law in order let them know what regulations DWR plans to submit in the upcoming calendar year. Commission approval is required before DWR may submit this document to OAL. A motion was made and seconded to approve the rulemaking calendar. The motion was approved unanimously.

9. Action Item: Approval to begin regular rulemaking process for Permanent Industrial Process Water Regulations

Manucher Alemi and Peter Brostrom, of DWR's Water Use and Efficiency Branch, presented an overview of the Permanent Industrial Process Water Regulations. The regulations are essentially the same as the Emergency Process Water Regulations approved by the Commission at their November 2010 meeting; however, they incorporate by reference two additional documents. These documents are: 1) Methodologies for Calculating Baseline and Compliance Urban Per Capita Water Use, which was presented to the Commission in January 2011, and 2) Target Method 4, developed by DWR as directed by SBX7-7. Mr. Brostrom provided a detailed explanation of Target Method 4.

David Bolland, of the Association of California Water Agencies, expressed his concerns with method four and his opinion that it still needs work.

A motion was made and seconded to approve the Permanent Industrial Process Water Regulations as presented by DWR. Motion passed unanimously.

10. Informational Item: Briefing on the *California Agricultural Vision: Strategies for Sustainability* report

Adan Ortega, Member of the California Board of Food and Agriculture and chair of the water steering committee, provided an informational briefing on the California Ag Vision report.

A break was taken between 12:00pm and 1:15pm for lunch.

11. Informational Item: DWR Legislative and Budget Update

Kathie Kishaba, DWR Budget Office Chief, provided a status update on the DWR's fiscal-year 2011-2012 budget. Kasey Schimke, DWR Assistant Director for Legislative Affairs, provided an overview of proposed legislation affecting DWR and water in the state. Mr. Saracino also asked him to provide an update on the Commission's current authority to develop regulations on the

Quantification of Public Benefits of Storage Projects as defined in SBX7-2, the Safe, Clean, and Reliable Drinking Water Act of 2012.

Staff counsel Spencer Kenner provided an analysis of the Commission's authority to move forward with developing regulations per section 79744 of the water code. Mr. Kenner said that while this section of the water code is not operative until the bond is approved by voters, there is nothing to prohibit the commission from beginning the development of the regulations. While the commission does not have the authority to actually adopt any regulations, the initial work associated with the development of regulations is well within the commission's authority to advise the Director of DWR on any topic within the Department of Water Resources and the Director's jurisdiction.

Mr. Cogdill noted that when the bond, which was originally planned to be on the ballot in November of 2010, was postponed to 2012, that the timing for the regulations (which the Commission is required to adopt by December 15, 2012) was purposefully not changed. This was done to ensure the schedule for creating regulations and funding water storage projects was not delayed by the delay of the bond.

Ms. Delfino asked Mr. Kenner to write up a more formal opinion on the Commission's legal authority on this issue. Mr. Kenner agreed to write an opinion and bring it back to the commission at their next meeting.

12. Action Item: Presentation by DWR Staff on economic quantification of public benefits of storage projects and consideration of a contract to support Commission work on quantifying public benefits of storage projects

This item was heard as an informational item only.

Sean Sou, DWR project manager for North of the Delta Surface Storage, provided an overview of the common assumptions program and its background. Ray Hoagland, DWR's Economic Analysis Chief, provided an overview of commonly used economic methods to quantify of public benefits. This item was noticed as an action item to allow the Commission to take action on a potential task order to a current DWR contract to provide support to the commission as they begin work on the quantification of public benefits of storage projects. No action was taken because task order was not ready for approval. The Commission asked Ms. Sims to work with staff to develop the task order for the commission to consider at their next meeting.

Items 13 and 14 were heard out of order.

14. Informational Item: Delta Stewardship Council and Delta Plan Overview

Joe Grindstaff, executive officer of the Delta Stewardship Council, presented an overview of the first staff draft of the Delta Plan. There will be at least 7 public drafts and the Council plans to approve a final draft in November 2011 to submit to the Office of Administrative law. Key findings from the first draft include include: the state is using more water than it captures by overdrafting groundwater basins; regions must develop sustainable water supplies; and not all native species are assured of ultimate recovery.

13. Informational Item: Update on current issues for the State Water Project

Tracy Hinojosa, Advisor to DWR's Deputy Director for the State Water Project, mentioned nothing has changed materially on this subject since last month when the Deputy Director provided a briefing, but provided an update on current issues. Ms. Hinojosa noted that the department was sending a letter regarding the State Water Project's recruitment and retention issues to the State Personnel Board and a Request for Proposal for a critical issues study was currently underway. Commission members expressed an interest in formulating a letter to support the State Water Project on these issues. Ms. Sims agreed to draft a letter and bring it back to the Commission for review at the next meeting.

15. Informational Item: Proposed legislation to create the California Water Financing Reform Act

Mindy McIntyre discussed proposed legislation to create the California Water Financing Reform Act. The bill, authored by Senator Wolk, would direct the California Water Commission to create a master plan for water financing for the State of California, including identifying funding needs and the appropriate funding sources, and provide general oversight of funding in the future.

6. Action Item: Adoption of subcommittees

Four committees were created: Annual Review of the State Water Project, Rules and Regulations, Quantification of Public Benefits of Storage Projects, or Federal Appropriations. Commission members decided that committee appointments should last for one year. Members took turns expressing their interest in each committee. Mr. Saracino agreed develop the committee assignments based on expressed interests by the next meeting.

16. Consideration of items for next California Water Commission meeting

Ms. Sims discussed the topics for the next meeting agenda including: recommendations for Committee assignments; information from the legal office regarding the authority of the commission to develop regulations on the public benefits of storage projects; discussion of a draft task order for development of such regulations; appearances from representative of the Department of Fish and Game and the State Water Resources Control Board; presentation of a draft letter from the Commission regarding State Water Project Issues; an update on federal appropriations; and in informational briefing on the California Water Plan Update 2013.

15. Public Comments

There were no additional public comments.

18. Adjourn

Meeting was adjourned at 2:48pm by Mr. Saracino.

Further information regarding this meeting is available at www.cwc.ca.gov. This meeting will also be available for public viewing through a recorded webcast. The webcast is available at the following URL: <http://cawater.rmxpres.com/webcast/data/dwr02162011/msh.htm>