California
WATER COMMISSION

Draft Meeting Minutes

Meeting of the California Water Commission
Wednesday, June 20, 2012

State of California, Resources Building

1416 Ninth Street, First Floor Auditorium

Sacramento, CA 95814

Beginning at 9:30 a.m.

1. **Welcome and Introductions**
   Chairman Anthony Saracino called the meeting to order at 9:31 a.m.

2. **Roll Call**
   Executive Officer Sue Sims called roll. Danny Curtin, Joe Del Bosque, Luther Hintz, and Anthony Saracino were present. Andrew Ball, Joe Byrne, and Kim Delfino were absent at this meeting. A quorum was not present and no action was taken at this meeting.

3. **Approval of Minutes**
   Mr. Saracino noted since a quorum was not present to approve the minutes, they would be held until the next meeting.

4. **Executive Officer's Report**
   Ms. Sims provided the Executive Officer's update. Four Resolutions of Necessity for eminent domain that were previously adopted by the Commission have been settled. Four additional resolutions may be settled soon. Meanwhile, the Real Estate office is continuing to move forward. The first hearing dates on orders of possession are scheduled for August. Mr. Curtin asked how many properties the Commission originally approved. Ms. Sims answered 38 were approved, however of four have since been settled. Alan Davis, Supervising Land Agent for the DWR's Delta Engineering Branch, noted they had originally brought 46 properties to the Commission. Approximately 15 additional properties may be brought before the Commission in October.

   The workgroup for quantifying public benefits of water storage has continued to make progress. They received a report from the State Water Resources Control Board and have a nearly final report from the Department of Fish and Game. That information, along with a first draft of the regulations and guidelines, will be brought before the

Commission in July or August. After they have been presented, the Commission can discuss the timing of the water bond.

The final staff draft of the Delta Plan is complete. Initially, the plan identified a role for the Commission to identify water storage projects that could be implemented in the next five to ten years, and would enhance Delta conveyance and opportunities for conjunctive use. The most recent draft has two additional roles for the Commission: taking part in an interagency implementation team to monitor the progress of priorities, actions, funding, and coordination issues; and helping develop priorities for State investments in Delta levees and risk reduction.

Spencer Kenner, Assistant Chief Counsel, spoke regarding the agricultural water measurement regulations, an item proposed for this agenda. The regulations were submitted to the Office of Administrative Law (OAL) for final review. An Aggregated Agricultural Farm-Gate Delivery Reporting Form was unintentionally omitted from the submitted regulatory package. OAL has asked that it be incorporated by reference. This would be considered a substantial change and require a 15-day comment period. This item was not on the initial agenda, and a quorum was not present to approved adding it to the agenda. Mr. Kenner confirmed that it would be acceptable for DWR staff to open the comment period, allowing the Commission to consider this item at future meeting. DWR staff made a few minor changes to the regulations prior to submitting them. The one year deadline for final approval of these regulations is July 13, 2012.

Mr. Saracino requested clarification on the requirements for a quorum. He asked why four members do not constitute a quorum as that is a majority of the seven-member Commission. Mr. Kenner clarified that a quorum is defined as a majority of the membership. Since the statute states “The Commission shall be nine members,” a quorum consists of five members.

Mr. Curtin asked if any feedback was received regarding the substantive part of the regulations. Mr. Kenner responded that there have been some clarifying points made, however none were substantial. That may change, although OAL is aware of the urgency of the regulations and if there were concerns DWR should have known by this time.

Dr. Manucher Alemi clarified the process for proceeding with the regulations. The change requested by OAL is to incorporate the Aggregated Agricultural Farm-Gate Delivery Reporting form. The regulations will come back to the Commission after the 15 day public comment period. Two other deletions were made from the text for clarification purposes. Those changes will be made public. The closing date for the comment period is July 5. OAL has until July 13 to make a decision. The Commission directed Ms. Sims to schedule a meeting to consider this item soon after the close of comments.

10. Briefing on Proposition 50 Grants for Agricultural Water Conservation (Taken out of order)

Dr. Alemi presented an overview of a grant program for agricultural water conservation. Guidelines have been developed for the program and are currently moving through the approval process. Proposition 50 has provided $15 million in grant funding since 2002 . Funding is for implementation and construction projects, as well as technical assistance, research, public education, training and pilot projects. Planning includes $12 million for implementation projects and $3 million for technical assistance and non-implementation projects. There is also a funding cap at each level for each project. Eligibility is based on the benefit to the Bay-Delta watershed. Private entities are not eligible for this program. Implementation projects are those with an expected result of direct water savings, water quality improvement, stream flow improvement or energy efficiency. The tentative timeline is to have the draft guidelines approved and released in July for public comments. The final Project Solicitation Package (PSP) would be released in September and the proposals would be due in November. Next, a draft funding recommendation would be compiled. An agreement would be developed and funds would be rewarded to the chosen recipients in April 2013. Contracts and projects are scheduled to begin in June 2013.

Mr. Curtin asked if watershed groups are public entities since they are listed as being eligible for the program. Dr. Alemi confirmed they were formed by public entities. Mr. Curtin also asked why there is State funding for federal projects. Dr. Alemi explained that research and development projects will increase the efficiency of expenditures if the State and federal agencies work together. Mr. Hintz asked if the applicant is required to contribute a portion of the funding. Dr. Alemi confirmed there is a cost sharing requirement. The projects from disadvantaged communities may have that requirement waived. There is a project benefit formula included in the PSP.

11. Briefing on Proposed Methodology for Quantifying the Efficiency of Agricultural Water Use

Dr. Alemi provided the status of a proposed methodology for quantifying agricultural water use. DWR was required by SBX7-7, the Water Conservation Act of 2009, to submit a report to the Legislature which includes the proposed methodology, an implementation plan, data needed for methodology, and costs., There is no agency, including DWR, which is currently authorized to implement the methodology at this time.

DWR worked with the Agricultural Water Management Council to develop the methodology. The Agricultural Stakeholder Committee formed a subcommittee for its

development. The subcommittee has been meeting since 2010 and DWR has held two public workshops. A proposed draft methodology was approved by both DWR's Director and the Natural Resources Agency Secretary.

The methodology includes three methods for quantifying efficiency at the field level, four methods for quantifying at the water supplier level and a plan of implementation. Methods for the water supplier level include crop consumptive use fraction, agronomic water use fraction, total water use fraction, and water management fraction. Supplemental indicators have also been incorporated at the request of stakeholders. These include productivity indicators such as crop productivity and crop value as well as performance indicators such as distribution uniformity and delivery fraction. The plan of implementation includes implementing entities, schedules, required data and estimated costs.

Mr. Curtin asked if any feedback was received on this proposal since it was posted publically. Dr. Alemi replied no, but the stakeholders have been involved in the process and the development of the methodology. Dr. Alemi also clarified the Commission does not have an active role in this report; it is being presented for information purposes only.

7. Briefing on Tribal Relations and Environmental Justice Policies and Activities by the Governor's Tribal Advisor (10:00 am)

Ms. Sims introduced the item and noted that statewide and agency tribal consultation policies apply to the work of the Commission in terms of public benefit decisions, funding for storage projects and construction plans for the State Water Project (SWP). These involve interfaces with different communities, including tribes.

Cynthia Gomez, the Governor's Tribal Advisor, briefed the Commission on tribal relations and environmental justice policies. Executive Order B-10-11 was issued in September 2011 with the intent to strengthen the relationship between the State government and tribal governments. Ms. Gomez is working to have all agencies develop a policy to build communications with tribes. DWR is currently engaged with tribes in issues such as the California Water Plan. Additional projects can be improved with collaboration. For example, consulting with tribes prior to construction projects that may impact them can help to avoid additional obstacles and improve relations with the State. There are 110 tribes in California. Learning what concerns the tribes have can improve programs and future plans. Ms. Gomez's agency provides aid in collaborating with tribes. Training is also available. Secretary Laird has taken a leadership role regarding these important activities.

Kimberly Johnston-Dodds, DWR's Tribal Liaison, related the consultation policy to current events at DWR. A public meeting will be held on June 26 regarding the Natural

Resources Agency's proposed tribal policy. The public comment period for this policy will close on July 15. Each DWR region has four tribal liaisons and outreach has been established on the project level. There is a Tribal Advisory Committee for the California Water Plan Update. They are collaborating on a draft of the resource management strategies for the Water Plan. Tribes are also interested in safety programs regarding emergency flood management. Ms. Johnston-Dodds is developing a tribal work plan for DWR to implement next year. This is done by assessing key models in DWR and areas for improvement, confirming these are in compliance with the Governor's executive order and agency policy, and then make recommendations to the Director.

5. **Update on Fiscal Year 2012-13 Budget**
Kathie Kishaba, DWR's Deputy Director for Business Operations, provided an update on the proposed Fiscal Year 2012-13 budget. She gave updates on legislative approval for key programs. DWR had requested 10 new positions supported by State Water Project (SWP) funds for Operations Criteria and Plan Biological Opinions Habitat Restoration which were approved. This will allow DWR to address the impact of SWP pumping on various fish species in the Delta. DWR requested 135 positions supported by SWP funds for preliminary design activity for the Delta Habitat Conservation and Conveyance Program (DHCCP). The Senate and Assembly expressed concerns about the number of positions pending the release of environmental documents. They approved 75 positions and DWR will request the remainder of the positions after the environmental documents are released. DWR received approval for 35 positions for SWP operations, to work on compliance, sustainability, and safety. DWR requested authority to support DFG in implementing protection of fish and wildlife in the Salton Sea Restoration Program. This request was denied; the legislature requested a funding and feasibility study prior to approving any additional reimbursement authority. DWR will make this request again next fiscal year.

The Governor proposed a five percent salary reduction for State employees as a cost cutting measure. This may be achieved by reducing the work week to 38 hours divided into four days. The salary reduction is expected to be in place by July 1. This is currently being negotiated with the unions. This will impact the 24/7 SWP operations, which cannot close down. The pay reduction will translate to a day off per employee per month so that operations may continue. Approximately one-third of DWR employees are involved in 24/7 operations.

6. **Action Item: Support of Federal Appropriations for National Oceanic and Atmospheric Administration Climate Change Research**
Ms. Sims stated this is no longer an action item. She presented the agenda item on behalf of Jeanine Jones. The National Oceanic and Atmospheric Administration (NOAA) has been working with California and other western states on scientific research and

forecasting for extreme weather events. DWR and the Western States Water Council feel very strongly about the value of this program. The Commission submitted a letter to Congress in March asking for continued support of this program. There is an expectation between now and the November election that federal programs will be funded by continuing resolutions. It will be important for the State to urge the Administration to maintain funding for this program. Staff will prepare a letter to send to the NOAA Assistant Administrator in support of this program.

8. Action Item: Review of Priority List for Delta Levees Special Projects Funding

Mike Mirmazaheri, Program Manager for the Delta Levees Program, provided an update on this topic. Earlier this year he discussed the guidelines, funding and criteria for the program. The most recent Project Solicitation Package (PSP) will provide $50 million from Propositions 1E and 84 to bring levees up to the hazard mitigation plan (HMP) standards. Today, he presented the outcome and funding recommendations from the most recent PSP.

He reviewed HMP criteria. The significance of meeting the HMP standard in the Delta stems from a memorandum of understanding (MOU) signed between California Emergency Management Agency (Cal EMA) and the Federal Emergency Management Agency (FEMA). The standard is necessary in order for the Delta islands to be eligible for federal hazard and disaster assistance. Also, the Delta Stewardship Council discussed HMP as a goal in the final draft of the Delta Plan. The Delta Protection Commission conducted a study on economic sustainability and recommended DWR assist local agencies in meeting the HPM standard due to the economic benefit of receiving federal assistance. Once the funded work is completed, 85 to 90% of the Delta would meet the HMP standard. Maintenance will be required to sustain HMP.

Mr. Saracino asked if foundational issues would be addressed. Mr. Mirmazaheri responded no as HMP is a configuration, not a standard, and does not have geotechnical criteria built into it.

The expected timeframe for construction is no more than two years, with some projects beginning this construction season. The eligibility criteria for federal assistance stated in the MOU include meeting HMP standards, profiles no more than five years prior to the disaster, and annual maintenance plans.

Evaluation criteria to receive funding include: life/safety, area protected, project completion date, project description, infrastructure and habitat impacts and mitigation. Mr. Mirmazaheri then presented the project-ranking list used to determine funding eligibility, and the scores for each project.

Mr. Mirmazaheri presented expenditures-to-date for Prop 1E and 84. Mr. Curtin inquired as to what expenditures were included in the emergency category. Mr. Mirmazaheri explained it includes an emergency planning, stockpiling of materials, and

any necessary equipment. Mr. Curtin expressed interest in knowing percentages of types of expenditures within the emergency category. Mr. Mirmazaheri committed to provide that information to CWC staff once expenditures are finished.

The next steps include a decision memo to the Director requesting the Director's approval for funding these projects, fund encumbrance, pre-project inspections, formulation of project descriptions, formulation of project funding agreements, preparation of scope of work, design specifications and construction.

Mr. Saracino asked what the consequences were for not taking action on this list until a later date. Ms. Sims stated the project can move forward in terms of the memo to the Director and this item can be brought before the Commission for approval on July 6. She also noted that the total amount of money is enough to fund all applicant projects at or close to the level of funding requested. Lastly, Mr. Curtin inquired about the programs' scoring criteria for public benefits, noting it might be helpful as the Commission begins to evaluate public benefits. Mr. Mirmazaheri said these criteria were from the DWR guidelines, which went through a public process in 2009, and noted they must follow the language in the Bond fund and the water code.

9. Briefing on State Water Project Key Activities

Carl Torgersen, Deputy Director for the State Water Project (SWP), provided an overview of the state of the State Water Project. The SWP serves 25 million people and 660,000 acres of farmland. Mr. Torgersen reviewed current water supply conditions. Water Year 2011 was classified as a "wet year" and DWR met 80% of SWP contractor requests. The beginning of 2012 was extremely dry, but improved in late spring, allowing DWR to provide 65% of requested water.

Mr. Torgersen also discussed SWP planning. The current goal of the SWP Infrastructure Sustainability Program is to develop and enhance the methodology for planning and prioritizing projects over the next 50 years. The current Conditions Assessment Program prioritizes maintenance based on conditions rather than a timeline. Current capital improvement projects include the South Bay Aqueduct enlargement, the replacement of Edmonston Pumps, the East Branch Extension, two reservoir projects and miles of additional pipelines. Future capital improvement projects include protective relay systems, a communications systems upgrade, and replacement of valves and motor-generator refurbishment at Gianelli Pumping Plant.

Mr. Torgersen noted that the SWP is the largest consumer of energy in California, but also has the capacity to generate about 60% of its energy needs. The SWP is currently increasing its renewable portfolio and its goal is to reduce emissions to 80% below 1990s levels by the year 2050.

Mr. Torgersen also talked about the challenges currently facing the SWP. He commended current staff on their efforts and noted the department's success in implementing a new SWP-wide safety program. In-house challenges include maintaining a well qualified workforce, maintaining SWP infrastructure at necessary operating levels, and complying with new energy reliability standards. Additionally, the SWP is facing workforce challenges, including the pay disparity between Bargaining Unit 12 trades and crafts positions and comparable positions in other utilities. Due to recruitment and retention issues, the operational availability (OA) of units has dropped significantly between 2005 and 2012. If OA drops below 72% this summer, there is a real chance of losing available water. Ninety-three new SWP positions were approved for FY 11/12 but they have been unable to fill thirty-one of those positions. Thirty-five additional positions are pending budget approval. These positions are also not likely to be filled. The impacts of limited staff include a significant backlog of maintenance needs, and spilling water when generating units are unavailable. Additionally, there is a possibility of not meeting downstream temperature requirements which may affect the water supply.

Mr. Del Bosque asked why new positions are being made available when current employees' hours are being cut. Mr. Torgersen admitted that was a difficult situation to explain, especially to employees. He noted that bringing Trades and Crafts pay to parity would cost about $12 million per year, while the excess energy costs caused by lack of OA cost $50 million.

Mr. Curtin suggested preparing of another letter regarding SWP recruitment and retention issues, showing an analysis of the cumulative costs of these issues. He also noted that a disruption to the SWPs power systems could have impact on the grid. Mr. Curtin requested a copy of phase one of a contractor's report on long term SWP administrative issues. Finally, he asked how much maintenance work is done by contractors, and suggested staff should do the bulk routine maintenance work.

Ms. Sims agreed to draft a letter from the Commission regarding the ongoing challenges facing the SWP.

12. Discussion of Draft Strategic Plan

Rachel Ballanti, Policy Analyst for the Commission, presented a first staff draft of the strategic plan. The process to this point has included research, consultation with DWR staff, Commission feedback, and a first staff draft with review by the Commission Chair. The framework has been reorganized to align more closely with the Mission Statement. It consists of three goals: to serve as a primary public forum for water issues, ensure DWR decisions regarding key programs and activities are sound by providing oversight

and recommendations, and to develop and support policies that result in sustainable water management and a healthy environment. Sections regarding critical water issues in California and the history of the Commission have also been added.

The next steps, with direction from the Commission, include a 30 day public comment period, incorporation of Commission and public comments, and potential approval of a revised draft in August 2012. Input for a title is also welcomed.

13. Consideration of items for next California Water Commission meeting

A meeting will be scheduled for July 6 or 9 to discuss and potentially approve the Agricultural Water Measurement Regulations and Delta Special Projects list. Items initially scheduled for the July 18 meeting could be held until the August 15 meeting.

14. Public Comments

None.

15. Adjourn

Mr. Saracino adjourned the meeting at 11:35 a.m.