California
WATER COMMISSION

Meeting Minutes

Meeting of the California Water Commission
Wednesday, May 15, 2013

State of California, Resources Building
1416 Ninth Street, First Floor Auditorium
Sacramento, California 95814
Beginning at 9:30 a.m.

1. **Call to Order**
   Chairman Joe Byrne called the meeting to order at 9:36 am.

2. **Roll Call**
   Executive Officer Sue Sims called roll. Andy Ball, Joe Byrne, Danny Curtin, Kim Delfino, Lu Hintz, and Anthony Saracino were present, constituting a quorum. Joe Del Bosque was absent.

3. **Approval of Meeting Minutes**
   A motion was made and seconded to approve the April 17, 2013 meeting minutes. A vote was taken and the motion passed unanimously.

4. **Executive Officer's Report**
   Sue Sims provided the Executive Officer's report. The amendments to the Resolutions of Necessity have been postponed and all interested parties were notified of the change. Following last month's endorsement of the Biodiversity Council's resolution, a letter of support was sent to the Council's co-chairs, Secretary for Natural Resources John Laird and Bureau of Land Management California State Director Jim Kenna. A letter was also sent to Secretary Laird from the Commission expressing support for continued efforts to address the State Water Project (SWP) recruitment and retention issues. The Delta Stewardship Council redistributed this letter along with a similar letter of theirs. Ms. Sims attended a tour of the Orange County Water District's Groundwater Replenishment Plant and extended an invitation to Commission members to visit the facility. The Commission is one of the entities that will graded by the Delta Vision Foundation for its work in supporting the co-equal goals of water supply reliability and ecosystem restoration. Staff is currently working on the self-assessment.

5. Briefing on State Water Project Tour

Danny Curtin briefed the Commission on a tour that he and Commission member Del Bosque recently took of some State Water Project (SWP) facilities in the south Delta and San Joaquin Valley. The impacts of the recruitment and retention issue were apparent in the decrease of SWP's operational availability from 92.6% in 2004 to 73.3% in 2013. The project is working less efficiently and incurring additional energy costs as a result. Funds would be better used to hire additional personnel to maintain and operate the facilities. There are several choke points in the project that could potentially shut down the entire system. He requested more information on these points.

DWR is developing proposals to address some of the significant challenges facing the SWP. Mr. Byrne said there are staffing issues, as well as operational and maintenance issues. He suggested holding a Commission meeting at Oroville and visiting Thermalito this fall. Staff is working on an SWP resiliency study and will add a review of the critical "choke points" in the system to this process. The issue will be addressed at future meetings.

6. Legislative Update

Kasey Schimke, DWR's Assistant Director for Legislative Affairs, updated the Commission on water related legislation. DWR is tracking water legislation including AB 71 on Salton Sea Restoration; AB 426 on Water Right Decrees; AB 1349 on CalConserve Water Use Efficiency Revolving Fund; SB 620 on Water Replenishment Districts; SB 735 on the Sacramento-San Joaquin Delta Reform Act; AB 650 on General Services: Natural Gas Purchasing Program; and AB 906 Personal Services Contracts. There are still several bills pending on CEQA reform. There is also proposed legislation on flood protection and infrastructure including SB 753 on Central Valley Flood Protection Board: encroachments; AB 1259 on the Sacramento-San Joaquin Valley: urban level of protection; AB 243 on Infrastructure Financing Districts; AB 229 on Infrastructure and Revitalization Financing Districts; and SB 33 on Infrastructure Financing Districts. There are a few Senate Bills relating to the 2014 water bond which have not yet been heard by policy committees.

7. Briefing on Salton Sea Issues

Kent Nelson, DWR's Program Manager for the Salton Sea Restoration program, provided the Commission with an update on the Salton Sea. The Salton Sea has agricultural areas to the north and south, and the salinity is approximately 50% higher than that of the

Pacific Ocean. The Sea lies along the Pacific flyway and is an important attribute for migrating birds.

Interim actions include a Species Conservation Habitat (SCH) project and Financial Assistance. Implementation of the SCH is urgently needed due to the Sea's continuing evaporation, the mitigation water termination that will occur in 2017, and accelerating salinity conditions. Consequences of inaction include the die-off of fish and piscivorous birds, worsening air quality, and the eventual loss of biodiversity. DWR is working to secure funding for the project.

The Financial Assistance program is a grant program for local stakeholders for restoration activities. These activities include habitat creation and enhancement, water quality, research activities, and adaptive management experiments.

Ms. Delfino asked Mr. Nelson to describe what the Sea will look like several years after the mitigation water ceases and how much acreage will be exposed. Mr. Nelson said there were projections in the PEIR and he could search for additional sources of information to answer her question.

Mr. Nelson said the SCH work is intended to be a proof of concept to see if DWR can develop managed wetlands with blended waters to create habitats and help conserve the Sea. Ms. Delfino asked if DWR has identified fish production goals. Mr. Nelson said DWR is developing an adaptive management plan to establish performance targets for objectives of the program including salinity parameters, reproduction of tilapia, and use of the sea by birds.

Mr. Curtin asked about solar and geothermal energy in this region. He asked Mr. Nelson to encourage the Resources Agency to broaden the conversation to include private sector energy interests. Mr. Byrne invited Mr. Nelson to return and asked that he bring a map to show the potential status of the Sea in the future. Ms. Delfino asked if DFW or DWR could come back to discuss the unfunded mitigation issue. She also suggested extending an invitation to the Energy Commission to present on the Desert Renewable Energy Conservation Plan and to discuss transmission upgrades.

8. Briefing on DWR's Subsidence Reversal and Carbon Sequestration Program on Sherman and Twitchell Islands

Bryan Brock, DWR Program Manager for West Delta Programs, presented information on the Subsidence Reversal and Carbon Sequestration program. The Delta was at sea level during the mid 1800's. Farmers began building berms and drained the peat soil. As water levels decreased, the peat soils oxidized and released CO2. Many areas of the Delta are now 30 feet below sea level. In 1990, agencies began measuring subsidence, CO2 rates, emissions, and other gases.

Drained and irrigated farm fields result in subsidence. If a wetland is created and water is no longer pumped out, the water table will rise and help support the levees. In 1997, DWR began building wetlands in the Delta to study. Tules were planted to see how much subsidence reversal could be achieved; the estimated benefit is about two inches per year. Approximately 16 tons of CO2 per acre per year is sequestered. Funds from Proposition 84 and Proposition 1E will be used to build more wetlands. DWR is developing a protocol for adoption by voluntary and regulatory markets through the Air Resources Board's Cap and Trade program. Mr. Brock used the Restoration of Degraded Deltaic Wetlands of Mississippi Delta Protocol Development for Voluntary Market as an example. Current projects include 600 acres of rice, a 750 acre wetland on Twitchell Island, and a study on the avian community.

9. Briefing on Consumption-Based Fixed Revenue Urban Water Rate Structure

Matt Williams presented an innovative new water rate structure from the City of Davis. He described the problem: Decreases in water consumption lead to decreased revenue. To eliminate losses, water rates are increased, which is confusing to water users who have saved water. In the new structure, water costs are converted to charges by using three categories. The first, distribution costs, are the capital costs associated with providing instant reliability of water in homes and for fire lines; the second, supply costs, are for long term reliability; and the last category are the variable use costs. The Water Advisory Committee for Davis recommended this structure, which was eventually adopted by the City Council. The cost of water that comes from conservation is more affordable than building new infrastructure. An annual evaluation will be conducted to predict fixed costs. The structure has a low risk of emergency rate increases or decoupling settlement. Its stable rate structure is more desirable for bond funding allowing lower interest rates.

11. Action Item: Discussion of Definitions of Public Benefits of Water Storage Projects (Taken out of order)

Ajay Goyal, Chief of DWR's Surface Storage Investigations Branch, presented questions on the definitions of public benefits. As directed last month, questions were prepared on the definitions of public benefits. Over the next few months, case studies can be presented and analyzed using these definitions to help clarify remaining questions. Roger Mann defined an ecosystem benefit as that which restores aquatic ecosystems and fish and wildlife, as stated in the legislation. If a project restores an aquatic ecosystem which helps non-native fish and those fish are caught by fisherman, that would be considered a recreational benefit. If a project improves water quality to benefit native fish and wildlife, that would be an ecosystem benefit but not a water quality benefit. The question to be asked of proposed projects is whether they are restoring aquatic ecosystems and if there is a benefit to native fish and wildlife. Any benefits following those criteria would be considered ecosystem benefits. Mr. Saracino and Mr. Byrne supported that definition. Mr. Curtin clarified that water quality improvement benefitting a non-native fish would not count as an ecosystem benefit. The Commission was in general agreement with this definition.

The next question asked what type of benefits would qualify as water quality improvements. Most water quality benefits are obtained by water users. Benefits to water suppliers should be charged to water users; however, some benefits are directly obtained by the end users. Mr. Mann proposed that benefits to water suppliers not be considered a water quality improvement under the program; however, direct benefits to end users would count. The Act calls out water quality improvements to groundwater basins. The language suggests that improvements to groundwater should be considered benefits, regardless of who receives them.

Mr. Mann discussed recreational benefits which include but are not limited to those activities generally associated with outdoor recreation. This may include surface storage recreation and facilities, changes in downstream flow, whitewater recreation, recreational fishing, and others. He proposed the Commission consider as a recreational benefit the benefits to public parks or facilities in urban areas resulting from more reliable, new sources, or higher quality water. Applicants would have to show that the provision of the water will result in a net increase in recreation in these categories.

The Commission chose to proceed with its work for now, using Mr. Mann's proposed definitions, and to modify the definitions if necessary as more information is presented in coming months.

13. Public Comments (Taken out of order)

Mario Santoyo, Friant Water Authority, agreed that ecosystem benefits should include fish native to the Delta. In terms of public benefits and water quality, public agencies are obligated to charge water users for costs incurred during delivery of water to end users. Savings incurred by the water suppliers would be passed down to water users, who would therefore benefit from the lower costs. There are several public benefits associated with groundwater recharge and also implications to disadvantaged communities. Dilution should be looked at as a public benefit. Improvement of water quality as a result of additional fresh water will not only improve the Delta ecosystem but agriculture south of the Delta. This could result in lower food costs for consumers. Mr. Saracino agreed and believes it will be incumbent upon the applicant to demonstrate how the project will result in improved water quality.

Greg Zlotnick, San Luis Delta-Mendota Water Authority, asked about the process for engaging the water community and users on these issues. He is concerned about direction given on incorporating the public benefit definitions document and said it may be beneficial to have public input as early as possible. He asked about the process for submitting comments and recommended a workshop for staff and stakeholders. Mr. Curtin encouraged people to submit public testimony at any time. Mr. Saracino recommended focusing on public input once there is a complete draft and requested a timeline from staff. Mr. Hintz stated it is important to keep a broad view of what the benefits may be and how to quantify them.

Mr. Shibatani commented that there is a fundamental need to have a modeling platform to use for a consistent basis on which the projects can be evaluated.

10. Update on 2013 California Tribal Water Summit

Executive Officer Sims updated the Commission on her recent participation in the California Tribal Water Summit. The Summit addressed respect for tribal sovereignty, understanding of water and land resources, co-management of natural resources, greater access to financial resources, and collaboration and communication. Tribal ecological knowledge was shared as was information to promote a better understanding of Tribal

uses of water. Watershed management and land use topics were also presented. One session discussed the lack of adequate water rights for some tribal community. Next steps for the participants may include training on tribal sovereignty and additional opportunities for collaboration. The role of the Commission is to operate within the direction provided by the Governor's Executive Order on Tribal governments and communities and DWR's Tribal collaboration policy. The Commission will also look for ways to engage tribal governments in its work and consideration of projects.

12. Consideration of Items for Next California Water Commission Meeting

Items for the June 2013 meeting may include a case study on public benefits, a schedule for Commission activities and public input on public benefits of water storage projects, approval of State Water Project Encroachment Regulations to commence a 45-day public comment period, Amendments to Resolutions of Necessity for Delta properties, and an update on the state's dry conditions.

Mr. Byrne adjourned the meeting at 1:03 pm.