



## **Meeting Minutes**

### **Meeting of the California Water Commission**

**Wednesday, January 15, 2014**

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

Beginning at 9:30 a.m.

#### **1. Call to Order**

The meeting was called to order at 9:31 a.m.

#### **2. Roll Call**

Sue Sims called roll. Andy Ball, Joseph Byrne, Danny Curtin, Joe Del Bosque, Lu Hintz, Adán Ortega, David Orth, and Anthony Saracino were present, constituting a quorum. Kim Delfino arrived shortly after roll was called.

#### **3. Approval of November 2013 Meeting Minutes**

A motion was made and seconded to approve the November 20, 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. Beginning with today's meeting, the webcasting service for the Commission meetings will be provided by a new vendor. The webcasts will now be more user-friendly.

The public comment period for the staff draft of the Regulations and Guidelines for Quantifying the Public Benefits of Water Storage Projects was scheduled to end on January 17, but Ms. Sims suggested extending the comment period to the end of January. This change would still allow the Commission to review comments in February.

Commission staff sent letters on behalf of the Commission to state and federal elected officials regarding the San Joaquin River Restoration Program.

Staff received a request for a meeting on demand reduction models with representatives from a firm from Australia. That meeting will be held in February with Commission staff and DWR staff.

The Commission's survey of proposed near-term water storage and efficiency projects is under development. It should be released at the end of January.

The Commission plans to host an informational workshop on the impacts of drought on small rural and urban water systems in March. Staff will circulate potential dates to meet with the California Rural Water Association and representatives of water systems in eastern San Diego County and Imperial County.

**5. Action Item: Election of Commission Chair and Vice-Chair**

The Commission's Chair and Vice-chair are elected for one year terms. Commissioner Hintz made a motion to re-elect Joe Byrne as Chair and Joe Del Bosque as Vice-Chair for 2014. A vote was taken and the motion passed unanimously.

**11. Update on Alamo Power Plant**

(This item was taken out of order.) Carl Torgersen, DWR Deputy Director for the State Water Project (SWP), provided a brief update on the status of proposed construction work at the Alamo Power Plant. Alamo is a recovery plant on the Eastern Branch of the California Aqueduct in northern Los Angeles County. It currently has one 17-megawatt unit which has been in operation since 1986, but the facility was constructed with space for a second unit. DWR commissioned a study which determined a second unit could be installed based on a cost-benefit ratio. During the budgeting process, DWR prioritizes proposed projects based on impacts to safety, water supply reliability, and energy optimization. The addition of a second unit at Alamo would provide energy optimization, but installation has been deferred because it is not a 'priority 1' project. The proposal will continue to be studied with final design anticipated in 2015 or 2016.

Commissioner Curtin asked where Alamo is located. Mr. Torgersen said it provides the exit for the Edmonston Pumping Plant and is located near Quail Lake. Chairman Byrne said some of the Commission members toured the facility and saw the location where a second unit could be installed.

Mr. Byrne asked who establishes the priorities for proposed SWP projects and if the State Water Contractors are included. Mr. Torgersen said there is a prescriptive formula, but the results are shared with the contractors.

Commissioner Ball asked what it takes to make a project 'priority 1.' Priority 1 requires having resources available to execute the proposed work. There is a tremendous amount of work at the Hyatt and Gianelli Plants proposed for this year, which will bring more benefits from the amount invested. Those projects currently have the highest priority.

Commissioner Del Bosque asked for the status of repairs to Dos Amigos Pumping Plant. Mr. Torgersen reported that most of the repairs to Dos Amigos have been completed.

Commissioner Ortega asked if Alamo provides power just for the SWP. Mr. Torgersen said all SWP plants feed into the state electrical grid. Mr. Ortega asked if there was any feedback from the California Independent System Operator (ISO) given the power reliability issues that have developed from the closure of San Onofre. Mr. Torgersen said that DWR has met with the ISO to determine how the SWP can be operated to best assist them. The proposed 13-megawatt plant at Alamo will not have a significant impact on their overall needs.

**6. Briefing on the Delta Stewardship Council's Water Storage Issue Paper**

Randy Fiorini, Vice-Chair Delta Stewardship Council (DSC), briefed the Commission on his Issue Paper on water storage. The Delta Plan was adopted by the DSC in May 2013, and includes 73 recommendations. Mr. Fiorini's issue paper deals with two of the Delta Plan recommendations. One of the recommendations is for DWR and the U.S. Bureau of Reclamation (Reclamation) to complete studies of the proposed Sites Reservoir and Temperance Flat Reservoir. The other recommendation is for the Commission to complete a survey of potential smaller projects that could be considered to effectively achieve additional storage capacity statewide.

In 1999 during the CALFED program, there was general recognition that in order to balance the needs of the state and federal water projects and the needs of the Delta, system reoperation and increased water storage were necessary. That led to CALFED's selection of five potential water storage projects which could be used for reoperation, including Sites and Temperance Flat. Many other locations were dismissed at the time because they would provide less than 200,000 acre-feet of additional storage. Mr. Fiorini stated that locations for smaller storage projects should be reconsidered. The DSC recommends that the Commission create a statewide survey that will go to every public water agency to determine potential projects that have hydroelectric, water supply, ecosystem, or flood control benefits. The Commission could then determine which projects have statewide importance. Additional storage capacity both above and below ground is critical to provide resiliency during periods of drought.

Mr. Byrne thanked Mr. Fiorini for the recommendation and noted that a comprehensive list will be helpful for discussions of funding and systemwide efficiency.

Ms. Sims stated that Commission staff met with several other State agencies and consulted Reclamation to develop a draft survey. The Association of California Water Agencies is providing assistance with expertise and survey software. The draft survey is being circulated to the other agencies for input. The goal is to distribute the survey in February and collect preliminary responses by March. The survey content has been designed to be short and straightforward to encourage the most possible responses. Much of the project information may exist on other lists, but there may be some new projects and older project information can be updated if necessary based on the survey responses.

Commissioner Delfino asked if the survey will capture how potential projects would contribute to systemwide operation. Mr. Fiorini said water agencies will provide information about suitable locations and it will be up to the Commission to determine whether proposed projects will provide statewide benefit. Large storage projects could be instrumental in reoperating the system, but smaller local projects are also valuable and are often more easily completed. Ms. Delfino asked about how projects might fit into a larger picture. Mr. Fiorini stated that additional storage south of the Delta is critical because it will help recharge overdrafted groundwater basins. Ms. Delfino noted that the survey should factor in the benefits of pump storage to the energy grid.

Mr. Ortega stated that although much of Southern California is currently better off than Northern California due to stored surface and groundwater supplies, there are lessons to be learned. In a drought, some systems do not lend themselves to water system efficiency. There is not necessarily enough flexibility within the system to help facilitate exchanges between areas within the region. He asked if the storage plans and analysis include flexibility to encourage systemwide efficiency. Mr. Fiorini said increased capacity increases the ability to meet demand. Integrated Regional Water Management (IRWM) plans have stimulated cooperation among water agencies in regions. Given that environment, additional storage will likely be used to enhance regional self-reliance. Mr. Ortega said cooperation is supply-driven and it would be useful to look to the energy sector for how to encourage flexibility.

Commissioner Saracino asked how far along the local projects from the Central Valley mentioned previously by Mr. Fiorini are in the funding process. Mr. Fiorini said the projects he cited are very small and in an area that has typically been able to withstand drought because it is serviced by Don Pedro Reservoir. Those streams may now be considered a resource to help other areas manage groundwater.

Commissioner Orth stated that the IRWM planning process is the key difference between now and when the CALFED list was released. He cautioned that survey responses are often limited in part because people want to know for what purposes their information will be used. The Commission must demonstrate that the survey is part of a planning effort to support integrated water planning. Mr. Fiorini said the State of Texas created a revolving fund for water project investment, limited to a list approved by the legislature. California could do the same to fund water storage, which could make public agencies being surveyed much more interested in responding if there was funding available.

Commissioner Del Bosque noted that he recently learned of a potential project on Los Banos Creek. An existing retention dam used for flood control could be raised to store water in wet years and release in dry years or recharge groundwater. It is a small project, but it will have

funding challenges. Mr. Fiorini said there are a number of similar projects across the state which are small individually but would add up to significantly increase storage.

Mr. Curtin stated that there will be a lot of discussion about the water bond, but focus should remain on IRWM and its role in the flexibility of the entire system. DWR's efforts in IRWM planning are critical. He wants the Commission to highlight that the bond should contribute to the entire system's ability to function.

#### **7. Update on Dry Conditions**

DWR Deputy Drought Manager Jeanine Jones updated the Commission on water conditions and impacts in California this year. California has experienced below-average precipitation for two consecutive years and current snowpack levels are extremely low. Reservoir storage levels continue to decline in relation to average levels. In December 2013, the Governor appointed an Interagency Drought Task Force. DWR is working with other agencies on a variety of activities. Ms. Jones highlighted the impacts of drought on small water systems in rural areas and the importance of the future Commission workshop on that subject. DWR works with the California Rural Water Association to reach those communities but would appreciate the Commission's help in highlighting it as a concern.

DWR is working with the State Water Resources Control Board (State Water Board) to comply with the Governor's Executive Order to streamline and expedite water transfers, though only a very few transfers may occur this year due to decreased natural flows. DWR is working with local agencies to explore areas where they may need assistance in dealing with drought impacts. It may be possible to re-appropriate previously unused Proposition 13 agricultural water conservation loan funds to make them more accessible. DWR is also tracking subsidence conditions and working with regulatory agencies to operate the SWP as efficiently as possible in the Delta.

There are some unexpected impacts from the current prolonged dry conditions. Many areas on the North Coast are susceptible to drought impacts because they typically have significant rainfall and do not have infrastructure to prepare for dry conditions. The city of Willits currently has roughly 100 days of water supply because reservoir levels are low from the lack of rainfall. There are small water systems along the Central Coast, as well as in foothill and mountain areas, at risk in droughts because they use unreliable groundwater sources and a large number of affected small systems in San Diego County. The livestock industry has been hit hard by the impacts of drought on grazing land. Many livestock disaster programs are no longer operating because the country is operating on an interim Farm Bill. DWR is working with local partners to intensify groundwater monitoring in areas where subsidence problems may be developing.

Mr. Byrne asked if there is danger of the water level falling below the intake at Lake Oroville. Ms. Jones said the intake at Oroville is not an issue at this time. It could be an issue at Lake Cachuma in Santa Barbara County, where a special pump was installed to bring water into the area's distribution system in 1991.

Mr. Curtin asked if Folsom Lake's level is getting close to the intake. Ms. Jones said some of the small diversions that serve local communities may need to pump for their distribution systems.

Ms. Delfino asked what the Governor has in place in the proposed budget to assist with drought management and when there might be a drought declaration. Ms. Jones stated that the Governor has said a drought declaration is coming soon. California is in a different position from the previous drought because there was a water bond passed in 2006 which funded drought assistance. We are now at the end of the bond cycle and the few funds remaining are constrained. As a result, there is limited money immediately available for new drought response actions. DWR is seeking small amounts of money for refurbishing existing activities. If the Governor declares an emergency, there may be funds available that are controlled by the Office of Emergency Services.

Mr. Curtin asked if an emergency declaration would allow the Governor to reauthorize any of the money that is currently unavailable. Ms. Jones said the Governor would be able to redirect appropriated funds, but bond funds carry a special constitutional protection and cannot be easily redirected.

Ms. Sims mentioned that the Governor's budget proposal includes about \$3 million for DWR and \$5 million for the State Water Board for groundwater monitoring and data collection activities. Ms. Jones stated that groundwater monitoring during dry conditions is hugely important.

Mr. Del Bosque informed the Commission that he and Mr. Orth attended a meeting with Governor Brown, at which locals from the Fresno area provided the Governor with feedback and suggestions for mitigating drought impacts. One suggestion was to create an emergency consolidated place of use to allow water to be exchanged more freely from one area of the San Joaquin Valley to another. Mr. Del Bosque suggested bringing some local ideas to the state level and considering their incorporation into the California Water Action Plan.

Mr. Byrne agreed with Mr. Del Bosque's idea and asked for discussion at a future meeting regarding the broad police powers the Governor would have in the event of an emergency declaration. Ms. Jones noted that there is a petition pending with the State Water Board to consolidate the place of use for the Central Valley Project and State Water Project.

Dante John Nomellini, manager for the Central Delta Water Agency, provided public comment. Mr. Nomellini listed some measures that were taken in previous droughts that could be helpful in current conditions. In 1991 and 1992, DWR enacted a drought water bank and coordinated the availability of water that could be distributed. It featured a program through which farmers fallowed land or reduced irrigation. Such a program could be managed to help relieve drought conditions without negatively impacting local communities. Temporary barriers in the Delta have also been useful in the past to reduce salinity intrusion.

**8. Briefing on Area of Origin Issues**

This item was postponed to a future meeting.

**9. Briefing on the Natural Resources Agency's Safeguarding California Plan**

Ann Chan, California Natural Resources Agency Deputy Secretary for Climate Change and Energy, briefed the Commission on the draft Safeguarding California plan. Safeguarding California is the state's multi-sector framework for reducing climate risks. It contains policy guidance for state decision makers. The plan updates and expands upon the 2009 Climate Adaptation Strategy document. It is organized around nine sector chapters, one of which is water. Safeguarding California is part of the state's coordinated efforts to respond to climate change.

California's efforts to respond to climate change fit within a larger federal effort. There is a State, Local, and Tribal Leaders Task Force on Climate Preparedness and Resilience, which was established as part of the President's Climate Action Plan.

Safeguarding California is meant to work in conjunction with sector-specific actions to reduce climate risk. One of the goals was to incorporate cross-sectoral linkages. The Natural Resources Agency led the development of the plan, but many state agencies and departments were involved.

There will be many climate change impacts to water in California. There will be impacts to water supply and quality, ecosystems, hydropower capabilities, flooding and drought, and coastal and Delta areas. Floods and storms will likely become more severe. There will be a massive loss of snowpack, shifts in precipitation and runoff, and sea level rise. Climate change will add stresses to the challenges California already faces.

Climate change will have regional impacts and solutions need to be locally developed. There are programs in place already that help do this, such as the IRWM process.

Ms. Chan highlighted some of the recommendations from the water chapter. California must prepare for flooding, support regional groundwater management, diversify local supplies, and

increase water use efficiency. There is a recommendation to expand the 20x2020 urban water use efficiency target. It is necessary to increase agricultural water efficiency and stormwater use, prepare for hotter and drier weather, and prepare for wildfire. Land use will be important including low impact development and urban forestry. It is necessary to protect and restore water supplies for important ecosystems. It is also important to increase climate science research regarding extreme precipitation events and consider how changes in precipitation impact groundwater recharge and quality.

The plan also includes cross-sectoral recommendations. Responding to climate change needs to be a collaborative and iterative process. More sustainable funding sources to prepare for climate risks are needed. Climate change will disproportionately impact vulnerable communities, so policies should take that into account. For actions to be effective, California must mainstream climate risk considerations into all actions.

The Safeguarding California Plan is out for public review. There are two public workshops scheduled for January.

Ms. Delfino said the draft provides a lot of information about the likely impacts of climate change, but asked how it will move forward once it is finalized. Ms. Chan said the plan does not establish any policy but provides guidance. There are no specific legislative recommendations, though the legislature is interested. There are already sector-specific implementation measures occurring. Success will depend on sector-specific implementation. The sector leads are prepared to work with stakeholders to move forward.

Mr. Curtin pointed out that water is present in all of the sectors. He discussed a strong connection between water supply, forestry, energy, and greenhouse gases. The Commission could coordinate a meeting on how water supply, good forestry practices, and the potential of bioenergy could diminish the potential of more dramatic forest fires. Ms. Delfino suggested including the U.S. Forest Service because they are addressing some of those issues.

Mr. Ortega said climate change is a new frontier and there is an opportunity to recalibrate what is meant by costs and benefits. Climate risk must set a new benchmark by which we view what projects are worth building. There must be a way to capture the value of providing for future needs. Mr. Ortega also urged viewing disadvantaged communities from a broader context.

#### **10. Update on Bay Delta Conservation Plan**

Karla Nemeth, Bay Delta Conservation Plan (BDCP) Program Director, updated the Commission on the BDCP. A public review draft of the BDCP and environmental review documents were released last month. The release began a 120-day comment period which ends April 14, and

there will be public open houses. There have been requests for an extension of the comment period. Those requests may be reevaluated after the public open houses.

Ms. Nemeth highlighted some key changes between the administrative draft and the public review draft. The governance chapter was clarified, particularly the decision-making roles of regulatory agencies. Decision-making authority would be retained by the regional directors of regulatory agencies, and there would be a mediation panel for dispute resolution. The public review draft clarifies the decision tree that describes outflow scenarios. Chapter 8 includes updated costs. State and federal funding has been identified for a set of the conservation measures, and water users would pay for other conservation measures. More work is needed to determine federal contributions. Another matter is when and how the state would propose to factor in debt service on the facilities. Additional work needs to be done on a more detailed financing strategy.

Ms. Delfino asked when the draft implementation agreement will be released. Ms. Nemeth said the draft is in progress and they hope is to release it by the end of January.

Mr. Ortega asked if there is an assessment of how the BDCP fits into the system as a whole and impacts other factors such as climate change. Ms. Nemeth said there are climate appendices as part of the environmental documents. The BDCP can frame discussions of water storage by enabling a more reliable water supply. Mr. Ortega noted that the climate considerations seem like an afterthought because they are in appendices.

Mr. Saracino asked what the next steps will be. Ms. Nemeth said the plan and environmental documents will be finalized, but they expect a large number of public comments to the draft documents so there is no final timeline yet.

Mr. Byrne asked how much of the costs will be paid by the State Water Contractors. Ms. Nemeth said it will be about 70%.

#### **12. Action Item: Approval of Commission Workplan**

Ms. Sims presented the Commission's 2014 Workplan. The Commission's Assistant Executive Officer Rachel Ballanti developed both last year's and this year's workplans. The workplan incorporates the Commission's mission, strategic plan, and input to develop a plan for the year. It includes agenda items and additional activities. The workplan will be revised as interests and priorities change throughout the year.

A motion was made and seconded to approve the 2014 workplan. A vote was taken and the motion passed unanimously.

Mr. Byrne noted that drought, water transfers, and the public benefits of water storage projects are priorities. Mr. Byrne would also like SWP governance to be a priority. Mr. Ball agreed that the Commission should focus on the maintenance and improvement of the SWP, particularly regarding Alamo Powerplant.

**13. Action Item: Approval of 2013 Annual State Water Project Review**

Ms. Sims presented the Draft 2013 Annual Review of the Construction and Operation of the SWP. The annual review is a statutory responsibility of the Commission. The review provides an overview of the SWP, Commission activities pertaining to the SWP, and updates on current and planned SWP construction projects.

Mr. Ball asked if there has been a positive impact to SWP recruitment and retention from the salary increase. Ms. Sims said Commission staff will contact SWP staff to see if there are initial indications of improvement and will report back to the Commission on the matter.

Mr. Curtin said he does not want to lose sight of the goal of logical collective bargaining process for SWP employees. The Commission could be updated on reorganization plans.

Mr. Del Bosque pointed out that the tables on water deliveries and power generation show large drops in drought years and inquired what kind of financial impact that will have on the SWP.

A motion was made and seconded to approve the review. A vote was taken and the motion passed unanimously.

**14. Action Item: Approval of 2014 Meeting Dates**

Brianna Shoemaker, the Commission's Staff Services Analyst, presented the 2014 Commission meeting dates. The Commission will continue to meet on the third Wednesday of each month in Sacramento. There will likely be a Commission workshop on small water systems in March in San Diego, and there may be a joint meeting with the California Board of Food and Agriculture.

**15. Action Item: Approval of DWR 2014 Regulation Calendar**

Staff Counsel Maureen King presented the proposed DWR 2014 rulemaking calendar. The Commission approves the DWR rulemaking calendar each year. There are two regulations planned for 2014. One is the final approval of the SWP encroachment regulations, which the Commission has seen before. The Division of Operations and Maintenance would like to re-notice the revised regulations, which would trigger another comment period. The other regulation, from the Division of Engineering, intends to revise sections of the Government Code which involve revision of architectural and engineering contracts.

A motion was made and seconded to approve the rulemaking calendar. A vote was taken and the motion passed unanimously.

**16. Consideration of Items for Next California Water Commission Meeting**

Items for the next meeting may include an update on drought issues, legislative and budget updates, review of public comments on the Staff Draft Regulations and Guidelines for Quantifying the Public Benefits of Water Storage Projects, a briefing on area of origin issues, a discussion of water transfers, and a briefing on tribal issues.

Ms. Delfino requested an update on the State Water Action Plan. Mr. Ortega requested a briefing on impending water quality regulations that will have water supply implications as they relate to State Water Contractors. Mr. Orth requested a discussion of the Interagency Drought Task Force and the impacts of a drought declaration. He would like the perspective of the drought task force on groundwater management. Ms. Delfino seconded the request for a groundwater discussion and suggested including the State Water Board.

Mr. Byrne adjourned the meeting at 11:34 p.m.