PLUMAS COUNTY PLANNING & BUILDING SERVICES

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California Water Commission
P.O. Box 942836
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Rachel Ballanti, Acting Executive Officer @ rachel.ballanti@water.ca.gov

Jennifer Marr, Project Manager, SAC Co-Lead @ jennifer.marr@water.ca.gov

Dear Ms. Ballanti and Ms. Marr:

Plumas County is very interested in the Water Storage Investment Program (WSIP) process and outcomes. Plumas County appreciates the open and professionally executed nature of the involvement and input process. The stakeholder group is broad enough to encompass a robust range of water storage opportunities and perspectives with a notable exception that we discuss below.

We write to strongly object to the narrowing of project purposes as described in Table 2. In the handout provided to the Stakeholder Advisory Committee (SAC) on May 4, 2015. Our concerns are that the proposed "clarifications" for the definitions of groundwater storage in combination with process recommendations presented at the May 4th meeting, if adopted as proposed, will eliminate substantive policy discussions and ultimately negatively affect WSIP programmatic outcomes. Since process, policy and outcomes are important and interdependent, we provide observations and suggestions for improvements in all three areas

Process:
Substantive discussions about policy and legislative intent and interpretation issues are proposed to be deferred and buried within the feasibility handbook that was presented at the May 4th SAC meeting and also in the obscure "green box" of agency review and permitting in the project application process flow chart that was also presented at the May 4th meeting.

Potentially significant policy issues should be discussed and addressed "upfront" in the overall guidance for projects solicitation and development, rather than buried in technical manuals and process boxes. The WSIP stakeholder consultation process and the back and forth dialogue between the stakeholders and the California Water Commission (CWC) staff are the proper venues for vetting and addressing the following concerns.

As we discuss below, significant policy issues include: consistent and transparent measures for " project readiness" and for comparing "net" public and environmental benefits for different kinds of WSIP

projects, and the importance of incorporating climate resiliency and groundwater storage opportunities "above the dams" into the WSIP.

These procedural defects along with such definitional "clarifications" such as defining groundwater projects as solely *"storage projects that bank water for the project sponsor or external customers"* via *"contractual arrangements that detail water supply accounting and withdrawal obligations and conditions"* in combination with the proposed project application process combine to create a programmatic bias for engineered rather than ecosystem based solutions for enhancing surface and groundwater storage. We believe that the intent of the legislature was as stated to incentivize *"local and regional surface storage projects that improve the operation of water systems in the state and provide public benefits"* and to *"enable conjunctive and reservoir operation projects"* and to invest in groundwater storage and clean-up projects that *"provide water storage benefits."* (California Water Code, Section 7951).

Specific concerns with the proposed process include, but are not limited to, the following:

Concern: "Readiness to proceed" eligibility criteria are improperly deferred to the feasibility analysis.
We suggest that it is questionable policy to allocate bond funds to applicants before they demonstrate their firm and decades-long agreements for the water and land rights that are necessary for the project to proceed. In most other grantmaking venues, applicants lacking those essential agreements have failed to demonstrate their "readiness to proceed". The commonly applied definition for "shovel ready" projects is that they have secured their necessary land and water rights, and that they have completed their environmental reviews to levels that are necessary for demonstrating that they have a reasonable chance of obtaining permits. We are concerned that projects with completed engineering may ultimately not be more "ready to proceed" than projects with designs and land and water rights and at least a "red flags" environmental review.

Recommendation:
Clear policy direction and guidance on project "readiness" should be defined now rather than later in order to create the decision-making framework that becomes essential for the CWC and public to understand the relative merits of allocating bond funds among different projects. Clear criteria and policy guidance now reduces the risk that the CWC will prematurely commit funds to projects that may be ultimately delayed, redesigned, or even eliminated because they are unable to demonstrate that they have obtained the necessary water and land agreements or because negative environmental and environmental justice (EJ) impacts and effective mitigations for those impacts render the project infeasible or uncompetitive.

Concern: Mitigations and Benefits tradeoffs are improperly deferred to the agency review, mitigation, and permitting process.
There is a risk to delaying environmental and EJ mitigations and determinations of conformance with legislative intent such as "the human right to water" until the agency permitting phase. Our concern is that comparisons of realistic public benefits obtainable from various projects are never really presented to the CWC and the public. The current process does not appear to identify the venue or an approach for determining "upfront" in the application process, and in a comparative way, whether the predicted benefits are in effect "gross" benefits or "net" benefits.

Recommendation:
The CWC staff with the stakeholder advisory group should develop a clear framework for comparing "net benefits" as early policy guidance for the application process. If some projects are using net benefits and other projects are using gross benefits, comparisons and determinations of least cost and most environmentally beneficial projects becomes more difficult.

We are concerned that this vagueness has the potential to become even fundamentally problematic for WSIP if funding is awarded to projects before these analyses are completed and that funding becomes indefinitely suspended until those issues are resolved. The currently obscure permitting process creates pressure on the permitting agencies to not delay an already approved project, which could be a "default" driver for the outcome of the permitting process.

Defining net benefits and presenting net benefits of proposed projects in comparable ways should be required of all applicants as part of the project description, the project purpose, and the need for the project application in the first few pages of a project solicitation package (PSP), rather than being embedded in voluminous feasibility documents (e.g. generally in the appendices) that the public is unlikely to read.

Concern: The lack of a changing hydrology baseline and climate resiliency guidance and criteria for project applicants limits the range of possible projects and overly narrows the potential range and distribution of public and environmental benefits:

Recommendation:
The premise of an unchanged hydrology needs to be discussed among the CWC staff and the stakeholder advisory group before the WSIP project application guidelines are finalized. At a minimum the Stakeholder Advisory Committee (SAC) should openly discuss the potential consequences of excluding climate resiliency and variable hydrology factors including the risk of overestimating the predicted benefits of both new and existing surface and groundwater infrastructure-especially during prolonged drought.

This is a far bigger "due diligence", "bond accountability", and "legislative intent" policy issue for the WSIP than pushing storage bond funds out the door as fast as possible.

Concern: Current "comfort levels" among advisory committee members and the CWC staff with hydrology and land use control are policy questions that have not been evaluated as factors that could be driving the program design.

Specifically, the range of groundwater storage alternatives may be overly narrowed by consideration of storage projects that the water agencies command and control.

Is the real universe of project alternatives for WSIP constrained, in law or policy, to groundwater storage in basins that water districts can control and manipulate?

Specifically, environmental benefits may be overly narrowed to species benefits obtainable for parts of the Delta tributaries where access to those tributaries is not blocked by dams or where in stream flows can be enhanced by water acquisitions in Delta tributary segments.

Is the real universe of project alternatives for WSIP constrained, in law or policy, to enhancing instream flows to Delta tributaries that are physically connected to the Delta or to Delta tributary flows that can be acquired from willing sellers?

Recommendation:
We recommend that projects that restore and enhance the natural hydrology, including intermediate groundwater storage, should receive consideration for the value that they provide for conserving and enhancing surface and water inflows that surface projects downstream are relying upon for their continued benefits.

It is not surprising that the water storage enhancement opportunities for the land managers and now groundwater managers for the vast proportion of the Delta watershed is not a topic of discussion. The US Forest Service and the National Park Service, the US Bureau of Land Management, representatives for private working forested landscapes, and County governments with their land use authorities over overlying groundwater owners and managers are not represented at the table as "stakeholders". As we have discussed above, this may be appropriate because groundwater managers above the dams may not have a real "stake" in the program outcome under the "clarifications" and application process proposed on May 4th.

Final process concern:

If environmental enhancement in the Delta watershed fits the WSIP where do these projects belong?

(a) Under existing reservoir enlargement?
Environmental enhancement projects in the Delta watersheds that drain into downstream water supply aquifers and into existing surface storage facilities through natural waterways could enhance reservoir operations, even under an existing hydrology scenario. California's existing reservoirs and aquifers are increasingly strained to meet their flood reservation, cold water pool, and environmental and water quality flow releases- even without a more variable runoff hydrology. But because reservoir reoperation projects are proposed to include only water banking arrangements between the owners of constructed recharge systems and water buyers, ecological groundwater banking and passive conjunctive use become defined out of the WSIP. **What is really being eliminated is passive recharge and storage in the headwaters regions for the primarily purpose of headwater ecological restoration with ancillary downstream environmental and conjunctive use and water storage benefits that we believe are comparable to, and competitive with, enhancing storage by raising existing dams and by building new surface and groundwater projects.**

(b) Under climate change and adaption?
If climate resiliency is determined to be an important aspect of the WSIP program, then enhancing "natural" or ecosystem water storage and baseflow and pulse flow runoff processes could be considered within a broader programmatic climate resiliency framework and within the criteria established for adaptations to a changing hydrology within the existing "conjunctive use", "reservoir reoperation", and "groundwater storage" SWIP program areas.

(c) Is an "Other Projects" alternative the best appropriate approach?
Our present understanding is that, currently, only engineered water storage projects that provide "net" ecosystem and public benefits (e.g. above mitigations) are eligible for bond funding. Currently, Delta tributary flows benefits are either targeted below the dams or for instream flow acquisitions in segments above the dams.

We also understand that appropriate metrics and scientific justifications would need to be developed specifically for the ecological restoration of Delta watershed lands and waterways with hydrologic connectivity to the Delta. The DWR handbook addresses engineered projects and is awkward to irrelevant as a tool for ecosystem projects with storage and flows benefits.
However it may be incorporated into the proposed WSIP framework, "ecosystem lands and hydrology restoration category" projects would conserve, restore, and enhance the historic surface and water hydrology by restoring ecosystem processes that are, ultimately, the real foundation for California's existing surface and groundwater water supply infrastructure and for WSIP projects.

Outcomes:

Our concern is that the proposed application process becomes, box-by-box, category-by-category, and criteria-by-criteria; becomes so restrictive that forest and meadow ecosystem restoration in the Delta watershed above the dams is ineligible for WSIP funds

Plumas County spent years in the CALFED process. The disregard for broad Delta tributary improvements in the headwaters is a "CALFED déjà vu", now imported, and apparently without reflection, into the WSIP. This programmatic "blind spot" about the value of ecological restoration and groundwater storage in the headwaters persists despite a broad-based and growing policy interest on the part of many downstream water managers in headwaters forest and meadow ecological restoration.

Outcomes Recommendation:
We propose a new "Other Project" category.

This new project category is focused on land-based ecosystem restoration projects that, as a secondary benefit, and as a result of restoring ecological processes at a landscape scale, provides significant and broadly distributed groundwater recharge storage and enhanced tributary runoff benefits at comparable costs for the public benefits produced by engineered water storage projects.

Ecosystem based projects will give engineers and water program managers headaches as natural systems often do. Our understanding also is that such projects are not excluded by the legislation, but we are concerned that they will be excluded by the proposed program definitions and application process. But more fundamentally, is the WSIP process really designed to move the CALFED projects forward under the rubric of "bond accountability" or by the momentum of previous public investments in the CALFED storage projects named in the legislation? How are significant policy factors that have emerged since CALFED, such as climate resiliency and groundwater legislation, to be incorporated into the WSIP?

Conclusion:

Plumas County requests that more substantive policy discussion about climate resiliency and ecosystem based groundwater recharge, storage, and runoff enhancement projects and the membership of the Stakeholder Advisory Committee occur among the California Water Commission staff and the stakeholder advisory group before the Water Storage Investigation Program's project application guidelines are finalized.

Plumas County requests specific policy direction from the Stakeholder Advisory Committee and the California Water Commission staff on the application process and the eligible range of projects that is based on substantive public dialogue between the CWC staff and the stakeholder advisory group before the Water Storage Investigation Program's project application guidelines are finalized.

Thank you for the opportunity to provide our observations and suggestions. If you should have further questions, please do not hesitate to contact me.

Sincerely,

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