

California Water Fix Coalition

May 22, 2015

Chairman Joseph Byrne
California Water Commission
Department of Water Resources
1416 Ninth Street
Sacramento, California 95814

Dear Chairman Byrne:

The California Water Fix Coalition¹ supported the water bond passed by the voters in November 2014 as an important step in advancing comprehensive, integrated actions to sustain California's environment and economy. New and improved water storage infrastructure is a critical component of the necessary investments to realize the vision for a sustainable Delta and to meet the state's water supply and ecosystem challenges. The California Water Commission has a pivotal role in prioritizing the water storage investments to achieve varied public benefits, in partnership with water users.

In supporting a comprehensive approach to water supply and ecosystem challenges, the Coalition noted that the water bond addresses five key challenges in California:

1. California's current water management system is unsustainable for both people and the environment. California must invest now to meet current and future needs for drinking water, industry, agriculture and landscape irrigation, and the environment.
2. California's highly variable precipitation requires a fully integrated water infrastructure system with the flexibility to store water when it is in abundance and convey it reliably to where it is needed when it is needed for the benefit of humans and the ecosystem.
3. Droughts and floods frequently stress the economy and environment, and climate change is expected to exacerbate this problem: wet periods will be wetter and dry periods drier and longer.
4. Nearly a million Californians are drinking water that doesn't meet state and federal water quality standards.
5. California's water management systems are aging. Built 50 years ago when the population was 17 million and environmental protection was a lower priority, the system cannot meet current priorities and needs.

As the California Water Commission (Commission) moves forward on the regulations and guidelines for State investment in water storage, the Coalition urges you to consider the following eight recommendations.

¹ The California Water Fix Coalition is not affiliated with and has not taken a position on the Bay-Delta Conservation Plan Alternative 4A, which the Governor's Administration has now called the California Water Fix. For information about the Coalition and the principles of a California Water Fix, visit www.CAWaterFix.com.

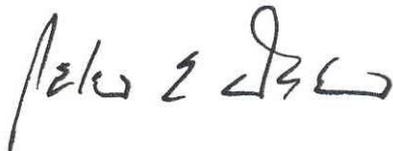
1. The Commission should emphasize investment in water storage projects of statewide significance. That is, State bond funds should be used to invest in surface and groundwater storage projects that can demonstrate substantial environmental and economic benefits, and other public benefits. Project applications should be ranked based on the expected return for public investment as represented by the magnitude of the public benefits as well as by how they increase flexibility to meet the needs of the environment and the economy. Small local and regional projects will not provide the state water system with the flexibility to adapt to the future climatic, environmental, and demographic changes that are already stressing California. The Commission should interpret bond language regarding “water systems in the state” to be those systems that are the backbone of California water management for the waters in and moving through the Delta watershed. The Coalition is concerned that State bond funds will be broadly distributed to smaller projects, but those investments will not provide the requisite improvements to give State and Federal water managers the necessary flexibility to meet the needs of the environment and economy.
2. Groundwater projects considered for Chapter 8 funds should provide substantial water storage public benefits, including “measurable improvements to the Delta ecosystem or to the tributaries to the Delta” (Section 79752). Such projects should be able to demonstrate how they will be integrated with the “backbone” water management systems. Priority should be placed on groundwater storage projects that are not eligible for funding from other chapters of the water bond.
3. The Commission should ensure that funding is spent primarily on project construction. To that end, the Commission should consider caps to the amounts that applicants can devote to project engineering and administration.
4. The Commission should develop simple, explicit performance metrics so that project proponents can design, permit, and operate facilities to achieve the public benefits identified in the bond. The metrics must consider and align with State and Federal permitting requirements whenever possible. The Coalition is concerned that proposed projects may be modified through the permitting processes such that they under-deliver public benefits and water supply, or are abandoned.
5. The Commission should seek specific commitments and assurances regarding financing plans so that proposed projects are actually implemented after the Commission grants funds. The Coalition is concerned that projects could be approved with inadequate local financing plans and State funds would be wasted on design and permitting for projects that never get built for lack of viable local or regional financing plans.
6. The Commission should establish accountability measures and timelines to ensure that funded projects get implemented promptly. The Commission should maintain oversight of the bond expenditures for water storage projects through design, permitting, construction, and operation. The Coalition has concluded that full implementation of the California Water Action Plan will require substantial additional public funds beyond those currently authorized. Performance accountability will be critical for earning public trust to continue future investments.
7. In keeping with the water systems integration goals emphasized in the California Water Action Plan, the Commission should request specific performance information from applicants regarding the integration benefits of proposed projects, including benefits achieved by reoperating existing water storage systems. That is, the Commission should ask applicants to

demonstrate operational benefits of projects with and without integration with existing and contemplated water management systems (while there is no certainty that contemplated projects will be permitted and built, it should be recognized that construction of storage projects under Chapter 8 is unlikely to begin before 2018 and will not be completed until well into the next decade). In so doing, the Commission can fully understand how integrated operations can increase public benefits and water supplies and how applicants will assure the benefits of integration with the existing water management systems and how these benefits might be increased by integration with contemplated systems.

8. The Commission should promote competition among the project applicants for the available funds. The Commission should establish an open and transparent process that is explicit about performance outcomes and the expected commitments, requirements, and assurances to assure long-term delivery of the public benefits the State is paying for. Although the Commission is not scheduled to release project solicitation and evaluation guidelines until March 2017, the Commission should encourage interested parties to submit brief, conceptual proposals long before that date. This will allow applicants to think through how their projects will perform, identify improvements to maximize public benefits (including through integration with existing and contemplated water management systems), establish partnerships, and determine sources of financing. This approach will lead to more robust competition among applicants.

The Coalition appreciates the substantial challenge the Commission has undertaken and all of the complexities of funding storage projects that reliably improve ecosystem function, other public benefits, and water supplies. We are committed to work with you and other leaders across the state to ensure that State funds are expended wisely and responsibly to support and enhance California's ecosystem and economy. We look forward to working with you on this critical issue.

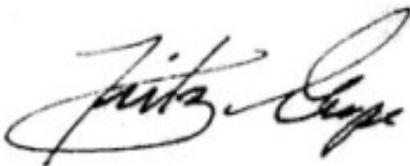
Sincerely,



Peter Weber
California Partnership for the San Joaquin Valley



Sunne Wright McPeak
Delta Vision Foundation



Fritz Grupe
The Grupe Company
San Joaquin County

cc: The Honorable, Jerry Brown, Governor of California
The Honorable John Laird, Secretary, California Natural Resources Agency