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October 22, 2015

Mr. Joseph Byrne, Chair
California Water Commission
P.O. Box 942836
Sacramento, CA 94236-0001
Submitted via e-mail: cwc@water.ca.gov

RE: Water Storage Investment Program Draft Regulations

Dear Chairman Byrne:

On behalf of the California Groundwater Coalition (CGC), I write to express our concern with the water storage investment program (WSIP) draft regulations. CGC did not have representation on the Stakeholder Advisory Committee (SAC), however CGC has been working with representatives from the Groundwater Resources Association of California (GRA) and the Association of Ground Water Agencies (AGWA) who both served on the SAC and is very supportive of the comment letter submitted by GRA on October 14, 2015.

The CGC was formed at the urging of California State and local officials who believed that increased efforts were needed to educate and inform policy makers and the public about California groundwater resources. CGC members include public and private groundwater management entities located throughout California and consist of experts with technical, legal, and professional groundwater and related expertise.

For the first time, groundwater storage was included in the storage portion of Proposition 1, Chapter 8. This is something that CGC has been working towards for a long time. For this reason, CGC was very supportive of Proposition 1 and wants to ensure that the WSIP regulations are drafted in a way that groundwater projects remain eligible for funding even though they are smaller and less expensive than surface storage projects. Groundwater storage is a worthwhile option for storing water locally with a lot less infrastructure, and therefore money, needed to do so.

We believe that the draft regulations, as currently written, create a substantial hardship for small surface and groundwater storage projects to meet the funding criteria and in fact favor a few large surface storage reservoirs.

Specifically, the quantification and valuation of physical benefit requirements are very cumbersome and in some cases will be impossible for groundwater storage and conjunctive use project proponents to comply with. CGC believes that this will cause a significant financial hardship for small project proponents who will be unable to apply and compete for funding.

One way to address this would be to create separate funding for "shovel ready" projects. Many groundwater storage and conjunctive use projects will be seeking funding to expand existing facilities and will have already completed feasibility studies and related planning documents by the time the WSIP money is available in 2017. CGC believes that a portion of the \$2.7 billion should be directed to groundwater storage projects that could immediately begin construction and be fully operational within 24 months of receipt of the

The Honorable Ricardo Lara

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funding, "shovel ready." We believe that this will help to level the playing field and further the legislative intent of Proposition 1 to fund both surface and groundwater storage projects.

This is just one suggestion, but not the only way to address CGC's concerns. CGC is ready and willing to discuss with you other potential solutions. However, the draft regulations, as currently written, are unworkable for groundwater and small surface storage projects. The unintended consequences of the burdensome nature of the draft regulations is that smaller surface and groundwater storage projects will not have the financial wherewithal to apply for the funding leaving very cost effective projects without sufficient funding for completion.

Thank you in advance for your consideration of our concerns. If you have any questions regarding our position on this measure, please do not hesitate to contact me or our Legislative Advocates Chris Frahm or Rosanna Carvacho at 916-594-9700.

Sincerely,



Kenneth Manning

President, California Groundwater Coalition

cc: The Honorable Kevin de Leon, Senate President pro Tem
The Honorable Toni Atkins, Assembly Speaker
The Honorable Anthony Rendon
The Honorable Fran Pavley, Chair, Senate Natural Resources and Water Committee
Members, Senate Natural Resources and Water Committee
The Honorable Marc Levine, Chair, Assembly Water, Parks and Wildlife Committee
Members, Assembly Water Parks and Wildlife Committee
Martha Guzman Aceves, Legislative Affairs Secretary, Office of Governor Edmund G. Brown, Jr.
Dennis O'Connor, Principal Consultant, Senate Natural Resources and Water Committee
Tina Cannon Leahy, Principal Consultant, Assembly Water, Parks and Wildlife Committee