



March 14, 2016

Joseph Byrne, Chairman
Members of the Commission
California Water Commission
901 P Street, Room 314
P.O. Box 924836
Sacramento, CA 94326

Sent electronically to Jennifer.Marr@water.ca.gov

Dear Chairman Byrne and Members of the Commission:

The Northern California Water Association, California Rice Commission and Family Water Alliance provide the following comments on the California Water Commission's (Commission) proposed regulations (January 11, 2016) for Proposition 1, Chapter 8 (The Water Storage Investment Program or "Storage Program"). There is both widespread and strong support in Northern California for the Sites Project Authority and we also urge you to review and incorporate its comments in your revised regulations.

The nearly unanimous support for Proposition 1 in the Legislature, Governor Brown's strong and active support to "save water for the future" and a resounding 67% support from California's voters--combined with the lessons from four consecutive dry years--provide a strong impetus to advance the Storage Program in a way that encourages state investment in the public benefits of water storage in California.

As currently structured, the draft regulations do not fulfill the intent of Proposition 1, they will unnecessarily delay funding for several years, and they are so tightly wound that the types of storage projects the Legislature intended to fund will not meet the current criteria. For the Storage Program to advance these important purposes, we encourage the Commission to move quickly to unwind the current regulations and refocus on a clear and more direct path forward for the state to immediately start investing in the public benefits of water storage in California.

The draft regulations will delay important investment in water storage

The draft regulations will clearly delay the implementation of the Storage Program and much-needed statewide investment in water storage. Delayed funding increases the project's cost to both the water users and that state with respect to public benefits, which will reduce the state's return on investment. The following are examples of provisions that will delay the process:

- Funding will not become available until at least the end of 2018, which is 1-year later than originally planned (*See* Commission's December 16, 2015 revised schedule). Additionally, projects such as Sites Reservoir may not receive Proposition 1 funding for 5 years as described below. (ISOR page 17, §6003(b) & (c).)

- This draft of the regulations is only the application process, which is the first set of regulations. Additional regulations are also under development to further prescribe the selection criteria. The second set of regulations is likely to be more difficult since it requires the Commission to agree on a common set of values. This will create further delay.
- Linking funding to completion of all environmental documents and receipt of permits prevents funding for preliminary design activities, which typically are concurrent activities for these types of projects. More specifically, the current regulations:
 - did not incorporate §79755(c) in Proposition 1, which allows the Commission discretion to fund completion of an EIR/S that is integral to the project;
 - require “all permits are secured” before funds become available to the applicant.

As a result, the applicant must either delay the project until Proposition 1 funds are awarded or finance this expensive work.

The draft regulations are too tightly wound

The Commission has made a valiant attempt to include comments from numerous parties, but as a result, the regulations are so tightly wound that they make it nearly impossible for a project applicant to weave through all the various prescriptions. The last four years of drought has shown us that we can not anticipate every possible dynamic in California. Instead, we need to provide cogent guidelines for appointed officials, who are accountable to the Governor, different Commissions and the Legislature, to exercise their discretion within these guidelines to fulfill the intent of the Storage Program. As an example, the draft regulations require “stress testing” each project for resilience to climate change. The proposed ‘inputs’ (e.g., reduced precipitation, increased temperature, and sea level rise) may be too severe for any project to demonstrate public benefits can still be provided to meet the return on investment criteria.

Thank you for the opportunity to provide our Northern California perspective on the proposed regulations. If you have any questions, please call.

Sincerely yours,



David Guy
President
Northern California Water Assn.



Tim Johnson
President & CEO
California Rice Commission



Nadine Bailey
Chief Operations Officer
Family Water Alliance

cc: Secretary Laird
Director Cowin
Executive Officer Landis