



October 3, 2016

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The Honorable Joseph Byrne, Chair
California Water Commission
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Submitted via e-mail: WSIPComments@cwcc.ca.gov

Subject: Comments on Water Storage Investment Program Proposed Revisions to Regulations (9-2-16) and Draft Technical Reference Document

Dear Chair Byrne and Commission Members:

The Sacramento Regional County Sanitation District (Regional San) appreciates the opportunity to comment on the Proposition 1 Water Storage Investment Program (WSIP) Draft Regulations. Regional San provides wastewater treatment for over 1.4 million residents and businesses in and around the Sacramento region, treating on average, around 150 million gallons per day of wastewater. With the future completion of Regional San's wastewater treatment plant upgrades – known as the “EchoWater Project” – all of the Plant's approximately 167,000 acre feet per year of treated water would meet water recycling standards and could be available for additional water recycling and groundwater storage and enhancement opportunities. One particular innovative water recycling project that Regional San is pursuing, known as the South County Ag Water Recycling Program, could provide up to 50,000 acre feet per year of recycled water for agriculture uses and ecosystem benefits, while at the same time provide significant groundwater storage opportunities from in-lieu recharge. We are dedicated to protecting, conserving, and restoring water resources in California, and know that WSIP offers an excellent opportunity to help fund projects that will enhance the resiliency of our water system while providing public benefits to ecosystems.

Our comments on the draft regulations and technical reference document are outlined below.

Draft Regulations

General Comments

We have some concerns about the eligibility and evaluation criteria related to Water System Improvements that could potentially help larger surface storage projects gain an unfair advantage in the selection process. We recommend that

Commission provide additional clarity on exactly how improvements to the operations of the state water system will be evaluated. For instance, existing water supply reliability and water system flexibility metrics should include groundwater storage, as well as surface water storage. More detailed comments are outlined below under Sections 6006 and 6007.

We are also concerned that the current regulations in Article 4 do not allow for meaningful Commissioner input and discretion in terms of which projects receive funding. As you know, there will only be one round of funding for this program, and limited opportunities to refine any criteria or application requirements that may not function as anticipated. We strongly believe the Commissioners should have more authority over which projects receive funding, instead of only having limited opportunities to adjust scores slightly.

Article 1. Purpose and Definitions

Section 6001. Definitions

- (39) “Groundwater dependent ecosystem:” we appreciate that the Commission is using a definition that includes the following language recognizing that groundwater does not have to emerge in order to be accessible to, and support, groundwater dependent habitats: “or on groundwater occurring near the ground surface.”
- “Conjunctive use project:” Regional San is particularly supportive of past changes to this definition which changed a reference to “surface water reservoirs” to “surface water resources.” We think the current definition will allow projects with a broader range of surface water benefits to compete for this funding.
- “Groundwater Storage Project:” we appreciate that this definition now recognizes in-lieu recharge as a component of groundwater storage projects. However, we do suggest that the definition be modified to include “**supporting groundwater dependent ecosystems**” to the list of groundwater uses.

Article 2. Application Process

Section 6002.

- Regional San requests that the Commission commit to closing the project solicitation at least one year after the final quantification regulations are adopted. Given the complexity of the requirements of this program, applicants should be given at least one year from the finalization of the quantification regulations to prepare and finalize their applications.

Section 6003. Application Submittal

- The IRWM program has drastically improved regional planning efforts and facilitated communication and coordination amongst a broad variety of stakeholders working on water issues. Given the Commission's emphasis on making sure WSIP funded projects are coordinated with other projects in their region, and on making sure projects improve the operation of local, regional and statewide water systems, we think it is important to include a requirement that projects be part of an IRWM program . In subsection (a) (1), we recommend that a section be added to the draft regulations which states the following: **“Documentation that the project is included in an Integrated Regional Water Management Plan (IRWMP).”**

Article 3. Commission Methodology and Evaluation Criteria

Section 6006. Eligibility and Completeness

- Subsection (c) (2) Additional eligibility. We have some concerns about this section, specifically criteria “(C) Improves the operations of the state water system.” We think this criterion could help larger surface storage projects gain an unfair advantage in the selection process. We recommend that Commission provide additional clarity on exactly how improvements to the operations of the state water system will be evaluated. We also suggest that the Commission consider adding **“drought preparedness,”** which is in the title of Proposition 1 Chapter 8, as a criterion in this section. We think the addition of “drought preparedness” could help projects that have more localized benefits remain competitive. We also suggest that the Commission consider incorporating some criteria in this section regarding whether the project is part of an Integrated Regional Water Management Plan (IRWMP) and/or the extent to which a project contributes towards implementation of the Sustainable Groundwater Management Act.

Section 6007. Technical Review

Table 1. Ecosystem Priorities

- Flow and Water Quality: We are pleased to see this important function of groundwater storage included in priority (8): “(8) Maintain or restore groundwater and surface water interconnection to support instream benefits and groundwater dependent ecosystems.”
- Physical Processes and Habitat: We appreciate the inclusion of the following highlighted language in priority (9), reflecting the important impact that groundwater conditions can have on habitat quantity and quality: “(9) Enhance flow regimes or groundwater conditions to improve the quantity and quality of riparian and floodplain habitat for aquatic and terrestrial species.”

Table 2. Ecosystem Relative Environmental Value Criteria

- We are supportive of the emphasis on enhancement of existing protected lands reflected in number 8. “Location of ecosystem improvements and connectivity to areas already being protected or managed for conservation values.”

Table 3. Water Quality Priorities

- We appreciate that the word “restore” has been included in priority (6). This addition reflects the fact that groundwater restoration can be a critical element of groundwater storage projects.

Table 5. Water System Improvements

- We have some concerns about this section of the regulations, specifically that criteria related to the “Magnitude of Water System Improvements” could give large surface storage projects an unfair advantage. We appreciate that the definition of “state water system” includes local and regional systems, and think the definition as written will help ensure some smaller projects remain eligible for funding. However, the actual metrics in Table 5 (which include only water deliveries and seasonable storage data) still seem to favor surface storage projects, and could be interpreted to exclude smaller groundwater storage and recharge projects. We suggest that the Commission add criteria related to increases in groundwater storage, or clearly spell out that the existing water supply reliability and water system flexibility metrics include groundwater storage, as well as surface water storage.

Article 4. Conditional Eligibility and Funding Process

We are concerned that the current regulations in Article 4 do not allow for meaningful Commissioner input and discretion in terms of which projects receive funding. As you know, there will only be one round of funding for this program, and limited opportunities to refine any criteria or application requirements that may not function as anticipated. We strongly believe it to be in the best interests of the public, the Water Commission, and the Administration to provide maximum transparency and accountability for decisions related to distributing voter-approved Water Bond funds. Moreover, the enacting legislation and Water Bond itself certainly contemplates this sort of transparency, and the role of the Water Commission members in effecting the intent of the Legislature and people of California is paramount.

Draft Technical Reference Document

We appreciate the effort the Commission, DWR and the consulting team have put into creating the highly detailed Technical Reference Document. The document will be a valuable tool for developing project funding applications and guiding economic evaluations.

General Comments

We acknowledge the requirement to adhere to Chapter 8 of Proposition 1 to quantify ecosystem benefits, however the level of detail required to perform the economic analysis will be very burdensome and may limit the ability of some potential project proponents to participate in the WSIP.

The Honorable Joseph Byrne, Chair
California Water Commission
October 3, 2016
Page 5

As the cost of analyzing projects for funding increases, the number of proponents willing or capable of participating will decrease. We urge caution in inadvertently, artificially selecting projects based on ability to pay up front rather than on the merit of a project to benefit California.

Section 2 – Defining the Without-Project Future Conditions

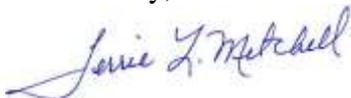
We agree with and appreciate the Commission providing a consistent set of data for use by applicants for “without project future conditions” scenarios.

Section 4 – Calculating Physical Changes

Some projects that will compete for WSIP funding, may have already conducted extensive modeling to understand the physical changes resulting from a project. We would request flexibility in forecasting future project physical changes for the mandated 2030 and 2070 scenarios. The effort and cost to redo modeling work already completed is great. The value of the information obtained in rerunning the models may be far less than the cost of doing so. As an example, if we were to compare the differences in “without project future conditions” using the existing model inputs with the inputs provided by the Commission for 2030 and 2070 and find them to be negligible, then it may be defensible to use the existing inputs for the “with project conditions” and forgo redoing additional model runs.

We would like to reiterate our appreciation for the opportunity to give our feedback on the development of the WSIP, a program that will have an important impact on our water supply system. If you have any questions regarding our comments or if we can be of any assistance, please contact me at 916-876-6092 or at mitchellt@sacsewer.com.

Sincerely,



Terrie L. Mitchell
Manager, Legislative and Regulatory Affairs
Sacramento Regional County Sanitation District

CC: The Honorable Members of the California Water Commission
Prabhakar Somavarapu, District Engineer – Regional San
Christoph Dobson, Director of Policy & Planning – Regional San