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March 14, 2016

Mr. Joseph Byrne, Chair
 California Water Commission
 P.O. Box 942836
 Sacramento, CA 94236

Subject: Comments on Draft Water Storage Investment Program Regulations dated January 11, 2016

Dear Chair Byrne and Commission Members:

The Semitropic Water Storage District is a public agency responsible for providing water service to Agricultural lands in the northern portion of Kern County, serving approximately 154,000 irrigated acres. We appreciate the opportunity to comment on the California Water Commission (Commission) draft Water Storage Investment Program (“WSIP”) Regulations dated January 11, 2016 (“draft Regulations”).

Semitropic has a strong interest in the allocation of Chapter 8 of Proposition 1’s \$2.7 billion for the “public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions” (Water Code §79750(b)). As the Commission moves toward timely adoption of all required WSIP regulations, it should focus on twin objectives of ensuring compliance with the requirements of Chapter 8 and providing a workable framework for project proponents to utilize when presenting the public benefits of their projects for potential WSIP funding. Accordingly, Semitropic supports the comments and suggested amendment provided by the Association of California Water Agencies (ACWA).

In addition to the ACWA comments and Amendments, Semitropic appreciates the opportunity to participate in the public comment process for the draft Regulations and provides comments below for the Commission’s consideration.

- ***Requirements for the Quantification and Monetization of Benefits are too onerous***
 The draft Regulations require the applicant to indicate whether a benefit is public or non-public and to quantify and monetize the magnitude of public and non-public benefits that would be provided by the proposed project. This process requires tremendous amount of technical analyses which requires a large investment of time, resources and expertise. As

a result, the process is skewed towards large surface storage projects, as they have been in the planning process for a very long time and have likely completed many if not all of the analyses listed in the draft Regulations. Furthermore, the quantification and monetization of benefits is highly speculative, therefore, deference should be given to the Commission to allow for the selection of projects which they believe have the greatest opportunity for integration with the existing State water system and other proposed projects to improve the operational flexibility of the State water system to achieve future public benefits under varying future conditions.

- ***Technical Assistance from the Commission regarding integration of surface storage with conjunctive use***

Semitropic is of the opinion that the WSIP is a great opportunity for small local groundwater managers to integrate with surface storage for larger public benefits. However, this can only be achieved if the Commission offers technical assistance by providing a blueprint for integration of conjunctive use and surface storage to better understand how and where they might integrate with surface storage.

- ***Ecosystem priorities should be marked either as equal priority or should be ranked***

The draft Regulations provide the ecosystem priorities identified by the California Department of Fish and Wildlife and water quality priorities identified by the State Water Resources Control Board. However, these priorities are not listed in rank order nor has there been any text in the draft Regulations that indicate that these priorities are of equal value. This would lead to considerable uncertainty as to how projects are evaluated and ranked. Semitropic suggests that the Regulations include text to clarify the relative ranking of these priorities or clearly state that all priorities are equal.

- ***Prioritize shovel ready projects***

Shovel ready projects should be given priority in the review and evaluation process. Current progress of the project (feasibility study, engineering design, and environmental review status) should be included into the evaluation criteria. Priority should also be given to projects that have already expended funds and consideration of this should be included into the evaluation criteria – funds expended demonstrate stronger commitment than future expenditures.

- ***Minimize the monitoring and reporting requirements***

The draft Regulations require any project funded under the WSIP shall, on an annual basis commencing with the end of the first full year of operation, submit a publicly available report to the Commission and the public agencies. The report shall include, at a minimum, a description of actual project operations, documentation of annual public benefits provided, and description of any changes in the amount or type of public benefits

and why those changes occurred. Semitropic suggests that projects be required to submit reports every 5 years rather than annually.

- **Please clarify the intent of Section 6007(e)**

With regard to Section 6007 (e) please clarify the intent of the following:

“...describe how the funding recipient will ensure the public benefits identified for the project are achieved. The funding agreement shall also describe the conditions under which the Commission may rescind Program funding if the project does not provide the identified public benefits.”

This portion of Section 6007 is concerning in that the Commission is requiring a project applicant be responsible for guaranteeing the identified future public benefits of the proposed project when circumstances outside the control of the applicant may change in the future, thus impacting the identified future public benefits and subsequently placing an unreasonable burden on the applicant in that funds contributed and expended may be rescinded.

An applicant, such as Semitropic, can be responsible for providing the facilities and or contractual access to facilities necessary for achieving the identified public benefit to the California Department of Fish and Wildlife, State Water Resources Control Board, or the Department of Water Resources who would be responsible for administering the public benefits of the project. If Semitropic meets its contractual obligations to these agencies, Semitropic should not be liable for the inability of these agencies to achieve identified public benefits due to conditions outside of Semitropic's control.

We appreciate this opportunity to provide comments on the draft Regulations. If you would like to discuss our comments or have any questions, please do not hesitate to call me at (661) 758-5113.

Sincerely,



Jason Gianquinto
General Manager
Semitropic Water Storage District

Cc: Ms. Jennifer Marr, California Water Commission