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Assembly California Legislature

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JAMES GALLAGHER
ASSEMBLYMEMBER, THIRD DISTRICT

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:

We write to convey our strong concern with the proposed regulations for application and funding under the Water Storage Investment Program (“WSIP”). The regulations, as proposed, would cause unnecessary delay and negatively impact the ability to effectively finance the large scale projects anticipated by Chapter 8 of the Water Bond. California needs improved water storage for the benefit of our citizens and the environment and the four-year drought has shown an imperative for you to move forward thoughtfully but expeditiously.

When voters passed Proposition 1 it was their understanding that work would soon begin on vital water storage projects. We are now hearing that the application and funding process may be delayed up to 9 months and perhaps even more under these regulations. This is unacceptable. The Commission must act now to provide a clear and more direct path forward so the state can immediately start investing in the public benefits of water storage in California.

We strongly support the comments of large scale water storage applicants like the Sites Project Authority and urge you to address the specific issues raised by their comments. Specifically we ask that you address the following points:

- Under the proposed regulations, 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 is completely unacceptable and the Commission must act to ensure that funding is provided so projects can begin progress next year.
- 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. We need a clear process from funding to construction; not moving targets at each new step.
- 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 that "all permits are secured" before funds become available to the applicant. This is simply not feasible for large-scale water storage projects as different permits must be secured at different stages of the process; holding back funding will create unnecessary cash flow problems for these vital projects.

As a result, the applicant must either delay the project until Proposition 1 funds are awarded or finance (at greater cost) this expensive work themselves with a hope of funding coming later.

Finally, the regulations have also become unduly prescriptive requiring complex analysis of public benefit management and environmental conditions that are difficult if not impossible to provide at this preliminary stage. 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. Further, management of public benefits may change from year to year to address unique conditions that may arise. For instance, in one year management for cold water flows may be needed for salmonids; whereas in another

year management for flood control is needed and cold water may not be the issue. Ironically, placing this unwieldy analysis on the front end, prior to receiving any funding for the project, will delay and may even thwart important projects that have the best ability to provide the public benefits with which we are concerned.

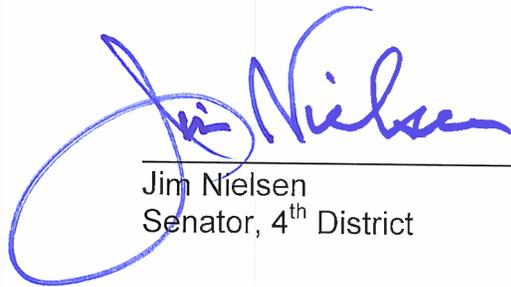
We strongly encourage you to simplify and re-work the current proposed regulations in a way that provides a clear path forward to advance water storage projects under Chapter 8 of Proposition 1, as intended by the authors and the voters.

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

Sincerely yours,



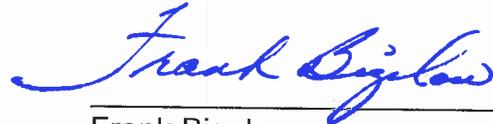
James Gallagher
Assemblyman, 3rd District



Jim Nielsen
Senator, 4th District



Kristin Olsen
Assemblywoman, 12th District



Frank Bigelow
Assemblyman, 5th District



Devon Mathis
Assemblyman, 26th District

cc: Governor Brown
Secretary Laird
Director Cowin
Paula Landis