



ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7
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September 28, 2016

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

Sent electronically to WSIPComments@cwca.gov

Subject: ***Comments on Water Storage Investment Program Quantification Regulations***

Dear Chairman Byrne and Members of the Commission:

The Zone 7 Water Agency is pleased to provide these technical comments on the California Water Commission's (Commission) proposed regulations (September 2, 2016) for Proposition 1, "Chapter 8. Statewide Water System Operational Improvement and Drought Preparedness" (The Water Storage Investment Program or "Storage Program"). Zone 7 plans to participate in surface water storage projects such as Sites Reservoir, Los Vaqueros Expansion and, if it moves forward, Lake Del Valle reoperation and/or expansion. Each of the three could potentially achieve public benefits as intended by the voters who passed Proposition 1. As a State Water Contractor and a Sustainable Groundwater Management Agency (as recognized in SGMA), Zone 7 balances imported supplies with both surface water and groundwater storage to create a more robust local water supply. However, the recent drought and the declining reliability of the State Water Project have forced Zone 7 to further diversify its storage portfolio.

Proposition 1 and the California Water Action Plan both outline the importance of a diverse approach to achieve multiple objectives. Conjunctive use of surface and groundwater builds reliability and resilience to the drought. Many groundwater basins decline in periods when no surface water is available from the state and federal water projects for imports. As reliability of the projects decline and flexibility to move water where it is needed is lost, not only direct users are impacted but groundwater basins and ecosystems suffer, too.

Funding under Chapter 8 provides an exciting new opportunity for California to prepare for the future. "Statewide Water System Operational Improvement and Drought Preparedness" projects will enable the state to be sustainable fiscally and to have a reliable water supply for the people, businesses, ecosystems and groundwater basins relying on water availability. The Commission has the opportunity through the development of these regulations to empower and provide important tools for local and regional agencies to creatively develop well-defined public benefits through public investment in large and innovative "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." Realigning the draft regulations with the language of Proposition 1 will support new storage opportunities as intended to achieve these "public benefits" for California.

Zone 7 appreciates that the Commission has made some significant improvements to the regulations since the January 2016 version, which will be helpful to the Commission as it moves forward. There remain, however, several important issues that need to be addressed to maximize benefits to be realized through WSIP investments. The most critical issue is to make these regulations more consistent with the specific language of Proposition 1 to reflect the clear intent of the voters, the Legislature and the Governor.

We offer the following four general comments:

The Commission should acknowledge net public benefits contributed by projects.

The January version of the regulations recognized the importance of net contributions towards public benefits, yet they seem to be missing from the current version of the regulations. The current draft introduces a new concept to differentiate “existing” from “new” environmental mitigation and compliance obligations, which is inconsistent with Proposition 1. Instead, Proposition 1 is very specific in defining public benefits including those that provide ecosystem improvements or water quality improvements. We encourage the Commission to reinstate important provisions from Proposition 1 (such as Water Code section 79753) into the regulations to assure investments achieve the intended public benefits (e.g., “[p]rojects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter”). With so many water-based ecosystems in decline across the state, the need to capture and encourage the public benefits of ecosystem improvements in the regulations is critical to achieving the intended reason for these public investments. Moreover, the need for operational flexibility to support local agencies ability to rely on imported water supplies for sustainable groundwater management and conjunctive use of the state’s limited water supplies is critical.

The draft regulations should acknowledge the exemption on the State Funding Cap for Conjunctive Use and Reservoir Reoperation Projects.

Section 79756 (a) of Proposition 1 states “[t]he public benefit cost share of a project funded pursuant to this chapter, other than conjunctive use and reservoir reoperation projects, shall not exceed 50 percent of the total costs of any project funded under this chapter.” Section 6004 (7)(2) of the regulations should be modified to reflect that reservoir reoperation and conjunctive use projects are exempted from the state cost share cap that applies to other types of projects.

The draft regulations unnecessarily increase the costs to prepare the applications.

The requirements in the draft regulations and the Technical Reference Document include application requirements that: (1) appear to be overly prescriptive; (2) add cost to prepare the application; and/or (3) require extensive supporting documentation in topic areas that are not a part of the primary evaluation criteria.

We encourage the Commission to aggressively pursue its schedule going forward to approve projects in an expeditious manner.

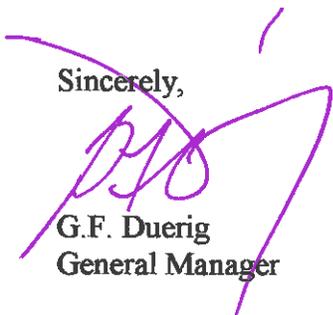
We appreciate the actions taken by the Water Commission to expedite the schedule to approve projects under Chapter 8. The time savings coupled with the shortened evaluation period will

enable selected projects to become operational sooner and therefore enable the expected benefits to be realized sooner, which is important for the economy and water supply of the State of California. We support the more aggressive time schedule. The faster timeline will likely save money and achieve higher public benefits for the same investment. In addition, many storage projects have the potential to address looming crises by providing operational flexibility and water supply reliability that is so critical to achieving sustainable groundwater management across the state and preserving the agricultural industry that is important to both the nation and the economy of the state.

In sum, there is widespread and strong support for the public benefits associated with water storage in California and we urge you to re-align the regulations to advance this important concept. There are several proposed projects that will provide more detailed comments, which we urge you to take very seriously as you review the various comments.

Thank you for the opportunity to provide our perspective on the proposed regulations. For the Storage Program to advance these important purposes, we encourage the Commission to move quickly to revise the current regulations so that they are more consistent with Proposition 1, refocusing on a clear and more direct path forward for the state to immediately start investing in the desired (and needed) “public benefits” of water storage in California. If you have any questions, please do not hesitate to contact me (at the phone number above or by email at jduerig@zone7water.com).

Sincerely,



G.F. Duerig
General Manager

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