California
WATER COMMISSION

Meeting Minutes - Draft

Meeting of the California Water Commission

Wednesday, September 20, 2017
State of California, Resources Building
1416 Ninth Street, First Floor Auditorium
Sacramento, CA 95814
Beginning at 9:30 a.m.

1. **Call to Order**
   Chairman Quintero called the meeting to order at 9:30 a.m.

2. **Roll Call**
   Executive Officer Joe Yun called roll. Commission members Carol Baker, Andy Ball, Joe Byrne, Joe Del Bosque, Maria Herrera, Cathy Keig, Dave Orth, and Armando Quintero were present, constituting a quorum. Commission member Danny Curtin was absent.

3. **Approval of August 2017 Meeting Minutes**
   Commissioner Byrne moved to approve the August 16, 2017 meeting minutes. All members present voted to approve the minutes.

4. **Executive Officer's Report**
   Mr. Yun reported that Commission staff is in the process of interviewing candidates for the Commission's vacant Executive Secretary position.

5. **Commission Member Reports**
   Commissioner Del Bosque attended a dinner in Los Banos with water agency and Non-Governmental Organization (NGO) representatives and farmers. Commissioner Quintero attended the same dinner, and added that it was hosted by a San Joaquin Valley farmer. Commissioner Orth received a copy of the Temperance Flat Reservoir Project Executive Summary by email, which he did not open.

6. **Public Testimony**
   Francisco Medina, Public Policy Manager for the Sacramento Metropolitan Chamber of Commerce, expressed support for the proposed Sites Reservoir. Jeff Davis, General Manager of the San Gorgonio Pass Water Agency, also expressed support for the proposed Sites Reservoir.

7. **Update on Water Storage Investment Program (WSIP) and Commission Preparatory Briefing on Public Benefit Ratios and Appeal Process**

Hoa Ly, WSIP Program Manager, updated the Commission on staff activities. On August 31, staff sent letters to all 12 applicants addressing completeness and basic eligibility and requesting specific additional application documents. Staff is currently reviewing the documents that were submitted in response to those letters. Ms. Ly showed the Commission how to access the online WSIP Project Review Portal and view the applications for WSIP funding.

Ms. Ly also provided an overview of the process for determining Public Benefit Ratios (PBRs), including applicant appeals. Staff will release PBRs in January 2018, and then applicants will have three weeks to submit an appeal to any adjustments made to their PBR. Commission staff then has a minimum of three weeks to respond to the appeals. The PBR is the dollar value of a project's public benefits divided by the WSIP program cost share. A project's final PBR can affect other component scores, the overall return on public investment, and the maximum WSIP cost share. In March 2018, the Commission will receive staff recommended PBRs, applicant appeals, and staff responses to appeals. The Commission will receive public input and decide on final PBRs in a public meeting.

Otis Wollan, President of the American River Watershed Institute, provided public comments. Mr. Wollan expressed concern about the way Nevada Irrigation District conducted the meeting for board approval of submitting the WSIP application for Centennial Dam.

8. **Overview of the Central Valley Project**

Jeffrey Rieker, Central Valley Project (CVP) Operations Manager for the U.S. Bureau of Reclamation (Reclamation), briefed the Commission on operations of the CVP and integration with the State Water Project (SWP). Most of California's water supply comes from precipitation in the northern part of the state in winter and spring, whereas the majority of the demand exists in the south and during the summer. California's complex system of reservoirs and conveyance allows water supplies to better match demand. The SWP, which is operated by the California Department of Water Resources (DWR), was authorized as the CVP was under construction, which allowed some facilities to be constructed, owned, and operated jointly by the two projects. The purposes of the CVP include flood control, fish and wildlife, municipal and agricultural water supplies, power generation, and recreation.

Twenty dams and reservoirs throughout the state are part of the CVP. This includes San Luis Reservoir, which is shared by the CVP and SWP. Shasta Reservoir is the backbone of the CVP's storage system. Water flows from Shasta through the Sacramento River and into the Delta. Flows into the Delta allow water to be pumped from the South Delta through the San Joaquin River. The San Luis Reservoir allows the CVP to deliver water to the west side of the San Joaquin Valley. Pumping water from the Delta can cause an unnatural flow pattern, which gave rise to many of the regulations that govern CVP

operations. Key operational agreements and regulations include the Coordinated Operations Agreement between Reclamation and DWR, Biological Opinions protecting native fish, the Central Valley Project Improvement Act, and the San Joaquin River Settlement. Operating the CVP is complicated and requires coordination with a wide array of agencies. The most significant coordination is between the CVP and SWP.

Commissioner Byrne asked if the CVP has experienced difficulty with worker recruitment and retention. Mr. Rieker responded that contractors directly operate some facilities and some are operated by Reclamation; the CVP experiences a high rate of turnover and a large portion of Reclamation's workforce is nearing retirement. Commissioner Baker asked how Reclamation and DWR resolve any conflicts between the CVP and SWP. Mr. Rieker replied the Coordinated Operations Agreements is the core of the relationship between the CVP and SWP. It contains a variety of provisions for how to utilize water and any issues that arise outside of that agreement are generally solved jointly by the project operators.

Commissioner Orth asked how the Water Infrastructure for Improvements to the Nation Act has impacted operations. Mr. Rieker stated that the act passed in 2016 and a number of its provisions speak directly to CVP operations, particularly during the winter. Reclamation is working with other federal agencies to determine how it will impact operations moving forward. Mr. Orth also asked what Reclamation is doing to plan for decreased reliability of water supply for contractors. Mr. Rieker replied that Reclamation responds to water supply conditions each year. Reclamation is also participating in studies to examine opportunities for new infrastructure.

9. Panel on 21st Century Water Infrastructure

Kamyar Guivetchi, Manager of DWR's Division of Statewide Integrated Water Management, briefed the Commission on DWR's System Reoperation Study and related state efforts. California frequently has too much or too little water, and climate change is making those extremes more challenging. The California Water Plan advocates taking an integrated and holistic approach to these water management challenges. All elements of water management, including water supply, flood management, and ecosystem needs, should be approached in an integrated manner. The Sustainable Groundwater Management Act has helped to close a major gap in water management since little was known or tracked about groundwater resources.

In 2008, DWR was directed to study the potential benefits of reoperating California's existing water infrastructure. DWR considered surface storage reservoirs, groundwater basins, and integrated operations of the CVP and SWP in the study. DWR only considered facilities whose owners and operators were willing to participate. The study examines a variety of combinations of facilities and reoperation strategies. DWR found that the benefits of reoperation are limited because the current system is fairly optimized. However, the benefits that could result from reoperation are resilient to changes in Delta conveyance and climate change.

The System Reoperation Study Phase 3 Report includes recommendations for the next phase of study. Those recommendations are: evaluate the potential for using flood flows for groundwater recharge and ecosystem restoration; evaluate existing flood operating rules of reservoirs under changing hydrology; evaluate the feasibility of existing reservoir spillways and outlets to pass floodwaters safely with changing hydrology; and identify system reoperation implementation challenges and opportunities. DWR is planning multi-sector engagement, a white paper, and an interdisciplinary plan of study. Implementing the study will require a multi-sector initiative to inform water management planning and decision-making.

Dave Bolland, Association of California Water Agencies (ACWA) Director of State Regulatory Relations, briefed the Commission on ACWA's Storage Integration Study. The study investigates the potential for well-managed water storage to add value to both water supply and the ecosystem. ACWA hired MBK Engineers to investigate the potential effects of adding new, currently proposed, surface and groundwater storage to California's existing water storage and operations. The study found potential for 3.5 million acre-feet of combined new storage if all the studied projects were built. ACWA also evaluated whether water would be available for those projects and found that there is more water available for storage in most years. The study also shows that increasing storage would improve reservoir carryover storage and increase water deliveries by 400 thousand acre-feet on average. The study results also show that improved Delta conveyance could further increase water deliveries. Water storage integration could also improve groundwater conditions by enhancing conjunctive use.

Dr. Roger Bales, Director of the UC Merced Sierra Nevada Research Institute and UC Water, discussed infrastructure, climate change, and water data. More extreme weather is affecting how California addresses water management challenges. Climate change has implications for the sustainability of groundwater, the level of water supply, and water storage. California's weather is already extremely variable and extreme droughts and floods are expected to become more frequent. In a warming climate, storage will become more valuable for all water uses. As storage becomes more important, watersheds will need to be managed in conjunction with water storage infrastructure. Managing for extremes will be important for water management planning under changing hydrology. Dr. Bales suggested that multiple approaches and sources should be used to plan for future hydrology. Planning for extremes provides an opportunity for strategic communication to build support for investments in infrastructure. Dr. Bales pointed out that evapotranspiration is also changing due to climate change and will be important to measure and manage.

Improving California's water security requires infrastructure, stronger and more adaptable institutions, and better and more accessible information. There are significant gaps in the data available for water management, which limits decision-making. It is important to identify where more data would be useful and make investments in improving those data sources. A more modern water information system is a key investment for water security.

Commissioner Orth asked if there is regulatory support for implementing the results of the System Reoperation Study and ACWA Integration Study. Mr. Bolland said ACWA incorporated the current regulatory regime as the baseline for the study and those regulations are a challenge for water storage operations. Mr. Guivetchi said DWR also used the current regulatory baseline, except they also incorporated the use of forecast based operations in reservoir reoperation. Mr. Orth asked what level of engagement DWR has in its multi-sector work related to the study. Mr. Guivetchi replied that DWR has been working with other state agencies on the California Water Plan, which identifies regulatory alignment as an important action to decrease institutional barriers to progress.

Commissioner Baker asked if there are differences between how the DWR and ACWA studies identified available water. Mr. Guivetchi replied that the assumptions were not the same; DWR only used existing infrastructure in its analysis. Mr. Bolland added that the ACWA study also considered water that could be available if there were additional water storage capable of capturing it. Commissioner Ball asked if DWR calculated how declining snowpack will affect water supply. Mr. Guivetchi said the Scripps Institute studied the impact of climate change on snowpack and DWR has used that data. One of the next phases of the System Reoperation Study is to investigate how to optimize operations given changing runoff patterns. Commissioner Del Bosque asked what would be required for large scale on-farm groundwater recharge. Mr. Guivetchi said major hurdles include awareness of the opportunity and limited conveyance from rivers to agricultural lands. State and federal agencies are studying soils and crops that are suitable for groundwater recharge.

Otis Wollan, President of the American River Watershed Institute, provided public comments. Mr. Wollan suggested that the Commission receive further information on the changes to evapotranspiration that Dr. Bales discussed. He noted that new information is available about watershed yield reduction.

10. Action Item: Commission Consideration of WSIP Site Visits and Applicant Presentations

Mr. Yun introduced the topic. The Commission previously discussed the possibility of conducting site visits or having applicant presentations for the WSIP. The Commission may have an opportunity to conduct either site visits or presentations before Public Benefit Ratios are released in January 2018. Staff provided a report with important considerations for the Commission's decision.

Commissioner Quintero suggested that it may make sense to wait to make a decision until staff has conducted the preliminary evaluation of applications. Commissioner Ball agreed that he would like to defer a decision until the Commission has a better understanding of the applications. Commissioner Herrera suggested that if the Commission has presentations, they should only be from applicants that meet the basic eligibility criteria. She added that any presentations should be structured for fairness

and site visits could present challenges for the applicants and the Commission. Commissioner Baker agreed with the previous comments and added that the Commission should consider the value of the information the Commission could receive. Commissioner Orth said the complexity of the projects may justify an opportunity for applicants to make structured presentations.

The Commission took public comments. Mario Santoyo, Executive Director of the San Joaquin Valley Water Infrastructure Authority, agreed that presentations should be limited to applicants that meet eligibility requirements and encouraged the Commission to consider site visits. Jim Watson, General Manager of the Sites Project Authority, advocated for applicant presentations as an opportunity for the Commission to gain a better understanding of the projects and expressed concern about delaying presentations. Maureen Martin, representing the Contra Costa Water District, supported applicant presentations in the near-term and suggested that the Commission not rule out site visits in the future.

The Commission directed staff to provide a recommendation for when applicant presentations could take place and what they would address.

11. Consideration of Items for Next California Water Commission Meeting

The next California Water Commission will be held on Wednesday, October 18. Agenda items will include a Commission preparatory briefing on WSIP scoring, a legislative update, consideration of DWR's Water Loss Regulations, a second panel on water infrastructure, and a review of WSIP applicants' completeness and basic eligibility.

12. Adjourn

The meeting was adjourned at 12:27 p.m.