



Meeting Minutes

Meeting of the California Water Commission

Wednesday, June 19, 2013

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

1. Call to Order

Chairman Joe Byrne called the meeting to order at 9:34 am.

2. Roll Call

Executive Officer Sue Sims called roll. Andy Ball, Joe Byrne, Danny Curtin, Kim Delfino, Lu Hintz, and Anthony Saracino were present, constituting a quorum. Joe Del Bosque was absent.

3. Approval of Meeting Minutes

A motion was made and seconded to approve the May 15, 2013 meeting minutes. A vote was taken and the motion passed unanimously.

4. Executive Officer's Report

Sue Sims provided the Executive Officer's report. The July meeting will include a case study to quantify public benefits and will look at the proposed Sites Reservoir. A compilation of the Commission's work products on Public Benefits is now posted on the Commission's website. The Resolutions of Necessity may be heard in August. This will be the second hearing for these properties and the Commission may take action at that meeting. Plans are progressing for the September meeting to be held in Oroville. Staff has been in touch with Congress Member Matsui's office about the proposed legislation for the Water Resources Development Act currently in the House of Representatives. A letter of support will be presented for consideration next month. The Delta Vision Foundation presented the 2013 Delta Vision Report Card on which the Commission received a B+, up from a B on last year's report card. The Foundation recommends the Commission continue its current work and improve public processes in regards to public benefits.

5. Briefing on Impacts of Recent Dry Conditions

Jeanine Jones, DWR's Drought Preparedness Manager, briefed the Commission on the impacts of California's second consecutive dry year. The year started out well due to atmospheric river events in November and December and then changed in January. Southern California is especially dry. As a result of generally good water storage in past years, most reservoirs are doing well, with the exception of San Luis Reservoir. This is due in part to limited pumping in the Delta. The Colorado River Basin remains dry. Groundwater basins are also drier in the south. The Tulare Lake region is in a state of long-term overdraft.

The Colorado River has been in the news due to low storage levels in Lakes Mead and Powell. This is the 11th dry year in the past 14 years. This year is projected to be the third lowest year in history. In 2007, new operating criteria were adopted to minimize risk of future shortages; however, the probability of future year shortages is still increasing. In the near future, southern Nevada and Arizona will begin seeing shortages as well. Due to its senior water rights, California is not expected to see any shortages before 2026. The Metropolitan Water District (MWD) has been receiving its basic apportionment. The 2007 operating agreement has allowed MWD to store surplus water in Lake Mead.

Dry conditions typically first impact livestock grazing, Central Valley Project contractors in San Joaquin Valley, small water systems in rural areas and small groundwater basins with minimal recharge and storage capabilities. Dry conditions also result in forest fires. Current responses to the state's dry conditions include the Governor's recent Executive Order on facilitating water transfers, training for small water systems, impact assessment, and outreach on preparing for the possibility of a dry 2014. Additionally, the remote sensing project collaboration with Jet Propulsion Lab takes on new importance.

In summary, this is another low water year though water storage is generally good. Californians should prepare for the possibility of another dry year in 2014.

6. Jet Propulsion Laboratory Presentation on Remote Sensing with DWR

Tom Farr, Research Geologist, briefed the Commission on the Jet Propulsion Laboratory's remote sensing project and development of a tool for monitoring the dynamics of groundwater. Imaging Radar Interferometry is used to monitor subsidence from space. Small amounts of subsidence can be seasonal. Long term subsidence is taking place throughout California. The Jet Propulsion Lab's technique allows them to track seasonal and long term effects. They tracked 27 inches of subsidence in the Central Valley from 2007-2011.

Mr. Saracino asked if subsidence resulting from oil and gas extraction can be identified separately. Mr. Farr said all subsidence looks the same from space. Color contours show subsidence rates. Japanese spacecraft shows Corcoran and Madera-centered subsidence around the Aqueduct. No one has ever done this kind of large scale mapping of subsidence. This system can also track water height in wells for seasonal ups and downs. The project can be expanded with additional satellites and JPL will be working with other agencies in the future.

Mr. Saracino asked if ground surface rebounds seasonally. Clay layers have some elasticity, depending on how high its water content is. Short term impacts of subsidence may include stopping pumping in areas with the greatest subsidence or areas becoming more flood-prone. High speed rail engineers were interested to know that some of the greatest amounts of subsidence run through their proposed route.

Mr. Curtin asked if there is enough data to start predicting drastic subsidence impacts in order to prevent "apocalyptic" subsidence conditions. Mr. Farr said that scientists have been alerting people for decades about this issue, but have much more data now. Current dry conditions will exacerbate overdraft and subsidence.

7. Action Item: Initial Consideration of State Water Project Encroachment Regulations

Leroy Ellinghouse of DWR's State Water Project Encroachments Section presented the State Water Project (SWP) encroachment regulations for consideration. In 2005, legislation was introduced to codify regulations on encroachments and permits. Since the last time Mr. Ellinghouse presented to the Commission, a regulations packet and the initial statement of reasons have been approved by DWR's Director. Once approved by the Commission, the proposed regulation will go to the Office of Administrative Law for a 45-day public comment period. Several public meetings have been held, without much interest.

Once regulations are approved, DWR will complete inspections of the SWP to identify unauthorized encroachments. When encroachments are identified, the usual procedure is to work with property owners to resolve the issue. Some utilities also encroach on SWP pipelines. DWR is taking affirmative action to prevent future encroachments and resolve existing ones.

It is important to prevent additional costs to the public so costs will be paid by the encroachers. When encroachment is unpermitted, DWR may fine on a daily basis, which would be handled through the Attorney General's Office. If the encroachment doesn't have an impact to the SWP, DWR may decide not to pursue.

Removal of trees is a major issue to consider. Currently, an estimated 700 trees statewide are encroaching. DWR plans to follow guidelines used by other utilities. Ms. Delfino recommended that DWR consult with the Department of Fish and Wildlife regarding tree removal to avoid any unnecessary issues. DWR plans to approach this from a program-wide stand point and will be in consultation with all involved parties. Mr. Hintz asked if property owners will be compensated for tree loss and removal noting that if this is only being brought to their attention after years of inattention, it is not fair to penalize them at this point. Mr. Ellinghouse said tree removal will be at the owner's expense and for the most part will not apply to crop trees. Pipelines tend to be in municipal areas. Mr. Curtin asked if SWP decides that encroachment exists but won't be pursued, will DWR still make the property owner aware of the encroachment? Mr. Ellinghouse said they would. Mr. Curtin also asked who is responsible if a tree grows on its own. Mr. Ellinghouse said the regulations state that it is the responsibility of the property owner, but DWR continues to consider this issue.

Maureen King mentioned there are some technical errors to be corrected. A motion was made and seconded to approve the State Water Project Encroachment Regulations. A vote was taken and the motion passed unanimously.

9. Discussion of Issues Related to Guidelines for Funding Public Benefits of Water Storage Projects (Taken out of order)

Steve Hatchett of CH2M Hill discussed the requirement of SB X7-2 (the Act) that the Commission implement a competitive selection process for approving bond storage projects using quantification and evaluation guidelines. Staff have been drafting methods for quantification and working on draft regulations and guidelines which were presented in August 2012.

1. Should funding be apportioned over time to provide opportunity for projects that are under development to compete?

What might the selection, ranking and scoring process look like and how should funding be apportioned? There is \$3 billion in Chapter 8. It doesn't require distribution all at once. There

may be multiple rounds. One consideration is that some large projects are already underway; some of which may be able to justify their entire amount for public benefits. Whether funding is split into more than one round may affect some large projects. Another consideration is that some smaller projects may not be very far along and not ready to propose.

Proposition 84's Integrated Regional Water Management (IRWM) grants are allocated regionally and there may or may not be a cap on individual projects. Another possible approach is to announce a first round with a contingent second round soon after bond passes, or possibly begin with two rounds. The Commission may also consider if a project should be reimbursed for prior costs. Funding of environmental documentation after the fact is allowed in the Act, but DWR decides what will be reimbursed. The Commission may wish to consider how IRWM determined which projects would have the greatest cost benefit analysis and how they will maximize the return. It would be best to leverage it with other funding sources. When funding is made available, DWR will see which projects are presented and if there is enough funding available. The choice of how to fund could be made at that point. There is an on-going question of what should be include in the regulations.

7. Staff has proposed that an expert proposal review panel be utilized to investigate the technical quality of applications. Should the draft regulation specify more detail on the structure, functioning, and protocols for the proposal review panel?

The evaluation panel would consist of a group of technical experts who would collect and evaluate information for the Commission. Quantification of public benefits can be very technical. This method would be consistent with the IRWM process. The panel may determine technical competence and if the proposal meets a certain criteria for public benefits. The panel may consist of state employees only or contracted sources. The Act requires a feasibility study, but does not define its criteria. Components related to public benefit must be identified and verified. Mr. Ball thinks the panel should provide technical feedback, but only to a certain extent. Ms. Delfino said the regulations should state that there will be a panel review, but the make-up of the panel should be included in the guidelines. The working draft language states "The panel shall include at least one member each from the staff of DFG and the State Water Board," and others with "relevant expertise to evaluate the technical information and analysis of public and non-public benefits contained in the application."

Roger Mann further discussed questions related to the guidelines such as how claims of different projects will be compared; how to consider priorities and environmental values relative to public investment; and how to compare different types of benefits. There could be non-monetized benefits such as improvements for Delta Smelt. A Smelt population increase is good, but there is no dollar amount attached to that. A non-monetized benefit checklist could be developed, which may include sustainability, health and welfare, conflict resolution, and aesthetics among other non-monetary benefits. Federal funding is good, but it may come at a cost, as it often funds work that California also funds such as flood work. Ms. Delfino asked if there are two projects with equal benefits, would the one with federal funding be ranked higher. Mr. Mann said yes, however, the federal government operates under the Endangered Species Act so its funding would come at a cost.

The IRWM process allowed other criteria to be included besides public benefit. Construction work and operational plans should be considered because if construction fails, or if the costs are

overrun, the project may fail. Also, an operational plan is critical when considering physical benefits. Proposals should be scored based on a monetary planning.

The purpose of this discussion is to compile feedback from the Commission for a more substantive discussion at a later date. Executive Officer Sims proposed bringing back revised draft language of regulations and proposed guidelines in August or September for discussion, followed by a structured public comment period in October or November. Mr. Ball wants to be able to do more than just “rubber stamp” projects. He would like technical experts to provide a matrix of different qualification scores of different projects and then the Commission can prioritize and rank different qualifications.

8. Briefing on DWR Participation in Golden Guardian Exercises and Overview of DWR All Hazards Emergency Program

Sonny Fong, DWR’s Emergency Preparedness and Security Manager, discussed the Golden Guardian Exercise for 2013 and introduced DWR’s past and current roles in disaster and emergency response. DWR serves under the Emergency Services Act as a support agency. The Emergency Management Program takes an ‘all hazards approach’ and focuses on training. This enables DWR to meet public safety roles and protect staff. This approach has served DWR and the public well.

DWR trains first responders and staff. DWR holds workshops, tabletops, and full scale internal and external exercises. DWR has established key partnerships with governmental, non-governmental and tribal entities.

Executive Order S-01-06, issued by Governor Schwarzenegger, declared a state of emergency regarding levees. Executive Order S-06-08, also issued by Governor Schwarzenegger, declared a statewide drought. DWR responded to both orders. DWR has participated in several emergency preparedness exercises including Golden Guardian and the California National Guard Dual Status Command. DWR was recognized for its leadership role and assistance in the development, mission training and conduct of this exercise. DWR also participated in various other flood, terrorism, FERC relicensing and other emergency exercises between 1999 and 2013. DWR has responded to several emergencies including earthquakes, floods, wild fires, and aqueduct repairs. Future challenges for DWR’s Emergency Management and Security program include maintaining high level liaisons, effective FEMA Cost Recovery Program and the continuing safety of DWR staff and facilities.

10. Consideration of Items for Next California Water Commission Meeting

Items for the July 17 meeting may include a case study on the Sites Reservoir, update on the Delta Plan, briefings on Hydraulic Fracturing and the Desert Renewable Energy Conservation Plan, SWP recruitment and retention issues, and the proposed legislation on the Water Resources Development Act. Mr. Hintz requested an update on urban and agricultural water management. Mr. Curtin suggested that DWR’s State Water Project Power and Risk Office be invited to present at a future meeting.

Mr. Byrne adjourned the meeting at 12:06 pm.