California
WATER COMMISSION

Meeting Minutes

Meeting of the California Water Commission
Wednesday, March 19, 2025
California Natural Resources Building
715 P Street, 1st Floor Auditorium
Sacramento, California 95814
Beginning at 9:30 a.m.

1. Call to Order

Vice Chair Fern Steiner called the meeting to order at 9:30 a.m.

2. Roll Call

Commissioners Bland, Curtin, Gallagher, Makler, Matsumoto, Solorio, and Steiner were present, constituting a quorum.

3. Acknowledgement of California Native American Tribal Governments

This is an opportunity for elected Tribal leaders and formally designated Tribal representatives to identify themselves and to specify the agenda item(s) on which they will comment, as described in the Commission's California Native American Tribal Leadership Comment Policy. No Tribal leaders or representatives requested to comment.

4. Approval of February 19, 2025, Meeting Minutes

Vice-chair Gallagher motioned to approve the January 15, 2025, meeting minutes. Commissioner Curtin seconded the motion. All Commissioners present voted to approve the minutes.

5. Executive Officer's Report

Executive Officer Laura Jensen reported out on the engagement and participation numbers from the February Commission meeting. She also announced the Commission would be adjourning the meeting prior to the lunch break and would reconvene as a workshop for a tour of the Lookout Slough Restoration Project.

6. Commission Member Report

There were no Commissioner reports.

7. Public Testimony

No public comment was provided on this item.

8. Water Storage Investment Program: Projects Update

Water Storage Investment Program (WSIP) Manager Amy Young provided an update on the progress of projects in the WSIP.

Public comment from Peter Van Dyke, who commented that Santa Clara County will be impacted by the Pacheco project and said that many constituents are concerned about the cost of the Water Infrastructure Finance and Innovation Act (WIFIA) loans. He said the State also needs to consider other issues posed by the project, such as impacts to cultural sites, the local sycamore habitats, and the loss of the riparian corridor. He said the California State Water Resources Control Board (SWRCB) rejected a proposal to expand the dam in 1973 based on issues with local fish populations. He said that hundreds of millions of dollars had already been spent on the project and the money could be spent better elsewhere, such as on the expansion of existing sites. He said there is a huge demand for water in his area, and due to farmlands being developed for housing, he is not sure the agriculture benefit provided by the project would be significant. He questioned whether the impact of ongoing construction and development is being considered and what the project's proposal is to mitigate the pressure those factors put on water systems. He said there needs to be more information provided on the project to ensure the money is spent where it will have the most impact.

Commissioner Bland asked if the WSIP projects can be completed without federal funding, or if the projects are dependent on it. Ms. Young said that Commission staff would pass the question along and ask that the project proponents address that concern when they come in to present to the Commission.

Commissioner Makler asked that Commission staff add more information to the next WSIP briefing on total project cost and participants for each WSIP project. Commissioner Makler also asked for more information regarding the total acre-feet of water storage that is provided by the WSIP and how that factors into the State's larger objectives related to surface storage.

Commissioner Curtin asked for clarification on the Pacheco project and asked Ms. Young to address the comment from Mr. Van Dyke regarding his statement on the project's cost. Ms. Young said that under Proposition 1 the State has only awarded approximately 24 million dollars in early funding to the Pacheco project. Ms. Young clarified that Valley Water, the project proponent, is looking at how to meet future water needs and is looking at a portfolio of potential projects to meet those needs. Commissioner Curtin asked for clarification on the Willow Springs project. Ms. Young answered that the million-acre-feet of water figure represents how much water could potentially be stored by the Willow Springs project.

Commission Chair Steiner said that in the Pacheco project's last report to the Commission they included minutes from their meetings which provided context to how Valley Water is considering the Pacheco project moving forward. She asked that Valley Water continue to provide that type of information in the future.

9. Water Storage Investment Program: Decision for Utilizing Funding (Action Item)

WSIP Program Manager Amy Young provided information on the Commission's options for utilizing available funding from the withdrawal of the Los Vaqueros Reservoir Expansion Project and from funds available from Proposition 4. Staff recommended that the Commission adopt option two, which is to collect more information from the WSIP projects and adjust the Harvest Water Program's maximum conditional eligibility determination (MCED) since that project has already met the requirements and has received a final funding award.

Public comment from Neal Desai, Pacific Regional Director for the National Parks Conservation Association, who encouraged the Commission not to provide funds to the Cadiz groundwater mining project. Mr. Desai said the Cadiz corporation has sought to pump groundwater and export it for sale, which will negatively impact the Mojave Trails National Monument and the Mojave National Preserve. He said that federal and state agencies have determined the Cadiz project would overdraft the aquifer at a rate of 25 times a year, which would cause significant harm to impacted people's water supply. He urged the Commission to not fund the Cadiz project with Proposition 1 or Proposition 4 funds.

Commission Chair Steiner said that the Cadiz project is not currently in the WSIP program and therefore not being considered for funding. Executive Officer Jensen noted that only projects found feasible by the January 1, 2022, deadline are being considered for WSIP funding.

Public comment from Jerry Brown, Executive Director for the Sites Project Authority, who asked that the Commission take local water agency and federal project partner's perspectives into consideration. Mr. Brown reported that the Sites project is making solid progress towards achieving a final funding award in 2026, including recently receiving construction and incidental take permits. He said Sites recently completed the testimony phase of the project's water rights hearing. He said the United States Bureau of Reclamation (USBR) signed a basis of negotiation, which will allow the Sites project to move forward on a partnership agreement. He said that Sites is in negotiations with the California Department of Fish and Wildlife (CDFW) and the Department of Water Resources (DWR) on the contract for the administration of public benefits (CAPBs). He said without the Commission's direction regarding the utilization of available funding, the Sites project would be unable to finalize those CAPBs. He said Sites is also working on the partnership agreement with the USBR but without knowing the State's conditional commitment to the project, Sites cannot know the total benefits and obligations of the USBR and water agencies. He said he is confident that all parties to the Sites project can accomplish their respective tasks so that Sites can achieve their goal of 100 percent participation and come back to the Commission next spring to move onto the next funding phase.

Public comment from Jofil Borja, Manager of Legislative and Regulatory Affairs for SacSewer, who said SacSewer is making significant progress with the construction of the multi-benefit groundwater storage program Harvest Water and that significant inflation has occurred since the initial application in 2017 and affects every project financier, including the State and individual rate payers. He said SacSewer supports the options developed by Commission staff that allocate the pro-rata portion of funds made available from the withdrawal of the Los

Vaqueros project to the Harvest Water program immediately, which encompasses option one and two. He said SacSewer is prepared to amend the final funding agreement to incorporate the award adjustment. He said they remain supportive of the letter sent to the Commission in February on behalf of all six WSIP projects which recommended allocating pro-rata inflationary increases to all WSIP projects now.

Public comment from Osha Meserve, with the Stop Pacheco Dam Coalition, who said that according to Valley Water's March 11 board meeting, $91 million had been spent on the Pacheco project as of the end of 2024. She said that Valley Water should be able to get 60,000 acre-feet of water from the B.F. Sisk Dam Project, and given the project's federal approval and funding, it should be a cost-efficient option for Valley Water to get additional water storage for their district. She said because of that, Valley Water likely does not need the Pacheco project and probably cannot afford it as the project costs keep going up. She said her organization does have concerns about any Commission decision that would provide additional funding to a project like Pacheco. She echoed Mr. Van Dyke's comments and said if this project was feasible, it would have already been built. She said Valley Water is having to re-do its California Environmental Quality Act (CEQA) process and other geotechnical efforts, has not started a National Environmental Policy Act (NEPA) process, and has a myriad of other permits that the project has either not yet received or not yet applied for. She said that a recent court case indicated that there are challenges related to tribal consultation. She encouraged the Commission to adopt option two of the staff recommendation, in order to gather more information and avoid promoting spending money on projects that are not feasible.

Public comment from Dr. Sofia Prado-Irwin, Center for Biological Diversity, who urged the Commission not to allocate any funding to the Pacheco project. She said the Pacheco project's huge cost and its negative impact on the environment will outweigh the potential benefits. She said the project would inundate wildlife habitats that are home to endangered species and portions of Henry Coe State Park, which is not consistent with the park's plan. She said the project is also redundant as Valley Water intends to participate in the expansion of the San Luis Reservoir and the project has already experienced delays for inadequate attempts at completing its environmental reviews. She said that per Commission staff's recommendation, the Commission would collect more information to ensure projects are making demonstratable progress with viable public benefits, and the Pacheco project does not fall into that category.

Public comment from Katja Irvin, Conservation and Land Use Advocate, who urged the Commission to reevaluate the progress and viability of the five WSIP projects that have not yet received a final funding award and to revisit the value of the public benefits. She said that since the initial MCEDs were based on the value of each project's public benefits she recommends the Commission reevaluate the progress and challenges facing the WSIP projects. She said the Pacheco project is not making sufficient progress and the project's viability is becoming more and more questionable. She said the last project estimate was provided in 2022, and the next estimate is not due to release until 2026. She said the project schedule was recently pushed back by 18 months and the schedule seems unrealistic given that the project costs are going to

increase significantly. She said that Valley Water's Capital Improvement Program (CIP) and budget now document the total project cost for Pacheco as over 2.7 billion dollars.

Public comment from Juan Pablo Galván Martínez, Senior Land Use Manager for Save Mount Diablo, who said his organization was involved in the Los Vaqueros project and that the withdrawal of the project came as a surprise. He said his organization would like to see the funds available from the withdrawal of the Los Vaqueros project allocated to the remaining WSIP projects that can demonstrate their viability and progress towards achieving public benefits. He said the Pacheco project does not fall into that category. He said the project would inundate land in Henry Coe State Park that is already protected and extremely biodiverse. He said there is no end in sight to the project's costs, the timeline is overly optimistic, and other projects have made the Pacheco project's benefits redundant.

Public comment from Ashley Hemmers, Tribal Administrator for the Fort Mojave Indian Tribe, who said the Fort Mojave Indian Tribe's reservation encompasses the southeastern border of San Bernardino County. She said the Tribe was alarmed to hear about the Cadiz Water Project and wanted the Commission to know that her Tribe had worked with the Governor's Office on legislation such as Senate Bill (SB) 307 which passed in 2019 and effectively prevented the Cadiz Water Project from operating in the Mojave Desert. The legislation helped provide protection to critical habitats and local residents. She encouraged the Commission to consider the people and habitats that will be impacted by water projects such as Cadiz, and when evaluating projects to seriously consider the project's viability. She offered to answer questions from the Commission and emphasized the importance of protecting the Mojave Desert's natural resources so that local residents can continue to live there.

Chair Steiner reiterated that the Cadiz Water Project is not a part of the WSIP and the Commission would not be considering any action related to the Cadiz project.

Public comment from John Monson, representative of the Sierra Club, who said the Cadiz project has failed for decades and is now attempting to move forward under a different company. He said the CEO of the company managing Cadiz recently said the Cadiz name is a poison pill in a recent interview with the Los Angeles Times. He said in December of 2024 the California State Lands Commission unanimously rejected the Cadiz project's request for a pipeline lease. He said State Controller Malia Cohen said she did not have any assurance that the project would come to fruition, and she was not willing to gamble with taxpayer money. The Lieutenant Governor and Governor Newsom's representative on the State Lands Commission also voted no to the request. He said multiple Tribes in the Mojave Desert region do not support the Cadiz project. He said Governor Newsom does not support the project. He said that no matter how many times the Cadiz company rebrands, it is still pushing the same destructive project and should not be funded.

Public comment from Keiko Mertz, Policy Director for Friends of the River, who asked the Commission not to allocate funding to projects that have not yet completed an environmental review. She said her organization supports option two of the staff recommendation. She said

the Pacheco project would cause flooding in Henry Coe State Park which violates the public resource code. She said an additional allocation to the Pacheco project is a wager as Valley Water may not pursue the project. She said Valley Water is currently considering investing in the B.F. Sisk Dam Project, which is a lower cost project than Pacheco. She said she questions whether the amount of water storage that would be gained by operating the Pacheco project is truly in the public interest when considering the cost of the project would be nearly three billion dollars. She said one of the Sites project's applications for a permit was rejected by the SWRCB for a lack of information and the evidentiary record in the water rights hearing process remains open and both pose major obstacles to the Sites project. She said if the Sites project is counting on a small additional allocation of WSIP funding it suggests that the project is on the razor's edge of feasibility.

Public comment from Ron Escobar, Tribal member and Director of the Tribal Historic Preservation Office for the Chemehuevi Indian Tribe, who said his Tribe is federally recognized and resides in Havasu Lake along the Colorado River. He said his Tribe opposes the Cadiz Water Project and urged the Commission to not fund the Cadiz project. He said the lands the Chemehuevi people live on are deeply connected to the Tribe's origins, history and ceremonies and would be destroyed by the Cadiz project. He said the Tribe would lose the land that has been of incredible importance to the Chemehuevi people if the Cadiz project moves forward. He said he recently wrote an article for The Desert Sun newspaper speaking out against the Cadiz project, stating that it would bring environmental disaster and that state agencies have been doing the right thing by blocking the project. He urged the Commission to not fund the Cadiz project and to work with Tribes to prevent the Cadiz project from operating.

Vice-chair Gallagher asked if there is a time constraint or ramifications if the Commission chose to delay allocating funding available from Proposition 4. Ms. Young said since Prop. 4 was recently passed, there are some variables that have yet to be determined, but to her understanding there is no requirement to spend the money right away. Executive Officer Jensen added that Commission staff will have to deal with how to allocate the money as there are different legal requirements for Prop. 1 money versus Prop. 4 money. She said Prop. 4 money will become available on July 1 at the start of the fiscal year. The Vice-chair asked for clarification on the nature of the early funding. Ms. Young said the funds are potential, and that a project would still have to demonstrate it met the requirements needed to request early funding. The Vice-chair asked for clarification on the difference between option one and option two of the staff recommendation. Ms. Young said option one would increase the MCED for each project right away, however, it would not mean that money is immediately allocated as each project would still have to come in to request early funding, whereas option two would give the Commission more time to collect information from each project prior to making a decision on increasing the MCEDs.

Chair Steiner asked for clarification on the Commission's process when a project comes in to provide an update or makes a request for early funding. Commission Legal Counsel Holly Stout clarified that staff would ask for direction from the Commission to determine whether to schedule each project as an action item to allow for an inflationary adjustment to be made at

the same meeting where the project provides an update, or to have each project provide an update and then schedule an action item at a separate meeting after each project has provided an update to make a decision.

Commissioner Solorio said Commission staff should encourage the WSIP applicants to figure out ways to construct projects faster and added that he supports option two.

Commissioner Curtin asked for clarification from Jerry Brown regarding his earlier comments to the Commission. Mr. Brown said anything the State does not fund related to the Sites Project the other project partners will have to fund. He said both CDFW and DWR are being very cooperative with the Sites project. Commissioner Curtin encouraged the Commission to fund the WSIP projects quickly and that he'd like more information regarding the Los Vaqueros project's decision to withdraw from the WSIP. He encouraged Commission staff to look into whether the projects can be brought in sooner than on a six-month timeframe and expressed his support for option two.

Commissioner Makler said he also supports pursuing option two and the WSIP projects should not be dependent on funding windfalls such as the withdrawal of the Los Vaqueros project in order to move forward, regardless of increasing inflation. He said at a certain point, if a project is not demonstrating sufficient progress towards construction and completion, it is costing the taxpayer money. He said the Commission is not the permitting agency.

Chair Steiner asked if there is an option to allocate additional funding to the Harvest Water Program. Ms. Young confirmed that option is included in the actions staff recommended.

Commissioner Gallagher asked for clarification on the six-month timeframe proposed by option two and asked staff how the Commission can best communicate the information needed to the WSIP applicants so the Commission can do its due diligence while also achieving its goals in a timely manner. Executive Officer Jensen answered that the staff recommendation took both of those aspects into consideration and proposes a timeline for projects to come in to present to the Commission that does not interfere with any major deadlines for the projects. She said none of the projects will be requesting a final funding award hearing in the next six months, which is why that timeframe was chosen. Executive Officer Jensen said the Commission can do its due diligence by requesting that the WSIP applicants present at Commission meetings and ask questions regarding project progress. She said staff has indicated what challenges each project is facing in the monthly WSIP update and those challenges are what the Commission can ask questions of WSIP applicants when they come in to present. Regarding the Commission's decision whether to award an inflationary adjustment to a project, it will need to be on case-by-case basis. Vice-chair Gallagher said she is in favor of having a longer July meeting. Executive Officer Jensen said that would allow the Commission to then make a decision on the additional funding at the August or September meeting. Vice-chair Gallagher asked if any of the other WSIP projects are in a similar situation as the Sites project regarding its current funding status. Ms. Young said there may be other projects in a similar situation.

Commissioner Matsumoto asked if the Commission can choose to allocate funding to some WSIP projects and not others, if those other projects are not making sufficient progress. Ms. Young confirmed that the Commission does have the authority to do that, but may not allocate funds that were meant for one project to another project. Commission Legal Counsel Holly Stout said the funds would be held for each project, until that project drops out of the WSIP or until the Commission decides to end its support for a project. Commissioner Matsumoto commented that although project costs have risen, the value of the public benefits provided by the projects has not increased, meaning compared to the rising costs, the value of the benefits has actually decreased since the Commission was originally asked to evaluate the WSIP projects. She expressed her support for option two.

Commissioner Curtin asked for clarification regarding what the Commission can fund related to the public benefits. Ms. Young said the allowance is for 50 percent of the cost of the project, however some projects, like conjunctive use projects, did not fall into that category. Commissioner Curtin said he did not want anyone to think that the Commission lacks confidence in any of the WSIP projects and that he did not believe that any project can know whether it will be successful until they are funded. Commissioner Curtin also encouraged staff to look into the public benefits that each project hopes to provide and determine how the Commission can get the most value for the lowest cost.

Commissioner Solorio commented on the language of Prop. 4 and said the Commission appeared to be interested in pursuing option two of the staff recommendation, which would be to collect more information from the projects as well as grant the Harvest Water Program an additional inflationary adjustment.

Commissioner Bland asked if a project could request more than their current pro-rata share of an inflationary adjustment if the value of that project's public benefits has increased. Ms. Young said a project would not be able to do so and said the Commission would need to write additional regulations if there was interest in reevaluating the public benefits.

Vice-chair Gallagher asked for clarification on the value of the public benefits, and when the Commission would know more. Ms. Young said the Commission would know more about the public benefits when a project finalizes its CAPBs prior to a final award hearing.

Chair Steiner said the Commission wants to see every project move forward but needs to do its due diligence and ensure the projects are making sufficient progress.

Commissioner Solorio motioned to adopt option two of the staff recommendation. Commissioner Curtin seconded the motion. All Commissioners present voted to adopt option two of the staff recommendation.

10. Adjourn

The Commission adjourned at 11:25 a.m.