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VIA EMAIL AND USPS

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Strategic Water Planning Branch
Statewide Integrated Water Management
California Department of Water Resources
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Re: Comments to the California Water Plan Update 2018

Ladies and Gentlemen,

1. To Address Water Affordability, the Cause of Unaffordability Must be Understood.

Water in California has never been more expensive. Over the past ten years, the State of California has imposed an unprecedented number of new regulations and unfunded State mandates on urban retail water suppliers. The Water Plan Update should reflect the need for an accurate and comprehensive study of the factors behind water rate appreciation in California, including how the State’s own increasing mandates contribute to the increasing cost of water.

Examples of factors behind water rate increases deserving of study include the State Water Board’s modified drinking water fees, more onerous and costly water conservation requirements, water loss audit requirements, and new quality standards for certain drinking water customers. In each instance, the new requirements were imposed on urban suppliers without subvention or a comprehensive assessment of how these mandates could be funded at the local level and in a manner that does not disproportionately impact low-income households. These recently imposed state mandates are just a few of the many new statutory mandates and regulations that have increased to cost of providing drinking water to customers who ultimately must foot the bill.

To successfully address water affordability, policy makers must understand and appreciate the effect new unfunded mandates have on water rates.
2. **A Public Goods Charge is Counter to Law and Will Compromise Water Affordability.**

We share and reaffirm the comments of the Association of California Water Agencies ("ACWA") in opposition of a "water tax" or a "public goods charge". (4-4; 4-6) Such a tax is regressive and would disproportionately affect the state’s low-income residents, in contrast to a progressive tax such as the personal income tax, which is used to support increased State general fund spending. Additionally, a State water use surcharge would make it more difficult and costly for local water agencies to fund critical local water efficiency and supply projects because it would reduce the ability and willingness of local rate payers to fund local projects. Finally, a surcharge on local water bills in order to send money to Sacramento, where a portion will be carved out to fund another layer of administration before some of it is returned for local or regional grants, is not efficient and is not sound public policy.

3. **The Water Plan Fails to Address the Relationship Between Groundwater Overdraft and Policy-Imposed Surface Water Shortages.**

The Water Plan Update recognizes the issues of groundwater overdraft and surface water shortages, but it fails to document the direct relationship between policy mandated surface water shortages arising from authorities such as the Central Valley Project Improvement Act or the Endangered Species Act, and consequential increases in groundwater overdraft and subsidence. (1-1,2; 2-2) Nor does the report recognize that the proposed update to the Water Quality Control Plan for the San Francisco Bay Delta ("Bay Delta Plan Update") may result in substantial surface water reductions for diverters on tributaries to the Bay Delta including the Sacramento, Feather, Yuba, American, Stanislaus, Tuolumne, and Merced Rivers. Municipalities and agricultural lands throughout the Sacramento and San Joaquin Valleys may lose a substantial portion of their surface water supplies and may be forced to pump unprecedented quantities of groundwater, exacerbating groundwater overdraft and subsidence. The San Joaquin River Restoration Plan, which is analogous to the Bay Delta Plan Update, resulted in direct and prompt groundwater overdraft and subsidence in the San Joaquin Valley. The Water Plan should recognize that mandatory surface water restrictions arising from policies such as the proposed Bay Delta Plan update have a causative relationship with groundwater overdraft and subsidence.

4. **An Accounting of Past Water Expenditures is Required.**

The Water Plan Update recognizes the issues of insufficient and unstable funding, and the need for tracking of state and local investments (2-5; 3-4; 4-2; 4-8, 9). However, a comprehensive accounting of water bond expenditures in recent decades is also required. Since 1990 over $20 billion in water bond monies have been expended, yet no major water projects have been constructed and it is unclear what long-term benefits were achieved by the expenditure of said bond monies, or the true cost of those benefits when accounting for interest. In order to ensure that future water related expenditures generate meaningful benefits in proportion to their
monetary value, a comprehensive accounting of water bond expenditures in recent decades is needed. California cannot address challenges without an understanding of how monies have been expended and the resulting benefits of those expenditures, if any.

5. **Modelling, Data, and Adaptive Management are Not Panaceas and Distracts from Necessary Solutions.**

The Water Plan Update recognizes the important of data-driven decision making (2-5; 3-3), but the Report should also recognize the limitations of measurement and data, which although helpful, do not increase the quantity of water available for allocation and consumption. The policy appeal of these measures is they do not have a physical impact and are therefore relatively uncontroversial, but they have the correlating result of not generating new water supplies - a condition precedent to addressing California’s water problems. Modelling, measurement and data, although helpful, are not a panacea for California’s water problems, and in some cases have become an expensive distraction from the necessary physical solutions to California’s water problems.

Very truly yours,

MINASIAN, MEITH, 
SOARES, SEXTON & COOPER, LLP

By: ____________________________

JACKSON MINASIAN

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