

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001



May 21, 2018

Joseph Yun
Executive Officer
California Water Commission
Post Office Box 942836
Sacramento, California 94236-0001

RE: Proposition 1 Water Storage Investment Program Findings

Dear Mr. Yun:

We are pleased with the progress the California Water Commission (Commission) has achieved in reaching another important milestone in the implementation of the Proposition 1 Water Storage Investment Program (WSIP). The Department of Water Resources (DWR) is committed to its continued partnership with the Commission to invest \$2.7 billion toward critically needed water storage projects that provide tangible public benefits to ecosystems, flood control protection, emergency response capabilities, and the overall effectiveness of our water infrastructure across the state.

DWR appreciates the leadership of the Commission and the diligent work of Commission staff in coordinating the technical review team consisting of DWR, California Department of Fish and Wildlife, and State Water Resources Control Board staff. As directed, DWR is submitting its findings for the recreation, flood control, and emergency response physical benefits based on the information provided by each applicant in their application, the technical review of that information, and the Commission's formal appeal process.

We appreciate the difficult decisions recently made by the Commission in determining which projects are eligible to move forward in this competitive process. DWR looks forward to the upcoming milestones and our ongoing role of providing the Commission expert technical review and support.

Sincerely,

A handwritten signature in black ink that reads "Karla A. Nemeth".

Karla A. Nemeth
Director

DEPARTMENT OF WATER RESOURCES

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SACRAMENTO, CA 94236-0001



May 21, 2018

Mr. Joseph Yun
Executive Officer
California Water Commission
Post Office Box 942836
Sacramento, California 94236-0001

Project: Temperance Flat Reservoir Project
Applicant: San Joaquin Valley Water Infrastructure Authority

RE: Water Storage Investment Program — Findings

Dear Mr. Yun:

Herein, the Department of Water Resources (DWR) provides the California Water Commission (CWC) DWR's findings pursuant to California Code of Regulations, title 23, section 6012 and as required by Water Code section 79755(a)(3) for the Water Storage Investment Program (WSIP).

DWR staff has conducted a thorough review of the information provided by the applicant to develop findings for each physical public benefit per Water Code section 79753(a)(3-5): flood control, emergency response, and recreational purposes. DWR's findings are based on the technical review of the public benefits as described in each application and using the information submitted by the applicants.

DWR staff evaluated each application as subject matter experts and implemented a careful internal review pursuant to applicable statutes, the WSIP Regulations (Cal. Code Regs., tit. 23, § 6000 et seq.) and the WSIP *Technical Reference* (Nov. 2016). Rigorous quality control measures were established to ensure all applications were reviewed in a fair and equal manner. In addition, staff and review teams met on a weekly basis to discuss preliminary findings, assure consistency, and to identify issues for further valuation to be discussed by the broader review team.

The application and appeal materials provided by the applicant describe the potential public benefits. Based on the WSIP Regulations, a finding does not commit DWR to a definite course of action regarding any subsequent determination or approval by DWR under any regulatory or statutory authority beyond section 6012 of the WSIP Regulations.

Changes in the amount of public benefits may occur from the time of DWR's findings to the time an applicant enters into an agreement with DWR to provide the claimed benefits to the public. Prior to entering into this agreement with the applicant, DWR shall confirm that any modified public benefits continue to meet all the requirements of WSIP Program and other applicable laws and regulations.

In August 2017, DWR staff began review of the Temperance Flat Reservoir (TFR) Project's application for claimed flood control, recreation, and emergency response monetized public benefits. By February 2018, DWR staff had reviewed the Project's application and provided CWC staff with a recommendation to accept, adjust, or remove the applicant's claimed physical benefits from the initial public benefit ratio (PBR). These recommendations, along with recommendations from the California Department of Fish and Wildlife and State Water Resources Control Board, were distributed to the applicant and the public by CWC staff. Applicant appeals to the initial recommendations were submitted to the CWC in late February 2018. DWR staff then reviewed the applicant's appeal information for the DWR-related benefits and provided final recommendations for the TFR Project's monetized public benefits to CWC staff. The CWC released all reviewer responses to the applicant and the public on April 20, 2018. On May 3, 2018, the CWC used its discretion to include an additional recreation benefit not substantiated by DWR. At that time, the CWC also approved a maximum eligible amount for the TFR Project. The maximum eligible amount for this Project was ultimately determined by the regulatory requirement that the monetized ecosystem improvement benefits comprise at least 50 percent of the monetized public benefits for which funding is requested from the Program.

Pursuant to WSIP Regulations, DWR staff has only determined findings for the following verified monetized public benefits: flood control and emergency response public benefits. These benefit categories comprise 50 percent of the total monetized public benefits of the TFR Project.

Flood Control:

The San Joaquin Valley Water Infrastructure Authority (SJVWIA)(applicant) stated that the proposed TFR Project would provide flood damage reduction benefits to the San Joaquin River, downstream bypass channels and lands adjacent to these channels using available incidental reservoir storage during the flood season in the combined Millerton Reservoir, Temperance Flat Reservoir and upstream Mammoth Pool. The proposed TFR Project does not have an operation plan that increases the level of flood protection provided by the existing Friant Dam-Millerton Reservoir and relies solely on estimated incidental storage predicted to be available by reservoir simulation model runs. If funded, additional discussions will need to occur to develop assurances that the incidental flood storage will in fact be available during and throughout the flood season.

DWR has reviewed the documentation provided and verified that the TFR Project could provide additional flood storage above the level required by Friant Dam-Millerton Reservoir, based on reservoir simulation model runs by the U.S. Bureau of Reclamation (USBR) as part of the 2014 USBR Draft Feasibility Report Upper San Joaquin River. Flood risk reduction benefits were calculated based on the 90 percent exceedance probability of available reservoir storage in the simulated combined Millerton Reservoir, Temperance Flat Reservoir and upstream Mammoth Pool.

The applicant's proposed project would not violate Water Code section 11590 as it does not take or destroy any part of the line or plant of any common carrier railroad, other public utility, or state agency or the appurtenances thereof, either in the construction of any dam, canal, or other works, or by including the same within the area of any reservoir.

The TFR project is classified as a Surface storage project identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000. In section 2.2.5 page 45 a project for additional storage in the upper San Joaquin River Watershed is sited, but TFR Reservoir is not directly referenced. The TFR project does not adversely affect, including its free-flowing character, any river afforded protection pursuant to the California Wild and Scenic Rivers Act (Pub. Resources Code, § 5093.50 et seq.).

Lastly, the applicant has provided a cost allocation breakdown where the funds allocated exclude all costs of environmental mitigation measures or compliance obligations. Additionally, the application makes no reference to or includes any environmental mitigation measures or existing compliance obligations related to the claimed flood control benefits.

Pursuant to Water Code section 79755(a)(3), DWR finds that the public benefits for flood control of the proposed Temperance Flat Reservoir project meet all the requirements of Water Code, Division 26.7, Chapter 8 (Wat. Code, § 79750 et seq.).

Emergency Response:

The applicant states that water in the TFR would be made available in such declared emergencies as a Delta disruption and earthquake induced disruption. The SJVWIA proposes that up to 50 percent of the available storage in the TFR Project would be made available during a Delta disruption or earthquake induced disruption. The TFR Project could make releases and provide water directly into Millerton Lake which is connected to existing south-of-Delta infrastructure. The actual amount of water delivered and the recipients would depend on the nature of the emergency.

The applicant provided details that the TFR Project would return to normal operations following an emergency and would no longer be operated in a deficit once south-of-Delta storage has recovered. The existing infrastructure and operating procedures would continue at the existing facilities.

DWR has reviewed documentation that the applicant has provided and verified that the proposed project could make water available in such declared emergencies as a Delta disruption and earthquake induced disruption.

The applicant's proposed project would not violate Water Code section 11590 as it does not take or destroy any part of the line or plant of any common carrier railroad, other public utility, or state agency or the appurtenances thereof, either in the construction of any dam, canal, or other works, or by including the same within the area of any reservoir.

The TFR project is classified as a surface storage project identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000. In section 2.2.5 page 45 a project for additional storage in the upper San Joaquin River Watershed is sited, but TFR Reservoir is not directly referenced. The TFR project does not adversely affect, including its free-flowing character, any river afforded protection pursuant to the California Wild and Scenic Rivers Act (Pub. Resources Code, § 5093.50 et seq.).

Lastly, the applicant has provided a cost allocation breakdown where the funds allocated exclude all costs of environmental mitigation measures or compliance obligations. Additionally, the application makes no reference to or includes any environmental mitigation measures or existing compliance obligations related to the claimed emergency response benefits.

Pursuant to Water Code section 79755(a)(3), DWR finds that the public benefits for emergency response of the proposed Temperance Flat Reservoir project meet all the requirements of Water Code, Division 26.7, Chapter 8 (Wat. Code, § 79750 et seq.).

Sincerely,

A handwritten signature in black ink, appearing to read "Karla A. Nemeth". The signature is fluid and cursive, with a large initial "K" and "N".

Karla A. Nemeth
Director