

From: [Jensen, Laura@DWR](mailto:Jensen.Laura@DWR)
To: [Shoemaker, Brianna@DWR](mailto:Shoemaker.Brianna@DWR)
Subject: FW: Financing of Conveyance
Date: Tuesday, May 18, 2021 11:07:47 AM
Attachments: [image001.png](#)
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[image002.png](#)

From: Scott Hamilton <Scott@resourceeconomics.net>
Sent: Tuesday, May 18, 2021 8:30 AM
To: Jensen, Laura@DWR <Laura.Jensen@water.ca.gov>
Cc: Austin Ewell <austin@ewellgroup.com>; 'Tal Eslick' <tal@vistaconsultinginc.com>
Subject: Financing of Conveyance

Hi Laura,

Thank you very much for the opportunity to comment on the Commission's draft White Paper on Financing Conveyance. I think the Water Commission staff have done a wonderful job in outlining the State's potential role here.

The Water Blueprint for the San Joaquin Valley supports the principles and objectives of the Governor's Water Resilience Portfolio. Included in that was objective number 3: "make connections". Restoring existing conveyance facilities back to design capacity and developing new conveyance will be fundamentally important to the future of the San Joaquin Valley. We also are working towards providing safe and reliable water for disadvantaged communities, water for environmental restoration and building a strong economy. We encourage maximum use of local supplies. Building additional recharge facilities to fully utilize those supplies will take many years and a collective effort. But even with that, we anticipate a very substantial need for more water in the Valley, not only to minimize the loss of agricultural land, but to allow all the necessary uses to coexist in a balanced manner - a need that can only be met with investment in conveyance facilities.

There is so much in the White Paper that we support that it seems a little redundant to reiterate all of that here. As the Blueprint effort continues to move forward, we see a substantial need to increase water supplies for the environment and disadvantaged communities within the Valley. It is conceivable that between one third and one half of the water that needs to be imported into the Valley would be for public benefits. We support the principle that the State should pay for public benefits and see this as fundamentally important to achieving the State's objective in the Valley. We have three suggestions for consideration.

1. We hope that the State can provide grants to construct infrastructure to meet public benefits, but we also hope that grant funds can be provided to meet the ongoing operations and maintenance costs associated with delivering water for those purposes. Having the facilities, but not the funds to lift water to where it is needed, will greatly limit the ability to provide ongoing public benefits.
2. While we support the general principle that private benefits should be privately funded, there is a unique middle ground that should be considered. Many of the crops that are grown in the Valley such as some stone fruit, grapes and vegetables are not high-profit crops but their

production means that Californians are supplied with locally grown, safe, fresh food. These crops also tend to be labor intensive thereby providing jobs and income to people in communities throughout the Valley. A balance should be considered when water resources are being developed and financed. There is an obvious fundamental necessity for people to have safe, clean and reliable drinking water. But there is also a need to generate jobs so people can provide for their families. We would ask that the Commission consider providing low interest loans for water infrastructure for those farmers who might otherwise not be able to afford to continue farming. The devil is in the detail here, but we would be interested in working with the Commission to investigate options.

3. Conveyance must be structured within a framework of an overall solution. But frequently it can take decades and significant work to acquire monies for habitat restoration. However, all of the inter-regional conveyance capacity needed to accommodate full build-out will have to be constructed at the outset. We ask the Commission be strategic in recognizing that a gap exists between financing conveyance and financing habitat restoration. The State has a long history of providing bonds for environmental purposes and we hope and anticipate that such funding will continue.

Thank you again for all your work on financing conveyance. We greatly appreciate the Commissions leadership in this important endeavor.

Yours sincerely,

Scott Hamilton

Chairman, Technical Committee

Water Blueprint for the San Joaquin Valley

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