



## **Meeting Minutes**

Meeting of the California Water Commission

Wednesday, May 19, 2021

Remote Meeting

Beginning at 9:30 a.m.

### **1. Call to Order**

Chairperson Alvarado called the meeting to order at 9:30 a.m.

### **2. Roll Call**

Assistant Executive Officer Laura Jensen called the roll. Commissioners Alvarado, Arthur, Curtin, Gallagher, Makler, Solorio, Steiner, and Swanson were present, constituting a quorum. Commissioner Cordalis was absent.

### **3. Closed Session**

The Commission did not hold a closed session.

### **4. Approval of April 21, 2021 Meeting Minutes**

Commissioner Steiner motioned to approve the April 21, 2021 meeting minutes. Commissioner Solorio seconded the motion. All Commission members present voted in favor.

### **5. Executive Officer's Report**

Executive Officer Yun said staff is holding interviews for additional staff members. The Office of Administrative Law has approved the Water Storage Investment Program (WSIP) early funding regulations, making them permanent. With the anticipated move into the new California Natural Resources Agency building, staff is assessing future in-person Commission meetings.

### **6. Commission Member Reports**

There were no Commission member reports.

### **7. Public Testimony**

There was no public testimony.

### **8. Water Storage Investment Program: Early Funding Request (Action Item)**

WSIP regulations allow for up to five percent of the Commission's maximum conditional eligibility determination (MCED) to be awarded prior to the final funding hearing to assist with permits and environmental documents. The Chino Basin Conjunctive Use Environmental Water Storage/Exchange Program has requested early funding in the amount of \$8,919,000.

WSIP Manager Amy Young explained how early funding works, and said that the Chino Basin Program is a conjunctive use project that will provide public benefits in the form of ecosystem improvements, water quality improvements, and emergency response. The project is progressing on schedule, staff sees no problems moving forward, and the project should meet the Proposition 1 requirement for a feasibility determination this year.

Sylvie Lee, Manager of Strategic Planning & Resources for the Inland Empire Utilities Agency (IEUA), gave an overview of the Chino Basin Program, which produces a highly reliable, drought-resistant, dedicated environmental water supply to benefit Bay-Delta instream flows. Public benefits include pulse flow releases from Lake Oroville into the Feather River to benefit salmon, removal of salts to improve quality of local water supplies, and emergency storage. Program components include advanced water treatment, groundwater storage, wellhead improvement, and pipeline interconnection to Metropolitan Water District (MWD). The feasibility study will be completed by August; a programmatic Environmental Impact Report will be in circulation by September; and financial commitments will be secured by October. IEUA is requesting four percent of their MCED to be used for management; environmental docs; permits and agreements; feasibility, design and technical studies; and communication and engagement.

Commissioner Curtin asked if the advanced water treatment facility is already in place or part of the program cost, and was told it was part of the project, not currently in place. He asked how they maintain a sustainable balance in the basin, and was told that once water goes through the advanced water purification they use injection wells to get it into the ground. As an adjudicated basin they are monitored as to where they can inject and where they can extract.

Commissioner Solorio asked why IEUA is asking for less early funding than they are eligible for, and if they might return to ask for more in the future. He was told they requested what the project will need during the planning phase. Program Manager Young said the applicant can return and ask for more up to their 5%.

Commissioner Arthur asked who determines the amount available for a pulse flow. Mark Cowin, from GEI Consultants, said the two factors are how much water in storage is available for borrowing and the extraction capacity available in a given year.

Commissioner Makler asked if the investment in this project will lead to the optimization of capture, storage, movement, and treatment of water in the basin, and was told yes, by optimizing the use of recycled water resources in the basin they will create a more resilient supply in comparison to the State Water Project (SWP) imports that the water will replace.

Commissioner Curtin asked, besides advanced treatment, how does the basin recharge the 50,000 acre-feet being moved to MWD. Mr. Cowin said they will annually create 15,000 acre-feet/year of new advanced treated water, taking recycled supplies that are in part currently discharged into the Santa Ana River, and over time accumulating water in storage that can be used in bigger blocks for environmental benefits.

Commissioner Steiner asked if will there also be transfers or trades with this water, and Mr. Cowin said in the future it could be the start of a program to create trading opportunities.

Chair Alvarado asked if they will be operational by 2026, and was told yes, that is the aim.

Commissioner Curtin motioned to vote to approve the early funding request of \$8,919,000. Commissioner Gallagher seconded the motion. All Commission members present voted in favor.

### **9. Assessing a State Role in Financing Conveyance: Preliminary Findings and Conclusions**

Assistant Executive Officer Jensen presented a draft white paper for discussion purposes containing preliminary findings and conclusions from the Commission's ongoing work assessing a state role in financing resilient conveyance projects. Topics covered in the paper included what defines a public benefit, how conveyance projects are funded, and what the Commission learned at its regional workshops. The draft paper includes findings on the state's role and challenges in funding conveyance; partnerships, governance and collaboration; characteristics of climate-resilient projects that mitigate climate change and/or meet the needs of a changing climate; valuing and investing in public benefits; regional variations and approaches; emerging finance mechanisms; feasibility studies; flood-managed aquifer recharge; and reduced Delta reliance. The draft paper concludes that the state should consider: investing in the public benefits of conveyance and the ecological health of natural waterways; correcting impacts to underserved communities; promoting collaborative partnerships to address cross-sectoral climate resilience; structuring funding to promote climate resilient projects; providing guidance for structuring funding programs; and guiding a two-phased funding approach, which includes urgent conveyance needs and near-term financing solutions. Seven public comments were received that the Commission may consider.

The Commission received public comment from Soren Nelson with the Association of California Water Agencies, who said that strategic state investment is essential to advance the goals of the Water Resilience Portfolio and to meet the state's water needs. The draft report highlights the importance of a flexible approach to funding conveyance projects, which will be necessary to achieve resilience and climate change goals. He encouraged the state to continue to consider public benefits broadly, and to tailor funding criteria to meet regional needs.

Chair Alvarado asked to expand on how to value public benefits in the paper, and was told that we are not going to create a specified process, but could reference existing methodologies, such as that required by WSIP. She also asked about collaboration and who we are challenging to be at the table, mentioning agencies, retailers, and tribal governments as possibilities.

Vice-chair Swanson asked if any WSIP funds that might become available could be used to fund these conveyance projects and was told no, the statutory language of Proposition 1 is very specific as to how WSIP funds can be used. Any change to statute would need to be approved by the legislature and a vote of the people.

Commissioner Makler suggested emphasizing the importance of the SWP and the Central Valley Project (CVP) as foundational to the work moving forward.

Commissioner Curtin said Proposition 1 should have included conveyance and expressed his opinion that the Commission should take a harder look at where ocean desalination could be utilized as a bigger part of the SWP.

Commissioner Arthur asked if multiple benefits can be part of the planning and design of projects and suggested connecting subsidence issue with need to address groundwater overdraft.

Commissioner Solorio encouraged highlighting funding for non-state projects, and approved of focusing on green conveyance and encouraging the movement of current or new water supplies.

Commissioner Gallagher pointed out how three of the four areas surveyed prioritize local and regional self-sufficiency, and suggested that working together across multiple watersheds could be considered a public benefit. She asked for clarification that “backbone infrastructure” means the SWP and CVP.

Commissioner Steiner said the survey showed the Central Valley had a very different take on how conveyance funding should occur.

Assistant Executive Officer Jensen said she will address what has been brought up and highlight the modifications to the document at next month’s meeting.

#### **10. State Water Project Briefings: Climate Change and the Delta**

The Commission continued its 2021 State Water Project briefings on with a series of presentations on the topics of climate change and the Delta. Tony Meyers, Executive Director of the Delta Conveyance Office and Chief Operations Officer for SWP, presented the Department of Water Resources’ (DWR) mission to build a more water resilient California. Three of five Californians depend on water that flows through the Delta, two thirds of California’s water originates in the Sierra Nevada, and local water agencies build portfolios based on a reliable SWP. Risks to Delta conveyance include seismic activity, climate change, sea level rise, and subsidence. The time to modernize is now as DWR plans for future reliability and sustainability.

Senior Environmental Scientist Peter Coombe presented the Climate Change Adaptation Plan, which prioritized four focus areas: staff safety, the SWP, Upper Feather River Watershed, and Landscapes (ecosystems and habitats). Andrew Schwarz introduced himself as the new State Water Project Climate Action Advisor. Senior Environmental Scientist Jennifer Morales talked about staff safety and how increased exposure to extreme heat and flood can lead to delays in work completion, increased cost, injury and illness. Adaptive capacity includes the Heat Illness Prevention Plan and schedule shifting to cooler days or cooler parts of days. Senior Engineer Romain Maendly talked about the SWP vulnerability assessment and their adaptation approach. Strategies include monthly reservoir inflow forecasting ability, weather modification or cloud seeding, improved multi-objective upper watershed management, conjunctive management and groundwater recharge. Senior Environmental Scientist Coombe talked about the vulnerable assets of the Upper Feather River Watershed, including the Oroville reservoir, Upper Feather River lakes, and watershed scale change. Vulnerability is expected to change from a current low and moderate wildfire risk to moderate and high by mid-century. Stakeholder priorities – wildfires, forest management, meadows, climate data, agriculture, and hydrology – will be included in the adaptation plan. Senior Environmental Scientist Morales said climate change is projected to negatively impact the quality of landscapes, ecosystems and habitats on DWR owned lands. Adaptive capacity exists in policies plans and procedures, and include a comprehensive data base of DWR managed lands, modeling, and collaboration.

Amanda Hansen, Deputy Secretary for Climate Change with the California Natural Resources Agency, said there is an incredible nexus across the administration as to how the state is thinking about building resiliency. Constantly evolving adaptive management will be key to moving forward, with a plan deeply based and rooted in science and a focus on collaboration and partnerships. No one entity can address this problem by itself, so leveraging and aligning each other's efforts leads to success. Engaging vulnerable communities and tribes is important to building resilience across the state, and we must quantify the expected impact of extreme heat.

DWR Chief of Multi-Benefit Initiatives Steve Rotherth presented on green infrastructure and watershed management, and explained how forest management projects help make them more resilient to climate change. Mountain Meadow Restoration will increase groundwater storage, reduce erosion, improve summer and fall flows, and improve habitat. The Tule Red Project is 300 acres of tidal wetlands for Delta smelt, longfin smelt and salmon. The Lower Elkhorn Basin Levee Setback Project will improve flood protection, restore 900 acres of floodplain habitat, and improve agriculture resilience and recreation. To meet the challenges of climate change we must increase the pace and scale, identify and implement best practices in project development and delivery mechanisms, increase investment, build and nurture successful partnerships, streamline the permitting process, and work with communities to make them more resilient within the landscape.

Jay Ziegler, Director of Policy and External Affairs for California for The Nature Conservancy, would like to see a "top of the watershed to end user approach" to integrate ecosystem values in the holistic management of the SWP. We think of salmon and smelt as indicators of a healthy system, but there are 4,000 fresh water dependent species, and 25% are vulnerable to extinction within the next 40-70 years, with patterns accelerating as each new study comes out. Model partnerships exist, but need to scale up in a dramatic way, with deeper investment from federal, state, and local water agencies to drive the watershed management effort. The Commission can play a helpful role in the deployment of science to better understand the interaction between groundwater and freshwater ecosystems, to better integrate flow management for multiple benefits, and to ensure we are managing these rivers to temperature and water quality values. We cannot continue to manage the SWP on a status quo basis, we need to move forward on flood investment across the Central Valley, and we need better scientific data in order to protect biodiversity values in the system.

Commissioner Curtin asked if dam removal would be beneficial to the Upper Feather River Watershed. Mr. Ziegler said there are dams that have outlived their usefulness and may not be safe or subject to failure.

The Commission took a half-hour lunch break.

State Water Project Water Operations Executive Manager John Leahigh's presentation on Forecast-Informed Reservoir Operations (FIRO) explained how just a few storms each year are the core of the state's water supplies. 2021 could be third driest year in past 100 and the driest since 1977. Current water management and flood risk analyses depend on historical estimates. Better utilization of advances in forecasting will yield greater flood control and water supply

reliability benefits, and DWR is looking to make the necessary changes to improve the performance of existing infrastructure. Currently, FIRO projects are happening at Lake Mendocino, Prado Dam, and a multi-dam project at New Bullards Bar and Oroville Dam. Yuba-Feather FIRO is a collaborative effort that initiates research investigations to improve forecasting, and develops and conducts viability assessments to inform updates to the water control manual. Better understanding atmospheric rivers is the key to water management. Moderate releases in advance of forecasted storms can avoid higher releases later and decrease frequency of high flow events on the lower Yuba Feather downstream levee system. FIRO outcomes include a resilient update of the water control manual and continued investments to improve forecasting capabilities.

John James, Water Operations Project Manager for the Yuba Water Agency, a partner on the Yuba-Feather FIRO, said the agency is planning a secondary spillway on New Bullards Bar to be operated under FIRO and will significantly increase release capacity, allow for increased flexibility in managing reservoir and downstream watershed, and create additional storage space ahead of flood events, enhancing flood protection for more than 1000,000 downstream residents. FIRO employs the latest and best science and technology, moving the needle with forecast improvements that water managers rely on for their operations.

Chair Alvarado asked what the hesitation would be for using FIRO, and was told that first, the rules of the Army Corps of Engineers Water Control Manual must be updated, a process that FIRO will help inform. It is a deliberate process as these are significant changes, and advocates must ensure that it will not affect environmental flows. She also asked if there has been any stakeholder engagement and was told they are scoping out a public stakeholder process.

Commissioner Solorio asked what the forecast time frame was for an early release and was told it could be measured in days, dependent upon reliability of forecast.

Commissioner Makler asked about the potential to change the level of capital investment since you will be able to make better decisions prior to weather events and was told these changes could free up resources for other projects elsewhere.

Commissioner Curtin said an aggressive program in the Central Valley for groundwater capture could help with flood control. He was told that it was not explicitly part of this project but represents the same concept, improving the system without building new dams or putting in major infrastructure.

Commissioner Gallagher asked if soil moisture forecasting was in place in Lake Mendocino and will it be part of the Oroville FIRO project. She was told that data is currently being collected in the Russian River area for Lake Mendocino and it will be part of FIRO moving forward.

Environmental Program Manager for Delta Conveyance Carrie Buckman's presentation on the Delta Conveyance Project outlined the mounting risks to the SWP, and she said a disruption would result in catastrophic public health crisis. Proposed facilities include two new intakes in the north Delta that connect to one below ground tunnel designed to protect water supply from sea level rise, earthquake, subsidence and levee failure. Planned activities for 2021 include refining modeling tools; assessing potential impacts and identifying mitigation measures;

developing EIR documents, operational criteria, and draft materials for biological assessment and ITP application; and completing soil boring and cone penetration tests. Outreach efforts include a Community Benefits Program, which acknowledges that the project could have potential adverse effects on Delta communities. A survey gathered input from Disadvantaged Communities that could be affected by the project. Results showed high priorities are clean air, drinking water, natural environment, habitat for fish, migrating birds and wildlife; they also indicate a lot of anti-project sentiment.

Juliana Birkhoff, Managing Facilitator for Ag Innovations, is working with DWR on outreach efforts and found that people generally do not like the project but are willing to talk about the Community Benefits Program. People do not want to create a complex new program that requires new staff. They want to know first what the impacts are and what the mitigation process is, and they want to be engaged in how the program is developed. Many communities do not have the capacity to manage grants or large funds. Suggestions include putting the money into a community foundation or funding existing programs.

Chair Alvarado asked if there are community-based organizations that DWR can partner with in its outreach efforts. Juliana Birkhoff said yes there are, but we need champions as well as partners.

Commissioner Solorio left the meeting at 2:30 p.m. Commissioner Curtin left the meeting at approximately 2:45 p.m.

#### **11. Water Trading: Workplan (Action Item)**

Assistant Executive Officer Jensen presented a proposed workplan for Commission discussion, input, and approval that supports Water Resilience Portfolio Action 3.6, which calls on the state to create flexibility for groundwater sustainability agencies to trade water within basins while safeguarding natural resources, small- and medium size farms, and water supply and quality for disadvantaged communities. Groundwater trading could be used as a tool to implement the Sustainable Groundwater Management Act (SGMA), as many Groundwater Sustainability Plans (GSP) include a trading component and some Groundwater Sustainability Agencies (GSA) are already developing trading programs. Trading is part of a three-step process that also includes accounting and allocation. The Commission's role is to hold public conversations, focus on safeguards, consider accounting and allocation as related to trading, consider the role of the state in trading, and develop a white paper with guidance for implementing agencies. Step 1 is to frame the issue, convene small group discussions, and establish advisory group. Step 2 is to hold public discussions, invite expert panels, engage stakeholders at local meetings, and conduct public workshops. Step 3 is to review public feedback and discuss with the advisory body, then draft and present preliminary conclusions to the Commission.

Commissioner Steiner asked if trading was limited to agencies in SGMA or anyone in the state with groundwater and was told that the action is related to GSPs and GSAs. The trading would be driven by locals but the state wants to understand the safeguards and understand if there are any actions they can take to support them. Commissioner Steiner then asked how conveyance will factor in between retail and wholesale water agencies, and was told we are looking at inter-basin groundwater trading at this point.

Commissioner Makler asked why not start with accounting and allocation to help define what is being traded and was told that we will not set aside those topics entirely, but we have been tasked with looking at well-managed groundwater trading.

Vice-chair Swanson asked what groups we envision being on an advisory panel and was told it should include representatives from the implementing agencies, those working on the accounting and allocation tools being developed, as well as some to be determined.

Commissioner Arthur suggested that state and federal land holding agencies that could be impacted and tribal agencies should be part of the advisory group.

Chair Alvarado said that this effort is connected to a lot of things the Commission talks about already and is looking forward to the conversation.

Commissioner Steiner motioned to vote to approve the workplan with consideration of Commissioner comments as possible modification. Commissioner Arthur seconded motion. All Commission members present voted in favor.

### **12. Consideration of Items for Next California Water Commission Meeting**

The next meeting of the Water Commission is scheduled for June 16, 2021, when the Commission will hear an overview of the eminent domain process, updates from two WSIP projects, some background on the upcoming feasibility determinations, consider voting to approve the white paper that contains the findings and conclusions on the state's role in financing resilient conveyance projects, and host the first expert panel on groundwater trading.

### **13. Adjourn**

The Commission adjourned at 3:08 p.m.