



Meeting Minutes

Meeting of the California Water Commission
Wednesday, October 19, 2022
State of California, Resources Building
715 P Street, First Floor Auditorium
Sacramento, CA 95814
Beginning at 9:30 a.m.

1. Call to Order

Vice-Chair Fern Steiner called the meeting to order at 9:34 a.m.

2. Roll Call

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

3. Closed Session

The Commission did not hold a closed session.

4. Approval September 21, 2022, Meeting Minutes

Commissioner Gallagher motioned to approve the September 21, 2022, meeting minutes. Commissioner Solorio seconded the motion. All Commission members present voted in favor.

5. Executive Officer's Report

Executive Officer Yun reminded Commissioners that public commenters are addressing the Commission and if they have a question, the Commission can invite staff and presenters to respond. Commissioners can interact with commenters as they see fit. Harvest Water has agreed to host a virtual tour of their project and will work with Commission staff on it. The Commission does not plan to meet in December.

Commissioner Arthur asked about the public's opportunity to review and provide comments on the Contracts for Administration of Public Benefits (CAPBs) in the Water Storage Investment Program (WSIP). Mr. Yun said the opportunity for the public to comment would be when the CAPBs come before the Commission. The administering agencies do not have a separate public process for the CAPBs. If the Commission would like, we can put this on a future meeting agenda to revisit and have a fuller discussion.

6. Commission Member Reports

There were no Commissioner reports.

7. Public Testimony

There was no public testimony.

8. Consideration of Action on Resolutions of Necessity for the Yolo Bypass Salmonid Habitat Restoration and Fish Passage project (Big Notch Project) – Batch C, Step 2
(Action Item)

On July 13, 2022, the Department of Water Resources (DWR) notified the Commission of its intent to seek Resolutions of Necessity (RON) for the Big Notch Project (BNP) in furtherance of a potential eminent domain action. DWR cannot commence an eminent domain proceeding unless the Commission first adopts the RON. At the Commission's September 21, 2022, meeting, DWR presented a report on each property, containing information required by the Code of Civil Procedure. At this meeting, the Commission considered whether there is enough evidence to satisfy the Code of Civil Procedure and adopt the RON for each property noted on the agenda. To adopt the RON requires a two-thirds vote of all members, which is a minimum of six votes in favor, regardless of the number of Commission members present.

Commission Legal Counsel Holly Stout explained that this is the second step for the RONs that were presented at the September 2022 meeting.

Liz Vasquez, Environmental Program Manager I from DWR's Division of Integrated Science and Engineering, presented an overview of the BNP, including its goals and impacts on the State Water Project (SWP) operations. The BNP will enhance floodplain rearing habitat and fish passage in the Yolo Bypass and is required for the long-term coordinated operations of the SWP and Central Valley Project (CVP) compliance by the 2019 National Marine Fisheries Service (NMFS) Biological Opinion and the 2020 California Department of Fish and Wildlife (CDFW) Incidental Take Permit (ITP). The Fremont Weir diverts flood water into the Yolo Bypass and disconnects the Sacramento River and the floodplain during fish migration periods. The proposed BNP includes excavated channels and a gated headworks that reintroduce the connection for fisheries purposes. The operation period is from November 1 to March 15.

Rachel Taylor, from DWR's Office of General Counsel, presented information regarding the specific properties listed on the agenda and how those properties are necessary to meet the goals of the BNP, and updated the Commission about the efforts DWR has made to work with the landowners. DWR is seeking flowage easements for the purpose of fish passage as required mitigation for the long-term operations of the SWP and has authority under Water Code to acquire property rights required and necessary for the operation of the SWP. This provision allows DWR to acquire the property without changing, replacing, or supplanting the existing public use. They are also seeking future rights for the adaptive management portion of the easements. DWR is not authorized to operate the project for adaptive management purposes. The adoption of the RON does not stop negotiations, nor does it have any bearing on the discussions of compensation for infrastructure changes necessary for the property operation.

8A. Ray and Della Thompson Trust. DWR is seeking a 142.09-acre easement. The land is currently used for duck hunting, recreation, and conservation lands. The property is encumbered by a U.S. Fish and Wildlife Service (USFWS) conservation easement.

Public comment by Curt McCasland, assistant regional director with the USFWS, who said he submitted written comment for six parcels on today's agenda, and his comments should apply to 8A, 8B, 8E, 8F, 8H, and 8K. USFWS has a conservation easement in each of these parcels to maintain migratory bird habitat. It is not clear if the proposed flowage easements are compatible with the conservation easements, and they are working with DWR to collect more information and analyze the issue. The USFWS compatibility determination process is markedly different than the compatibility assessment conducted by DWR, and they question the finding that the flowage easement will have no negative impact on duck clubs and waterfowl habitats. While the USFWS is in overall support of the BNP, they have concerns over the issuance of RONs for these parcels as the additional flooding could have negative effects to the public benefits which their easement requires.

Vice-chair Steiner reminded the Commission that Mr. McCasland's comment and all discussion by Commissioners related to his comment would also apply to items 8B, 8E, 8F, 8H, and 8K.

Commissioner Arthur asked Ms. Taylor how public benefits to migratory birds are assessed and integrated into the analysis for the greatest public good finding, and was told that DWR looks to historical pathways. This project provides additional flows for fish already coming through the bypass. There are also easements for agriculture, migratory birds, and giant garter snakes within the managed floodplain and DWR's goal is to make them compatible. She also asked how the process moves forward after the RON finding and was told that DWR has a statutory requirement to negotiate in good faith and exhaust negotiation efforts before moving to a trial. Adopting a RON today does not mean they go to trial. There is an October 20, 2023, deadline for operation of this project set by their federal partners. DWR may need to seek a motion for possession to operate the project while negotiating compensation. She then asked about the process of working with the federal agencies as they make their compatibility determinations, and was told USFWS has a different process, different statutes, and different regulations. DWR's flowage data is provided to them as well as technical experts to answer any questions.

Commissioner Matsumoto asked Ms. Taylor about the relationship between the impacts from the new flowage easements on the old easements and will there be mitigation to any impact on existing public benefits, and was told that the project itself is mitigation for the long-term operation of the SWP and has its own permitting and mitigation requirements. If an agreement cannot be reached, there is payment compensation for the conservation easements.

Commissioner Arthur asked Ms. Taylor what the bounds of adaptive management were, and was told that because conditions can change, DWR will be monitoring the project regularly to verify that the biological objectives and performance standards are still being met. If required, a meet and consult process that involves the regulatory agencies, Yolo County, and the landowners will take place before any proposals are made to modify the project. The project intends to operate at 6,000 cubic feet per second (cfs). Worst-case scenario under any adaptive management plan would be 12,000 cfs, so that is what compensation is based on.

Commissioner Gallagher asked Ms. Taylor if adaptive management could change the operation period of November 1 to March 15, and was told that the adaptive management would identify the need for the change and the science to support it, but it would have to go through the environmental review process which would allow the landowners to comment, and the regulatory agencies and permitting process before it could operate in that way.

Vice Chair Steiner asked Ms. Taylor what goes into the determination of fair market value for landowners, and was told it is based on a licensed appraiser's appraisal, who looks at the current encumbrances and easements on the property, and the assessment is made based on the current state of the property and what it would be with the flowage easement. Landowners were allowed to accompany DWR's appraiser, and are encouraged to seek their own appraisal and be reimbursed up to \$5,000. Just compensation is defined in statute as fair market value.

Commissioner Matsumoto asked Ms. Taylor if owner of record refers to the fee owner or the easement owner and was told it was the fee owner. Conservation easement holders were not notified previously under code, but now have a specific process to be notified and named in the complaint as a property owner.

Commissioner Curtin asked Ms. Taylor if this has anything to do with flood control or groundwater recharge and was told no, it was strictly habitat issues. He noted the project's long timeline and hoped the Commission could find a way to help streamline the process.

Commissioner Curtin motioned to vote on the RON for the property. Commissioner Gallagher seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8B. Huntington Family Trust. DWR is seeking a 158.1-acre easement. The land is currently used for duck hunting, recreation, and conservation lands. The property is encumbered by a USFWS conservation easement.

Public comment by Kristen Renfro with Desmond, Nolan, Livaich & Cunningham, representing the landowners for 8B, 8F, and 8G. She referred to her colleague Gary Livaich's comments at the April 20 Commission meeting, and said the biggest problem is the difficulty of future uses contemplated under adaptive management. It is problematic because what has been studied, the project as defined, calls for a certain amount of water to be released for a certain amount of time during the year. What is before the Commission is the request to authorize the taking of much broader rights. There are no restraints in the draft easement as to the time period and cfs. DWR looks to acquire future rights based upon the results of their monitoring, and there will not be an opportunity for the landowner to object to the taking of their property right for any additional use. Discussions with USFWS are not done, there is no finality as to what the parameters are, or what kind of stipulations might be necessary to ensure compatibility. There is no clarity whether the uses are going to be truly compatible. The symbiotic relationship between how the landowners are using the property and the protection of wildlife is being threatened with limited communication. Since April there has been no communication between DWR and landowners regarding compatibility of uses or what will happen going forward. There

is already a contract in place with payments made on that contract; this project is happening. It looks like the Commission's hands are tied, and that this is an illusory proceeding, but if DWR is contractually obligated to proceed, and this Commission is compelled to adopt these RONS, no matter what is said here today, if we are required to litigate on these matters, they are going to serve as a basis for right-to-take objections. We do not know what the future uses are and do not have a chance to comment on them today. The result of adopting these RONS is rubber stamping lawsuits against the property owners and subjecting them to a process that is unfair to them. At minimum, the scope of the easement should be restrained.

Vice Chair Steiner asked Ms. Taylor to address landowner involvement should anything change under adaptive management and was told the property rights do not give DWR the ability to operate unfettered. The project is operated in coordination with the managed floodplains and federal and state regulatory partners, and DWR must acquire permits and approvals. Any impacts to the property will be analyzed during the CEQA process.

Commissioner Makler asked Ms. Taylor if the landowners would have the opportunity to litigate DWR's factual determination of the most injurious case, and was told that goes directly to compensation, which is not before the Commission, and today's decision would not affect that.

Commissioner Matsumoto asked Ms. Vasquez if any modeling was done that looked at impacts with projected climate change conditions, and was told that, yes, climate change was evaluated, and they looked at more recent years as opposed to going back 100 years.

Vice Chair Steiner asked Ms. Taylor about Ms. Renfro's comment that there has been no contact with landowners for some time, and was told that the reference was about talking to the landowners about the compatibility assessment, which must be done by the federal easement holder, USFWS.

Commissioner Curtin motioned to vote on the RON for the property. Commissioner Gallagher seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8C. Howard C. Neill and Meredith Neill Revocable Trust. DWR is seeking an 80-acre easement. The land is currently used for recreation and hunting.

Commissioner Arthur motioned to vote on the RON for the property. Commissioner Gallagher seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8D. Jackson Rancheria Development Corporation. DWR is seeking a 596.36-acre easement.

Commissioner Gallagher motioned to vote on the RON for the property. Commissioner Curtin seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8E. EIP California. DWR is seeking a 1,728.17-acre easement. The land is currently used for rice farming, duck hunting, and conservation lands. The property is encumbered by USFWS and National Resources Conservation Service (NRCS) conservation easements.

Commissioner Arthur asked Ms. Taylor if DWR has addressed the written comment from NRCS that asked for renegotiated discussions to find a mutually agreeable solution and was told that DWR will be participating in discussions as requested.

Commissioner Curtin motioned to vote on the RON for the property. Commissioner Arthur seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8F. Swanston Properties. DWR is seeking a 490.94-acre easement. The land is currently used for row and field crop, duck hunting, and conservation land. The property is encumbered by a USFWS conservation easement.

Commissioner Gallagher motioned to vote on the RON for the property. Commissioner Matsumoto seconded. Commissioners voted 6-0 to adopt the RON. Motion passed. Commissioner Curtin was not present at the time of the vote.

8G. Swanston West S, LLC. DWR is seeking a 106-acre easement. The land is currently used for row and field crop cultivation.

Commissioner Arthur motioned to vote on the RON for the property. Commissioner Makler seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8H. Rodney Williams. DWR is seeking a 100.13-acre easement. The land is currently used for recreational hunting and migratory bird conservation land. The property is encumbered by a USFWS conservation easement.

Commissioner Gallagher motioned to vote on the RON for the property. Commissioner Curtin seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8I. Lucky Five Farm. DWR is seeking a 481.09-acre easement. The land is currently used for duck hunting, recreation, and conservation land. The property is encumbered by an NRCS conservation easement.

Commissioner Curtin motioned to vote on the RON for the property. Commissioner Gallagher seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8J. Dennis Murphy and Maren Murphy. DWR is seeking a 20-acre easement. The land is currently used for duck hunting and recreation. The landowner does not want to communicate with DWR, so they have been unable to progress negotiations.

Commissioner Curtin motioned to vote on the RON for the property. Commissioner Gallagher seconded. Commissioners voted 7-0 to adopt the RON. Motion passed.

8K. Channel Ranch. DWR is seeking a 191.16-acre easement. The land is currently used for duck hunting, recreation, and conservation land. The property is encumbered by a USFWS conservation easement.

Vice Chair Steiner asked Ms. Taylor if they had engaged with USFWS to discuss compatibility with their easement, and was told yes, they have, and USFWS has contacted all the landowners.

Public comment by landowner Ron Arendt, who sent a letter to the Commission on September 2, 2022, and would like to adopt the comments made earlier by Mr. McCasland and Ms. Renfro, as they conform to his comments. He is against the easement because it is in perpetuity, without restriction, can be changed at any time once it is put in place, and is grossly unfair and inequitable. The USFWS easement has restrictions and is not in perpetuity. He cannot use the property when it is flooded, nor could he sell it with this easement on it for the value it has today. Duck season is only 100-plus days a year. The flooding proposed covers that period. The easement would greatly diminish the value of the property, which is the first property to flood and the last to drain. This is supposed to be about public use, but who in the public uses this property when it is flooded? Nobody. This is major brooding and nesting area for ducks. The offer they have received is grossly inadequate. Their counter proposal has gotten no response.

Commissioner Gallagher asked Ms. Taylor to address the public benefits of this project, and was told this is required mitigation for the SWP impacts on the environment. She then asked about easement priority with USFWS, and was told that USFWS was in place first, so it has authority.

Commissioner Matsumoto asked when they consider compensation for the property, do they look at improvements and infrastructure that could be compromised, and was told yes, those are all factored into the offer.

Commissioner Gallagher asked Ms. Taylor if flooding the duck hunting grounds for the entire duck season is taken into account when making an offer, and was told yes, these are properties that flood approximately 70 percent of the year to begin with, and there are already easements that allow flooding during duck hunting season to allow the duck ponds to function.

Commissioner Makler asked if there was anything that would prevent DWR from purchasing the property or would they only take an easement, and was told there is nothing prohibiting DWR from purchasing, and if the landowner wants to sell and if there is a public benefit to doing so, that is an option.

Commissioner Arthur motioned to vote on the RON for the property. Commissioner Gallagher seconded. Commissioners voted 6-0 to adopt the RON. Motion passed. Commissioner Curtin was not present at the time of the vote.

The Commission took a one-hour lunch break.

9. Consideration of Evidence in Support of Resolutions of Necessity for the Yolo Bypass Salmonid Habitat Restoration and Fish Passage project (Big Notch Project) – Batch D, Step 1

On September 8, 2022, the DWR notified the Commission of its intent to seek RONs for the Big Notch Project in furtherance of a potential eminent domain action for additional properties

("Batch D"). DWR cannot commence an eminent domain proceeding unless the Commission first adopts a RON.

Commission Legal Counsel Holly Stout explained the difference between this meeting's process and the process at November's meeting. There will be no action to adopt RONs at this meeting.

Liz Vasquez from DWR's Division of Integrated Science and Engineering, presented an overview of the BNP, including its goals and impacts on SWP operations. The BNP will enhance floodplain rearing habitat and fish passage in the Yolo Bypass and is required for the long-term coordinated operations of the SWP and CVP compliance with the 2019 NMFS Biological Opinion and the 2020 CDFW ITP. The Fremont Weir diverts flood water into the Yolo Bypass and disconnects the Sacramento River and the floodplain during fish migration periods. The proposed BNP includes excavated channels and a gated headworks that reintroduce the connection for fisheries purposes. The operation period is from November 1 to March 15.

Rachel Taylor, from DWR's Office of General Counsel, presented information regarding the specific properties listed on the agenda and how those properties are necessary to meet the goals of the BNP. DWR is seeking flowage easements for the purpose of fish passage as required mitigation for the long-term operations of the SWP and has authority under the Water Code to acquire property rights required and necessary for the operation of the SWP. California Code of Civil Procedure requires DWR to obtain a RON from the Commission, as the appropriate governing body.

9A. David and Alice Te Velde Revocable Family Trust. DWR is seeking an 1,895.26-acre easement and 7.49 acres in fee. The land is currently used for field crops and orchard development. The property is encumbered by a Wildlife Heritage Foundation (WHF) conservation easement.

Commissioner Arthur asked Ms. Vasquez to summarize how many batches there are and where we are in the process, and was told there are about 44 properties divided into five batches, A, B, C, D, and E. We are currently on Batch D.

Commissioner Matsumoto asked Ms. Vasquez about the fee element to this property, and was told it is a combined acquisition, with part of the property to hold DWR infrastructure. She asked Ms. Taylor how the process differs when the easement is held by an NGO as opposed to a government agency, and was told that the WHF goes under state procedures and the standard set in California statute. If an agreement cannot be reached, the court can set terms and conditions to ensure compatibility.

9B. Ronald Lee Snider II. DWR is seeking a 30-acre easement. The land is currently used for duck hunting, recreation, agriculture, and agricultural conservation purposes.

9C. Martin J. Aroz and Joan M. Aroz Revocable Family Trust. DWR is seeking a 70-acre easement. The land is currently used for duck hunting. The property is encumbered by a USFWS conservation easement.

Public comment by Curt McCasland, assistant regional director with the USFWS, who said this comment is for both 9C and 9G. USFWS received notice that 9G would be on today's agenda, but not 9C or 9E, where USFWS is a third-party beneficiary to the easement. He asked that the letters he submitted for the two items on the agenda are added to the administrative record.

9D. Frank Webb Properties LLC. DWR is seeking a 115-acre easement. The land is currently used for row crops. The property is encumbered by a WHF conservation easement.

9E. Running W Land LLC. DWR is seeking a 390-acre easement. The land is currently used for open space, recreation, and hunting. The property is encumbered by a WHF conservation easement.

Vice Chair Steiner asked Ms. Taylor to explain the third-party easement of USFWS and was told that WHF holds the easement, but sometimes there is a third-party beneficiary that is usually held by a regulatory entity, in this case USFWS.

Commissioner Matsumoto asked Ms. Taylor if the property was the subject of a garter snake mitigation banking agreement and was told yes, the conservation holder has independent rights and can work with DWR to adjust the terms of how the project works or seek compensation.

9F. Albert J. Lassaga and Johanna G. Lassaga. DWR is seeking an 80-acre easement. The land is currently used for row and field crop cultivation.

9G. H Pond, LLC. DWR is seeking a 499.52-acre easement. The land is currently used for duck hunting, recreation, and conservation lands. The property is encumbered by a USFWS conservation easement.

9H. Skyraiders Duck Club. DWR is seeking a 149-acre easement. The land is currently used for duck hunting, recreation, and conservation lands. The property is encumbered by a Wildlife Conservation Board (WCB) conservation easement.

Commissioner Arthur asked Ms. Taylor if there has been any communication or coordination with the WCB, and was told it was unusual to have a state agency attached to the property. They are directly engaging with CDFW and WCB on properties that they own in fee, and properties they hold easements on.

Vice Chair Steiner asked Ms. Taylor if DWR had been asked to let the easement holder communicate directly with landowners about the compatibility assessment, as they have with USFWS easements. She was told that the USFWS migratory bird program is unique in this request.

9I. Peter E. Glide, et al. DWR is seeking a 340-acre easement. The land is currently used for duck hunting, recreation, and conservation lands. The property is encumbered by a NRCS conservation easement.

9J. Los Rios Farms, Inc. DWR is seeking a 188.23-acre easement. The land is currently used for row and field crop cultivation.

10. Six-Year Drought: Presentation of Initial Interviews and Framework

Assistant Executive Officer Laura Jensen shared information about the long-term drought conversations held to date and presented a framework that outlines how the Commission will complete its work on long-term drought in support of Water Resilience Portfolio Action 26.3, which directs the Commission to develop strategies to protect communities and fish and wildlife in the event of drought lasting a least six years, and comes at the request of the secretaries of the California Natural Resources Agency, California Department of Food and Agriculture (CDFA), and Environmental Protection Agency. Commission staff will engage experts, interested parties, and the public, and draft a white paper that goes back to the secretaries who requested it, for the State to use as guidance when making policies and investments related to long-term drought.

Commission staff has completed its initial research and information gathering. Staff reviewed more than 60 relevant resources, spoke to more than 50 experts and practitioners about long-term drought in the American west, including agricultural and Tribal representatives, academics, environmental NGOs, community-based organizations, and water managers, as well as multiple representatives from Israel, Australia, and Chile. This information led to three documents: a framework that describes how the Commission's work will roll out from this point on, a context document that summarizes what's been learned to date, and an annotated bibliography of resources reviewed.

The two most common themes staff heard were: the drought crisis should be leveraged to take bold action, and California should be planning and preparing for drought during non-drought years. Portfolio Action 26.3 talks about a drought lasting six-years or longer, but that number is arbitrary. Drought impacts can be felt very severely after only a year or two for vulnerable systems. Systems that have invested in resilience might not feel an impact for longer than six years. Climate change is making drought worse and leading to an increasing aridity in California. Drought can be managed through demand management strategies, such as urban and agricultural efficiency and conservation, which are relatively fast, easy, cheap, and yield results; supply management strategies, such as surface storage, groundwater storage, recycling water, storm and floodwater capture, and brackish and seawater desalination, which are more costly and take longer; and planning strategies. California currently lacks a universally applied and regularly updated comprehensive plan that governs its drought preparedness and response efforts.

Small, rural communities and the environment are most vulnerable to long-term drought. Since the last drought, the state has helped with consolidations, groundwater management, and

water hauling, but needs increased, expedited, and more flexible drought response resources, more support to build resilience/drought preparedness, and smart land repurposing to manage overall demand. Species are pushed to the brink during drought, especially aquatic species, because of less run-off in streams, and emergency exceptions to regulations that protect them. Species do not have time to recover between droughts; the state needs whole-system water planning that accounts for ecological function. Wildfire is made worse by drought, leading to declining water and air quality, habitat integrity, forest economies, and recreational access. Forest management helps abate impacts from fires, but to manage all of California's forests would be costly, time-intensive, and will need to be repeated regularly. Tribal engagement has been instrumental in helping to benefit whole forest systems, and improve access to traditional Tribal food sources through forest management.

In speaking to representatives from other countries, we must remember they are dealing with different geographies, and different political and cultural contexts. For decades, Israel has been working through a series of steps to make their water supplies more secure, starting by building a water-revering culture, gathering data on water use, implementing demand management strategies – particularly in the agricultural sector, investing in recycled water, which is used to irrigate agriculture, and building desalination plants. Israel considers itself a drought-proof country, but they had to go through a lot of steps to get there. Israel is different from California in that it has centralized national water management, all users pay the same rate for their water supply, and all users have unlimited access to clean water. Australia's millennium drought started in the late 1990s and lasted through 2010. It hit their prime agricultural region the hardest and spurred an overhaul of how the Murray-Darling Basin was governed. A decision-making body was formed for the basin, and their water management plan set how much water could be taken from the basin each year, while leaving enough for a functioning ecosystem. They used a portfolio approach to manage drought impacts, which included, curtailments, demand management, water recycling, and building desalination and new conveyance. Public outreach included clear triggers for water-use restrictions based on drought impacts. Chile is in the middle of a 13-year mega-drought, and due to unequal access to water in rural areas, there was social outcry that prompted policy reform. A recent law prioritizes water for humans and the environment, and requires planning at the basin level. Last month, Chilean voters opted not to approve a broad constitutional reform, so it is unclear what will happen to the water law.

Commission staff will convene small Tribal groups and a working group with representation from diverse stakeholders, present what we have learned to the public to solicit feedback, and produce a white paper.

Vice Chair Steiner said that she appreciated the work so far and this was an ambitious timeline.

Commissioner Solorio suggested staff reach out to statewide organizations such as ACWA and WateReuse and let them know that we are doing this type of work.

Commissioner Makler asked if we are going to talk about transparency in pricing, are we looking at the burdens borne by rate payers versus burdens borne by taxpayers, how will it affect the energy nexus, and can we find out what have been successful programs in California.

Vice Chair Steiner said incentives are handled by water agencies and considerable studies have been done on the effectiveness on the various types used. The state has very little to do with water rates and most agencies closely guard their price modeling.

Commissioner Curtin encourages staff to think bold. When California built this water system it was a different world; the Commission needs to look at what the water system will look like going forward. There will be radical changes. Rather than think it through on affordability, think about what really needs to be done. Costs will be very large until we tackle the idea that this is not a six-year drought but climate change activities. Be very ambitious, this is not going to be the 1950s water program. It is going to be a costly and complicated problem going forward. He asked what Israel's "fully-burdened pricing" meant, and Ms. Jensen said it means that the water system breaks even. Consumers fully cover all costs of water, which means operations and maintenance, infrastructure, the next water project to be built, conveyance, and treatment are all include in the cost. He then asked if Israel's water system was all public.

Vice Chair Steiner said San Diego's desal plant was a public-private partnership, with the Israeli company IDM being one of the primary builders with Poseidon. The San Diego County Water Authority pays for the water and shares some of the responsibility for things like electricity and new pipelines. There is considerable resistance against these public-private partnerships, but the fact is, this is expensive water even doing it that way. The State has finally recognized we cannot conserve our way out of where we are. We need to come up with bold ideas, but also who is going to do it and how is it going to get done.

Commissioner Curtin said both the state and federal government are going to have to play a big role. They are beginning to look at it not as a drought but as a condition. If you want to supply bottled water to communities that are running out, it is \$2.6 million an acre-foot. The State will need to revisit land use and water rights issues.

Commissioner Solorio said the Flex Alert system has been extremely successful, and could be used during storm events to remind folks to turn off their sprinklers. All homes should have smart meters. At some point the State will need to play a bigger role in desal. We are blessed to have the ocean right next to us and we should take advantage of it.

Commissioner Gallagher said we have been really good on the demand side, but on the supply side, we have state reservoirs and federal reservoirs, with different laws governing different water sources. That makes things complicated, there is not a one-size-fits-all in our pricing and conservation. Our water rights are the foundation that holds everything together, but we need to add to that foundation rather than tear down the house.

Commissioner Matsumoto said she appreciates the focus on impacts to the environment and communities. The Governor's Water Supply Strategy addresses resilience for agriculture and

urban areas, but is missing the rural, environmental, and Tribal pieces, and our goal of this is to fill those gaps. As we talk about supply and demand solutions, the tricky part is how do you get some of that water back to communities and the environment. The focus tends to be on the bigger water users, so the opportunity here is to think about a holistic solution set that emphasizes benefits to the water users that are typically not well represented. California has increasingly localized water decisions, which makes sense for a lot of reasons, but what tends to get lost is the cumulative impact on rural communities, Tribes, and the environment. There is a role for the State to think about what is appropriate at the local level and what we are missing on the regional and state level. How have the white papers produced by the Commission been used and how do we encourage their use and adoption of the recommendations? Ms. Jensen said though the white paper goes back to the secretaries, most likely things will get handed off to CDFW, DWR, CDFA, and the Water Board. We have already begun and will continue to engage with them with the hopes they are prepared, bought in, and ready to move forward with our suggestions. With groundwater trading, DWR's SGMA team is putting together a workplan and will report out to the Commission early next year. Our conveyance recommendations have been incorporated into DWR's conveyance subsidence program.

Commissioner Makler requested a presentation on desalination at a future meeting, and asked if there are capital investments that could be made to preserve water that is being lost due to subsidence. Ms. Jensen said he can ask those questions at next month's meeting when DWR will give a presentation on SWP construction activities and water supply contracts.

Commissioner Arthur asked if the Commission would hear from CDFW and the Water Board about the challenges in managing drought, as it might help us understand the actions of the State in this context. A focus on demand management is important. There is a lot of activity in that regard right now, particularly around land repurposing in areas where they are working to comply with SGMA. Ms. Jensen said all agencies are in emergency drought mode, but there has been some interest in participating in our process. We hope that they will join our January panel and give a brief update on their drought response and preparedness efforts.

11. Consideration of Items for Next California Water Commission Meeting

The next meeting of the Water Commission is scheduled for Wednesday, November 16, 2022, when the Commission will consider adopting RONS for the landholders presented at today's meeting, host a drought expert panel, and a SWP construction update.

Public comment on item 10 from Elaine Buxton Oregon who said we are in a downward spiral from deforestation, groundwater depletion, subsidence, etc. Finding new supply is essential. There are some technologies besides desalination, such as weather modification. Primary water is very deep underground and is not polluted. She would like to see some of these technologies applied to the solution.

Public comment on item 10 from Beth Salomone, general manager of the Russian River Flood Control and Water Conservation Improvement District, and member of the ACWA Region One Board, who said the Commissioner's comments were exceptional and she appreciates the focus on rural areas. They developed a brand-new approach to water supply problems called the

Voluntary Water Sharing Program, which was included in the Water Board's emergency regulations, and hopes it will be used as a pilot project throughout the state.

Commissioner Arthur asked Executive Officer Yun what the next steps are in the WSIP, and was told that staff will brief the Commission on what happens in a final funding hearing, as well as more discussion on the CAPBs, at an upcoming meeting.

12. Adjourn

The Commission adjourned at 2:48 p.m.