

August 21, 2013



Rob Roscoe, Chair
Ron Greenwood, Vice
Chair

Ms. Tina Leahy
Water, Parks & Wildlife Committee
California State Assembly
1020 N Street, Room 160
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VIA E-MAIL
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Members

California American Water
Carmichael Water District
Citrus Heights Water District
Del Paso Manor Water District
El Dorado Irrigation District
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Fair Oaks Water District
Folsom, City of
Golden State Water Company
Lincoln, City of
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Sacramento County Water
Agency
Sacramento Suburban Water
District
San Juan Water District
West Sacramento, City of
Woodland-Davis Clean Water
Agency

Re: Comments on Assembly 2013 Water Bond Framework

The Regional Water Authority (RWA) appreciates the opportunity to comment on the August 14, 2013 Water Bond Framework that the Assembly Water Bond Working Group has circulated. RWA's comments are below.

RWA is a joint powers authority of the 23 major municipal and industrial water suppliers in the four-county Sacramento metropolitan region. RWA's members serve approximately 2,000,000 people in the region, which is the only major metropolitan region in California that relies entirely on its local water supplies.

RWA's comments on the 2013 Water Bond Framework are as follows:

1. *Support for Retention of Assurances*

RWA very much appreciates the framework's retention of two key assurances contained in the water bond passed in 2009 as Senate Bill 7x2.

First, the retention of the water-right and area-of-origin assurances contained in Water Code section 79713 reflects the fundamental deal that allowed the construction and operation of the Central Valley Project and the State Water Project, namely that those projects' export of water from northern California would not prevent northern California communities from using their local water supplies to meet their current and future water demands. That assurance is the keystone to the ability of northern California generally – and communities in this region specifically – to consider Delta solutions that would improve export water supplies.

Second, RWA appreciates the retention of the assurance stated in Water Code section 79712 that General Fund-supported bond funding will not be used to fund Delta conveyance improvements that would benefit specific export communities. It is important that California implement the "beneficiary pays" principle as any new Delta conveyance facilities are developed and built. Imposing financial burdens on northern California communities such as this region to support export water supplies would make it more difficult for water agencies here to raise the funds necessary to implement measures necessary to improve their regional self-reliance consistent with the Delta Reform Act.

Associates

El Dorado County Water
Agency
Sacramento Municipal Utility
District
Sacramento Regional County
Sanitation District

2. *Support for Funding for Watershed, Fishery and Instream Flow Measures*

RWA supports the inclusion of funding for measures to improve fishery habitat and, in particular, the statement that funding would be included for "Collaboration with Federal Gov't on Anadromous Fish Protection/Salmon." Many RWA members signed the 2000 Water Forum Agreement, which involved water agencies, cities, counties, environmental interests, businesses and citizen groups agreeing to measures to achieve the coequal objectives of protecting the Lower American River's natural resources and providing a reliable water supply to meet the region's needs to 2030. The river's natural resources include a large run of fall-run Chinook salmon and listed steelhead. Under this Agreement, the Water Forum has participated extensively in improving habitat in the Lower American River, which is designated under both the federal and state Wild & Scenic Rivers Acts (see Public Resources Code section 5093.545(h).) Management of fishery habitat in the river depends on the management of water releases from Folsom Reservoir by the Bureau of Reclamation. There accordingly is a continuing need for technical collaboration between this region's water agencies, the Water Forum and Reclamation. State bond funding to support this important work would be very valuable in supporting the river's Chinook salmon and steelhead populations.

3. *Support for Funding for Disadvantaged Communities*

RWA supports the inclusion of funding specifically targeted to benefit disadvantaged communities by ensuring that all Californians have clean, sufficient water supplies. It is important that the language of this part of a bond be written so that all water agencies that serve disadvantaged communities can be eligible for that funding. Such communities can be part of larger service areas, as well as smaller discrete ones.

4. *Concerns about Bond Administration*

RWA believes that three aspects of the framework that concern the administration of existing and future bonds would be problematic – in some cases, highly problematic.

First, there is no reason to terminate the authorization for the appropriation of existing unappropriated bond funds. These are funds that the voters have already approved and which agencies throughout California already have targeted in developing their local and regional water-supply plans. Terminating these funds now would not only substantially reduce the effective size of any new bond, but also would discourage local agencies from seeking to rely on specific categories of bond funding in any future bonds as the termination of the existing funds would demonstrate that any categorical bonds could always be eliminated in some future election. RWA believes that this part of the framework is a serious problem.

Second, the portion of the framework stating "Priority of Projects that Produce Greatest Public Benefit" will require significant elaboration. It is unclear how it would be determined what projects would have the "greatest public benefit" and some possible methods could present serious problems. For example, any method based on the size of agencies seeking bond funding would present serious problems because it would automatically favor agencies in more heavily

populated regions. Such a preference would not only improperly bias any funding process, but also could reduce the amounts of water involved in bond-funded projects because the regions that have sufficient water resources generally have smaller populations.

Third, the portion of the framework stating "Priority for Shovel-Ready Projects" also will require elaboration, particularly in light of the fact environmental review and permitting processes can substantially delay projects that otherwise would be ready for construction in short order.

5. *Concerns about Integrated Regional Water Management*

Two parts of the framework that concern integrated regional water management (IRWM) under the heading "Climate Change Preparedness & Regional Self-Reliance for Water" may be problematic. Specifically, the statements "Specific Program Allocations Within Integrated Regional Water Management" and "Require Regional Prioritization of Water Infrastructure Projects" suggest that the Assembly may draft a bond with terms that could present problems for existing IRWM programs. RWA has significant experience in managing IRWM programs as the manager of the American River Basin IRWM, which the Delta Plan has identified as a "Regional Success Story." (Final Delta Plan (red-line version), p. 102.)

State policy should not dictate how money should be allocated within IRWM plans. The concept of an IRWM plan always has involved interests in a region collaborating to develop an integrated plan for a region's water supplies and management. State policy requiring that specific amounts or percentages of money within an IRWM plan be spent on specific types of projects will necessarily skew the development of IRWM programs and may result in the dedication of funds to projects that will do little to improve a region's self-reliance consistent with the Delta Reform Act.

In addition, requiring that an IRWM plan prioritize the projects described in the plan may make it substantially more difficult to develop such plans in the first place. Given the breadth of interests that state law requires be represented in developing such a plan, developing a priority ranking of a plan's projects may be contentious enough that it impedes the development of the plan as a whole.

Finally, while RWA believes that the bond should not prioritize specific types of projects that may be included in an IRWM plan, if water conservation projects are prioritized, RWA urges that the Assembly revisit language that was deleted from 2009's Senate Bill 7x2 very late in that special session. Specifically, the November 2, 2009 version of that bill contained a proposed Water Code section 79784(a)(2), which would have limited the eligibility for bond funding for water conservation projects to agencies that would be required to implement substantial percentages of per capita water conservation under Senate Bill 7x7. This language was deleted from the November 4, 2009 version of that bill that the Legislature enacted. The Assembly should include that language if it prioritizes any water conservation funding. State policy should prioritize specific water conservation funding for regions such as this one in which

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Senate Bill 7x7 essentially mandates the achievement of the full 20% reduction by 2020. Many regions are not required to achieve such per capita reductions by SB 7x7.

6. *Concerns about Storage Funding*

RWA appreciates the continued inclusion of continuous appropriation in the portion of the framework concerning funding for water storage. Storage projects require years of planning and permitting and therefore will substantially benefit from the certainty provided by continuous appropriation.

RWA, however, is concerned about the reduction of the proposed amount of storage funding from \$3,000,000,000 to \$1,000,000,000. The reduced amount is unlikely to generate substantial storage benefits, particularly to the extent that new off-stream storage projects are considered. New surface storage projects could substantially improve the operation of California's water system by enabling the capture of wet-year and wet-season water that could be held not only for water supplies, but – probably more importantly – to supplement streamflows at times when it has been determined that higher flows may be necessary for environmental purposes. Last winter's experience is indicative. Hundreds of thousands of acre-feet of water that could have been stored were not captured at the beginning of what became a very dry year and now are not available to support summer and fall Delta outflows.

Conclusion

RWA appreciates the opportunity to comment on the bond framework. We believe that it contains very important points that any revised water bond must contain and that, with additional work, it could be the framework for a bond that substantially advances California's achievement of the coequal goals.

Very truly yours,

A handwritten signature in black ink, appearing to read 'John Woodling', with a large, stylized initial 'J'.

John Woodling
Executive Director