



MEMORANDUM

TO: SLDMWA Water Resources Committee Members and Alternates

FROM: Scott Petersen, Water Policy Director

DATE: May 9, 2022

RE: Update on Water Policy/Resources Activities

BACKGROUND

This memorandum is provided to briefly summarize the current status of various agency processes regarding water policy activities, including but not limited to the (1) Reinitiation of Consultation on Long-Term Operations of the Central Valley Project and State Water Project, including environmental compliance; (2) State Water Resources Control Board action; (3) San Joaquin River Restoration Program; (4) Delta conveyance; (5) Reclamation action; (6) Delta Stewardship Council action; (7) San Joaquin Valley Water Blueprint and San Joaquin Valley Water Collaborative Action Plan.

POLICY ITEMS

[Reinitiation of Consultation on Long-Term Operations of the Central Valley Project and State Water Project](#)

In August 2016, the Bureau of Reclamation and California Department of Water Resources (DWR) requested reinitiation of consultation with NOAA Fisheries, also known as National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (FWS) due to multiple years of drought, low populations of listed species, and new information developed as a result of ongoing collaborative science efforts over the last 10 years.

On Jan. 31, 2019, Reclamation transmitted its Biological Assessment to the Services. The purpose of this action is to continue the coordinated long-term operation of the CVP and SWP to optimize water supply delivery and power generation consistent with applicable laws, contractual obligations, and agreements; and to increase operational flexibility by focusing on nonoperational measures to avoid significant adverse effects to species.

The biological opinions carefully evaluated the impact of the proposed CVP and SWP water operations on imperiled species such as salmon, steelhead and Delta smelt. FWS and NMFS documented impacts and worked closely with Reclamation to modify its proposed operations to minimize and offset those impacts, with the goals of providing water supply for project users and protecting the environment.

Both FWS and NMFS concluded that Reclamation's proposed operations will not jeopardize threatened or endangered species or adversely modify their critical habitat. These conclusions were reached for several reasons – most notably because of significant investments by many partners in science, habitat restoration, conservation facilities including hatcheries, as well as protective measures built into Reclamation's and DWR's proposed operations.

On Oct. 21, 2019, FWS and NMFS released their biological opinions on Reclamation's and DWR's new proposed coordinated operations of the CVP and SWP.

On Dec. 19, 2019, Reclamation released the final Environmental Impact Statement analyzing potential effects associated with long-term water operations for the CVP and SWP.

On Feb. 18, 2020, Reclamation approved a Record of Decision that completes its environmental review for the long-term water operations for the CVP and SWP, which incorporates new science to optimize water deliveries and power production while protecting endangered species and their critical habitats.

On January 20, 2021, President Biden signed an Executive Order: “Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis”, with a fact sheet¹ attached that included a non-exclusive list of agency actions that heads of the relevant agencies will review in accordance with the Executive Order. Importantly, the NOAA Fisheries and U.S. Fish and Wildlife Service Biological Opinions on the Long-Term Operation of the Central Valley Project and State Water Project were both included in the list of agency actions for review. It’s unclear what this agency review will analyze, but staff will be engaged.

On September 30, 2021, Reclamation Regional Director Ernest Conant sent a letter to U.S. FWS Regional Director Paul Souza and NMFS Regional Administrator Barry Thom requesting reinitiation of consultation on the Long-Term Operation of the CVP and SWP. Pursuant to 50 CFR § 402.16, Reclamation indicated that reinitiation is warranted based on anticipated modifications to the Proposed Action that may cause effects to listed species or designated critical habitats not analyzed in the U.S. Fish and Wildlife Service (USFWS) and National Marine Fisheries Service (NMFS) Biological Opinions, dated October 21, 2019. To address the review of agency actions required by Executive Order 13990 and to voluntarily reconcile CVP operating criteria with operational requirements of the SWP under the California Endangered Species Act, Reclamation and DWR indicated that they anticipate a modified Proposed Action and associated biological effects analysis that would result in new Biological Opinions for the CVP and SWP.

Following this action, on October 20, 2021, the SLDMWA sent a letter to Reclamation Regional Director Ernest Conant requesting participation in the reinitiation of consultation pursuant to Section 4004 of the WIIN Act and in the NEPA process as either a Cooperating Agency or Participating Agency.

¹ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/20/fact-sheet-list-of-agency-actions-for-review/>

On February 26, 2022, the Department of the Interior released a Notice of Intent To Prepare an Environmental Impact Statement and Hold Public Scoping Meetings on the 2021 Endangered Species Act Reinitiation of Section 7 Consultation on the Long-Term Operation of the Central Valley Project and State Water Project². In response to this, on March 30, 2022, the SLDMWA submitted a comment letter highlighting actions for Reclamation to consider during during preparation of the EIS.

After the draft EIS is completed, anticipated in 2023, Reclamation will publish a notice of availability (NOA) and request public comments on the draft EIS. After the public comment period ends, Reclamation will then develop the final EIS and anticipates making the final EIS available to the public in 2024. In accordance with 40 CFR 1506.11, Reclamation will not make a decision or issue a Record of Decision (ROD) sooner than 30 days after the final EIS is released. Reclamation anticipates the issuance of a ROD by October 2024.

Separately, Reclamation has initiated stakeholder outreach on modeling efforts and is convening monthly meetings to provide updates to contractors on the status of the consultation.

Reclamation Manual

Documents out for Comment

Draft Policy

- There are currently no Policies out for review.

Draft Directives and Standards

- CMP 11-03 Real Property Disposal (comments by 6/2/2022)

Draft Facilities Instructions, Standards, and Techniques (FIST)

- There are currently no Facilities Instructions, Standards, and Techniques out for review.

Draft Reclamation Safety and Health Standards (RSHS)

- There are currently no Safety and Health Standards out for review.

Draft Reclamation Design Standards

- There are currently no Design Standards out for review.

State Water Resources Control Board (State Water Board) Activity

Documents out for Comment

Draft Proposition 68 Groundwater – Drinking Water Treatment Operations and Maintenance Funding Program Guidelines

Background

Chapter 11.1 of the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (commonly referred to as Proposition 68 [Prop 68]) gave the State Water Board the authority to administer \$74 million in grant funds for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water. \$16 million of the total amount is set-aside for projects serving severely disadvantaged communities (SDACs). The State Water Board adopted Prop 68 Groundwater

² <https://www.govinfo.gov/content/pkg/FR-2022-02-28/pdf/2022-04160.pdf>

Treatment and Remediation Grant Program Guidelines (Prop 68 GW Guidelines) on August 20, 2019, to serve as the required project solicitation and evaluation guidelines for the State Water Board's Groundwater Treatment and Remediation Grant Program.

After funding two rounds of projects solicited under the Prop 68 GW Guidelines, approximately \$29.5 million remains uncommitted, of which approximately \$8.5 million is reserved for SDACs. To utilize these remaining funds and to help meet the significant needs of disadvantaged communities (DACs) across California, the State Water Board adopted Resolution No. 2020-0028 (Resolution) on August 18, 2020. The Resolution delegates authority to the Deputy Director of the Division of Financial Assistance (DFA) to award these remaining funds to assist DAC drinking water systems that treat groundwater for direct potable use, without necessarily remediating the aquifer, and waives the Prop 68 GW Guidelines for these projects.

DFA is proposing to implement the Draft Guidelines to distribute the uncommitted \$29.5 million to small DAC drinking water systems. By implementing the Draft Guidelines, DFA can distribute Prop 68 funding to benefit small DACs and SDACs statewide. The Draft Guidelines establish the process and criteria for the administration of the uncommitted Prop 68 Chapter 11.1 funding. If Prop 68 funds are uncommitted at the end of 2022, Resolution 2020-0028 authorizes the Deputy Director of DFA to utilize any funds remaining unencumbered to extend executed funding agreements for the O&M projects funded according to the Prop 68 GW Guidelines, contingent upon budget authority.

Document Availability

The Draft Guidelines are available for public comment at: https://www.waterboards.ca.gov/water_issues/programs/grants_loans/propositions/prop68.html

You may also request a copy of the Draft Guidelines by contacting Groundwater.Funding@waterboards.ca.gov.

After reviewing public comments received before **12:00 noon on Tuesday, May 31, 2022**, or received during the Staff Workshop, the Draft Guidelines will be updated if necessary and will be posted on the July 6, 2022, Board Meeting agenda.

This will occur as part of the regular State Water Board Meeting Agenda process and can be viewed online at: https://www.waterboards.ca.gov/board_info/calendar/#07-2022.

Public Workshop

State Water Board staff will conduct three public workshops on the Draft Guidelines. The workshops will be held on:

Tuesday, May 24, 2022
11:00 a.m. – 12:00 noon
Central Valley Workshop
San Joaquin Conference Room
Central Valley Regional Water Quality Control Board – Fresno Office

1685 E Street
Fresno, CA 93706
In-Person Participation Only

Wednesday, May 25, 2022

11:00 a.m. – 12:00 noon
Southern California Workshop
Division of Drinking Water – Glendale Office
500 North Central Avenue, Suite 500
Glendale, CA 91203
In-Person Participation Only

Friday, May 27, 2022

10:30 a.m. – 12:00 noon
Northern California Workshop
Sierra Hearing Room, Second Floor
Joe Serna Jr. – CalEPA Headquarters
1001 I Street
Sacramento, CA 95814
In-Person and Remote Participation

The workshops will include a presentation about the Draft Guidelines as well as the opportunity for participants to provide oral comments. Any interested person may ask questions or provide input. However, formal written comments should not be submitted during the workshops. A quorum of the State Water Board may be present, but the State Water Board will take no action.

[Bay Delta Water Quality Control Plan Update](#)

The State Water Board is currently considering updates to its 2006 Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (“Bay Delta Plan”) in two phases (Plan amendments). The first Plan amendment is focused on San Joaquin River flows and southern Delta salinity (“Phase I” or “San Joaquin River Flows and Southern Delta Salinity Plan Amendment”). The second Plan amendment is focused on the Sacramento River and its tributaries, Delta eastside tributaries (including the Calaveras, Cosumnes, and Mokelumne rivers), Delta outflows, and interior Delta flows (“Phase II” or “Sacramento/Delta Plan Amendment”).

During the December 12, 2018 Water Board Meeting, the Department of Water Resources (“DWR”) and Department of Fish and Wildlife presented proposed “Voluntary Settlement Agreements” (“VSAs”) on behalf of Reclamation, DWR, and the public water agencies they serve to resolve conflicts over proposed amendments to the Bay-Delta Plan update.³ The State Water

³ Available at <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Blogs/Voluntary-Settlement-Agreement-Meeting-Materials-Dec-12-2018-DWR-CDFW-CNRA.pdf>.

Board did not adopt the proposed VSAs in lieu of the proposed Phase 1 amendments, but as explained below, directed staff to consider the proposals as part of a future Delta-wide proposal.

Phase 1 Status: The State Water Board adopted a resolution⁴ to adopt amendments to the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary and adopt the Final Substitute Environmental Document during its December 12, 2018 public meeting.

Phase 2 Status: In the State Water Board's resolution adopting the Phase 1 amendments, the Water Board directed staff to assist the Natural Resources Agency in completing a Delta watershed-wide agreement, including potential flow and non-flow measures for the Tuolumne River, and associated analyses no later than March 1, 2019. Staff were directed to incorporate the Delta watershed-wide agreement as an alternative for a future, comprehensive Bay-Delta Plan update that addresses the reasonable protection of beneficial uses across the Delta watershed, with the goal that comprehensive amendments may be presented to the State Water Board for consideration as early as possible after December 1, 2019. As the State Water Board further refines this update, there will be opportunity for public comment.

The effort has made progress since an initial framework was presented to the State Water Board on December 12, 2018.

On March 1, 2019, the California Department of Water Resources and the Department of Fish and Wildlife submitted documents⁵ to the State Water Board that reflect progress since December to flesh-out the previously submitted framework to improve conditions for fish through targeted river flows and a suite of habitat-enhancing projects including floodplain inundation and physical improvement of spawning and rearing areas.

Since the March 1 submittal, work has taken place to develop the package into a form that is able to be analyzed by State Water Board staff for legal and technical adequacy. On June 30, 2019, a status update with additional details was submitted to the Board for review. Additionally, on February 4, 2020, the State team released a framework for the Voluntary Agreements to reach "adequacy", as defined by the State team.

Further work and analysis is needed to determine whether the agreements can meet environmental objectives required by law and identified in the State Water Board's update to the Bay-Delta Water Quality Control Plan.

On December 8, the State Water Resources Control Board heard an information item on upcoming actions to update and implement the Water Quality Control Plan for the San Francisco Bay Sacramento San Joaquin Delta. During this presentation, State Water Board staff provided the following updates on various activities:

⁴Available at

https://www.waterboards.ca.gov/board_decisions/adopted_orders/resolutions/2018/rs2018_0059.pdf.

⁵ Available at http://resources.ca.gov/docs/voluntary-agreements/2019/Complete_March_1_VA_Submission_to_SWRCB.pdf

Biological Goals

Past Activities

- January 2019 – Independent Science Advisory Panel: Concepts and Ideas for Developing Biological Goals for the Bay-Delta Plan
- September 2019 – Draft Initial Biological Goals for the LSJR for public comment

Current Activities

- Completion of revisions based on public comment to produce a draft Final Biological Goals Report

Future Activities

- Winter/Spring 2022 – Release draft Final Biological Goals Report
- Winter/Spring 2022 – Public Workshop & comment
- Summer 2022 – Board consideration of adoption

LSJR Flow/SD Salinity Implementation Next Steps Assuming Regulation Path (Phase 1)

Spring 2022 – Spring 2023

- Initiate CEQA process
- Draft environmental document and public comment
- Notice of draft regulation
- Final environmental document

Summer 2023

- State Water Board consideration of approval
- Notice of final regulation
- Submission to Office of Administrative Law

Sac/Delta Update: Key Milestones

- Early 2022: expected submittal of proposed voluntary agreement
- Winter – Summer 2022: development of Scientific Basis Report for any voluntary agreement, including public review and comment
- Fall 2022: Draft Staff Report public review and comment
- Winter 2023: Public workshop on Draft Staff Report
- Early Fall 2023: Response to comments and development of proposed final changes to the Bay-Delta Plan
- Late Fall 2023: Board consideration of adoption

Relatedly, on March 29, 2022, members of the Newsom Administration joined federal and local water leaders in announcing the signing of a memorandum of understanding⁶ that advances integrated efforts to improve ecosystem and fisheries health within the Sacramento-San Joaquin Bay-Delta. State and federal agencies also announced an agreement⁷ specifically with the Sacramento River Settlement Contractors on an approach for 2022 water operations on the Sacramento River.

Both announcements represent a potential revival of progress toward what has been known as “Voluntary Agreements,” an approach the Authority believes is superior to a regulatory approach to update the Bay-Delta Water Quality Control Plan.

The broader MOU outlines terms for an eight-year program that would provide substantial new flows for the environment to help recover salmon and other native fish. The terms also support the creation of new and restored habitat for fish and wildlife, and provide significant funding for environmental improvements and water purchases, according to a joint news release from the California Natural Resources Agency and the California Environmental Protection Agency (CalEPA). Local water agency managers signing the MOU have committed to bringing the terms of the MOU to their boards of directors for their endorsement and to work to settle litigation over engaged species protections in the Delta.

[Water Blueprint for the San Joaquin Valley Activity](#)

[Background](#)

The Water Blueprint for the San Joaquin Valley (Blueprint) is a non-profit with a broad and evolving group of stakeholders, working to better understand shared goals for water solutions that support environmental stewardship with the needs of communities and industries throughout the San Joaquin Valley. The Blueprint has engaged with stakeholders to try and ensure that everyone has safe, reliable, and affordable access to water for drinking, supporting their farms and communities and a thriving ecology.

The SJV faces significant impacts to its long-term economic, social, and environmental health if nothing is done to address water scarcity, as highlighted in Phase I of Dr. David Sunding’s Economic Impact Assessment (EIA) <https://www.waterblueprintca.com>.

The new board, large group and committees continue to meet and pursue the mission of Blueprint, including outreach, education, technical support and working in collaboration with other stakeholders.

⁶ Available at <https://resources.ca.gov/-/media/CNRA-Website/Files/NewsRoom/Voluntary-Agreement-Package-March-29-2022.pdf>

⁷ Available at <https://calepa.ca.gov/2022/03/29/informational-statement-state-federal-agencies-and-sacramento-river-settlement-contractors-agree-on-approach-for-2022-water-operations-on-the-sacramento-river/>

Mission/Vision: The Blueprint’s new board of 20 directors and other Blueprint participants held their first strategic planning session where a draft mission and vision for the San Joaquin Valley Water Blueprint was prepared.

Draft Mission Statement being considered: “Unifying the San Joaquin Valley’s voice to advance an accessible, reliable solution for a balanced water future for all.”

Draft Vision Statement being considered: “The Water Blueprint serves as the united voice to champion water resource policies and projects to maximize accessible, affordable, and reliable supplies for sustainable and productive farms and ranches, healthy communities, and thriving ecosystems in the San Joaquin Valley.”

Strategic Plan: The second Strategic Planning session will be held April 29th, the strategic plan is broken into two areas of focus. The first, centered on the mission, vision, and our collective expectations of the Blueprint. The second session will delve into determining the Blueprint’s goals for creating solutions to the problems you have previously identified. For the goals developed, we will identify quantifiable objectives, timelines for action and systems of accountability.

Outreach & Engagement: The Blueprint joined the Southern California Water Coalition and Bay Area Water Coalition on a letter⁸ to Governor Newsom for a collective request on how to “Strengthen statewide drought and flood resilience: \$6.5 billion”. The letter includes a description of the Blueprint and priorities like “Regional Resilience \$1.25 billion, Dam Safety/Reservoir Operations \$860 million Prop 1 adjustments \$645 million, Subsidence Repairs \$585 million, Clean Drinking Water \$500 million and Multi-Benefit Land Repurposing \$50 million. The Blueprint will also prepare and transmit a SJV focused request to the Governor as well.

Technical Committee: Committee continues to draft criteria for naming and implementing high priority projects. The Board has engaged MBK for additional evaluation of the Delta flood flows and evaluate the priority allocation of such flows.

Blueprint continues to engage with Central Valley stakeholders regarding opportunities to construct infrastructure, balanced approach to water resources, low interest loans for farmers unable to farm and focus on inter-regional conveyance and habitat restoration.

[San Joaquin Valley Water Collaborative Action Program \(SJWV CAP\)](#)

CAP produced a Phase I Framework with solution set elements recommended, the five CAP Work Groups and working to finalize the necessary language and understanding for evaluating Delta water supplies and land fallowing. Once agreed upon the CAP will look to implement phase II.

By September 2022 , the CAP intends to complete the following:

- An initial list of projects that are consistent with the CAP criteria that can improve water supplies. These projects will be supported by the CAP participants.

⁸ See Appendix

- Review and analysis of updated Delta study by the PPIC.
- Workplan for activities necessary to finish the 2023 comprehensive plan to reach sustainability by 2040.

By September 2023:

- The in-Valley and Delta opportunities assessments.
- Regional action plan for strategic land repurposing
- List of actions and projects that will achieve a water balance by 2040.

APPENDIX



April 19, 2022

The Honorable Gavin Newsom
 Governor
 1021 O Street, Suite 9000
 Sacramento, California 95814

The Honorable Toni Atkins
 Pro Tempore California State Senate
 State Capitol, Room 205
 Sacramento, CA 95814

The Honorable Nancy Skinner
 Chair, Joint Legislative Bdgt. Cmte.
 State Capitol, Room 5094
 Sacramento, CA 95814

The Honorable Bob Wieckowski
 Chair, Senate Bdgt. Sub 2
 State Capitol, Room 4085
 Sacramento, CA 95814

The Honorable Anthony Rendon
 Speaker, California State Assembly
 State Capitol, Room 219
 Sacramento, CA 94814

The Honorable Philip Ting
 V. Chair, Joint Legislative Bdgt. Cmte
 State Capitol, Room 3173
 Sacramento, CA 95814

The Honorable Bloom
 Chair, Assembly Bdgt Sub 3
 State Capitol, Room 2003
 Sacramento, CA 95814

RE: Strengthening statewide drought and flood resilience (\$6.5 billion)

Dear Governor Newsom, Pro Tem Atkins, Speaker Rendon, and Chairs Skinner, Ting, Wieckowski, and Bloom,

The increasing volatility of precipitation across California and the Colorado River basin is a warning that the state must act swiftly to protect its residents and businesses from the threat of droughts and floods. To strengthen California's resilience to these climate-related challenges, the below signed entities from across the state respectfully request California include a \$6.5 billion appropriation to strengthen statewide drought and flood resilience in the General Fund budget for fiscal year 2022-2023.

California's overwhelming dependence on rain and snow-based water systems places the state's residents, businesses, and ecosystems at heightened risk of catastrophic disruption. The only way to avoid a calamitous water shortage and subsequent environmental and economic degradation is to improve the adaptive management capacity of our current water system, increase water efficiency, conservation, and storage in the state, and to increase the availability of drought-resilient water resources.

California's water infrastructure needs cannot be met by ratepayers alone. Necessary maintenance and repair of legacy water systems and rising costs to purchase, treat and distribute water have, in recent years, increased the cost of water across California. Between 2010 and 2018, water rates in San Diego increased 60 percent, rates in Los Angeles increased 87 percent, in San Jose 93 percent, and in San Francisco 141 percent. The rising costs have left more Californians struggling to keep up. The state paid down \$900 million in water bill arrearages in 2021 but the fundamental problem persists. General fund support for water efficiency and infrastructure is the most progressive, equitable way for California to strengthen its resilience to drought and floods.

We respectfully ask that your administration and the legislature consider the following priorities:

Investments in recycled water projects: \$1.76 billion

Recycled water is a sustainable, local source of water that is nearly drought proof. The State Water Resources Control Board has a list of recycled water projects statewide totaling more than \$3 billion. A recent WaterReuse California survey indicates that more than \$10 billion in investments is needed for planned reuse projects statewide.

- **Statewide grants for small/medium scale water recycling: \$1 billion**
In the Bay Area, agencies are interested in completing recycled water investigations related to water quality and potential direct and indirect potable reuse infrastructure. Direct potable reuse is contingent on study and regulation now pending at the State Water Board along with significant planning, design, and construction costs. Indirect potable reuse infrastructure will require groundwater investigations to inform any design and implementation of potable reuse via groundwater recharge. Maintaining sustainable local water supply and groundwater storage is critical for reducing reliance on imported water, particularly during droughts. Pilot tests and demonstration facilities also need funding to explore institutional processes that could facilitate multi-agency implementation of potable reuse, educate the public, and evaluate appropriate treatment technologies. A State investment of \$1 billion would substantially accelerate the construction of much-needed recycled water projects to improve water resilience and drought preparation throughout California.

- **Large-scale regional water recycling: \$760 million**
Large-scale regional water recycling projects can scale the transition to a drought-resilient future at a lower per-unit cost. Within the Southern California region, the Metropolitan Water District of Southern California is partnering with the Los Angeles County Sanitation Districts in planning to construct a Regional Recycled Water Program that will purify treated wastewater to replenish groundwater basins, supply businesses, and augment Metropolitan's treated supply for Southern California. This new project would provide needed water quality and supply benefits for many underserved communities in Southern California and, at full-scale, could produce enough water to serve 500,000 households. A State investment of \$500 million to support the early design and construction of the project over multiple years would accelerate the program.

A comparable major water recycling project in the City of Los Angeles is being planned by LA Sanitation and the LA Department of Water and Power. A \$10 million grant allocation to accelerate the planning of this project would facilitate regional cooperation with the Metropolitan Water District and surrounding cities to increase the reliability and cost effectiveness of both regional water recycling projects.

In the Bay Area, the Santa Clara Valley Water District is partnering with local municipalities in planning a state of the art advanced wastewater purification facility, the Purified Water Project, that will be used to replenish

Silicon Valley's high priority groundwater basin that is stressed by extended droughts due to climate change and the resulting large reductions in available imported water. A \$250 million state investment would help support approximately one-third of the cost of the Purified Water Project that will provide drinking water and help prevent subsidence in this region of critical economic importance.

Regional resilience: \$1.25 billion

State assistance is needed to help local water managers meet the “Conservation as a Way of Life” objectives without disproportionately impacting under-resourced customers and exacerbating water affordability challenges. Investments in conservation, efficiency, interconnectivity, conjunctive use, groundwater storage, and additional local water supply development, including stormwater management and ocean and brackish water desalination, will also help advance the “All of the Above” concept of providing necessary tools and mechanisms for water managers to protect their communities and economies from future drought. Throughout Southern and Central California alone, there are more than \$20 billion in shovel-ready infrastructure projects that have been identified by water suppliers.

In the San Joaquin Valley, the Water Blueprint for the San Joaquin Valley is developing a solution to improve the regional resilience of the San Joaquin Valley and address the imbalance between water supply and demand, which will only grow in the future without significant action. This solution involves a combination of improved utilization of local San Joaquin Valley water supplies, increased reliability of surplus Delta water when available, and demand reduction through land repurposing and agricultural efficiency improvements and conservation.

Dam safety/Reservoir Operations: \$860 million

According to DWR's Division of Safety of Dams, 102 California dams are rated less-than-satisfactory. Of those, 84 dams had hazard classifications of significant or above, indicating risk to life or property should the dams fail. However, dam repair and rehabilitation are not an eligible use of State Revolving Funds or Proposition 1 dollars. Eligible grant projects should include, but not be limited to: dam safety projects at high hazard dams; new spillways and repairs at existing dams to facilitate implementation of Forecast Informed Reservoir Operations; and reservoir seismic retrofit projects.

Proposition 1 adjustments: \$645 million

Nearly a decade has passed since California voters approved \$2.7 billion to support the Water Storage Investment Program as part of Proposition 1.

However, due to inflation, the Proposition 1 grant awards no longer cover the full value of the public benefits these projects provide. An adjustment to the grant awards is needed to cover public benefits as originally intended by Proposition 1.

Subsidence repairs: \$585 million

We are appreciative of the preliminary investments made in 2021 (\$100 million) and proposed in the 2022-23 State Budget (\$100 million) towards the State's share for repair of arterial water supply canals that are vital components of the State Water Project and the federal Central Valley Project.

The California Aqueduct, Delta-Mendota Canal and Friant-Kern Canals are critically important facilities that convey Central Valley Project and State Water Project water throughout California. Significant subsidence along the alignment of these facilities has impaired Central Valley Project and State Water Project operations and deliveries, forcing higher operational power costs, increased outages, and major repairs. As California strives to boost the resilience of its water supply in the face of climate change impacts, we must adapt existing infrastructure to capture and convey as much water as possible during less frequent, more intense weather patterns. State funding will help address subsidence impacts that have substantially reduced the carrying capacity of these water delivery systems, increase resiliency during droughts, and advance groundwater recharge projects necessary to meet the groundwater sustainability goals established under state law.

A broad coalition of state and federal contractors support the creation of a 10-year, \$785 million Canal Conveyance Capacity Restoration Fund, to help restore critical conveyance systems, which would be matched by \$785 million from local water agencies and \$785 million of Federal funding. State funding to address subsidence will help keep water affordable, reduce carbon emissions, and create good paying jobs. We support allocation of the remaining \$585 million from the state budget surplus funds to fully fund the state's share of this critical infrastructure project and to leverage the federal government's full share of its \$785 million.

Clean drinking water: \$500 million

An estimated 7.5 million Californians rely on drinking water contaminated by Per- and Polyfluoroalkyl Substances (PFAS), a grouping of more than 4,500 chemicals that resist heat, oils, and water. Current scientific research suggests that exposure to high levels of certain PFAS may lead to adverse health outcomes. In 2019, the State Water Board developed a phased investigation action plan requiring testing of drinking water systems and site investigations at high-risk locations for PFAS. Regional water agencies and water suppliers need state

assistance to identify and remove PFAS and other contaminants of emerging concern and to provide drinking water to small systems across the state.

Urban flood resilience: \$500 million

Most of California's built urban environment is designed to quickly discharge stormwater into rivers, streams, and the ocean. However, much of this aging stormwater infrastructure needs repair and is not equipped to manage the increasingly severe precipitation events because of climate change. Greater investments in stormwater management can accomplish multiple goals, including flood resilience, drought resilience, and improved water quality for people and ecosystems. \$500 million in new state investment for urban stormwater management, including but not limited to DWR's Flood Subvention Program and State Water Board's Stormwater Grant Program, are needed to defend California's urban economy from increased flood risks and to provide cost share for priority U.S. Army Corps of Engineers projects.

Sea level rise resilience: \$300 million

The Ocean Protection Council estimates sea levels along the California coast will likely (66% probability) rise 13 inches by 2050 and 41 inches by 2100, placing critical infrastructure in many of California's coastal communities at risk of destruction. The current budget includes \$350 million for coastal wetland protection and adaptation projects. However, the Bay Area alone has identified over \$1.5 billion worth of projects, many shovel-ready. Science shows California only has about eight years to begin these nature-based adaptation projects until rising sea levels begins making them cost-prohibitive. We respectfully request adding an additional \$300 million to the Coastal Protection and Adaptation Program.

Data and innovation: \$55.35 million

California's water challenges cannot be met without harnessing the power of data and California's innovation economy. In 2016, the legislature passed AB 1755 (Dodd) to move California's water data system to an open and transparent platform to. Open and transparent data will create opportunities to improve water supply reliability, science-based decision making, and other benefits. We support DWR's three-year, \$5.35 million Budget Change Proposal to lead the partner-agency team on the Consortium's Steering Committee. Additionally, advancing innovation in the water sector has the dual benefit of strengthening California's drought resilience while supporting the development of California's emerging water-technology sector. We support Senator Caballero's budget request for \$50 million to support implementing innovative water technologies.

Multi-Benefit Land Repurposing: \$50 million

Implementation of California's Sustainable Groundwater Management Act in critically overdrafted groundwater basins in the San Joaquin Valley is anticipated to result in the loss of a minimum of 500,000 acres of productive farmland. This funding would increase regional capacity to repurpose irrigated agricultural land to reduce reliance on groundwater while providing community health, economic well-being, water supply, habitat, renewable energy, and climate benefits.

Thank you for your leadership and for considering our views.

Sincerely,



Jim Wunderman
President & CEO
Bay Area Council



Charles Wilson
President & CEO
Southern California Water Coalition



Tracy Hernandez
Founding CEO
Los Angeles County BizFed



Justin Skarb
Director, Community & Gov Relations
California Water Service



Steve Welch
General Manager
Contra Costa Water District



Jack Monger
CEO
Industrial Environmental Association



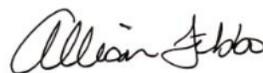
Ray Baca
Executive Director
Engineering Contractors Association



Paul Granillo
President and CEO
Inland Empire Economic Partnership



Adel Hagekhalil
General Manager
Metropolitan Water District of So. CA



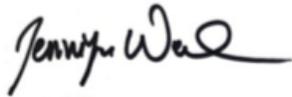
Allison Febbo
General Manager
Mojave Water Agency



Cynthia Murray
Affairs President & CEO
North Bay Leadership Council



Austin Ewell
Voluntary Executive Director
Water Blueprint for the San Joaquin Valley



Jenniter Ward
SVP Advocacy and Gov. Affairs
Orange County Business Council



Jon Switalski
Executive Director
Rebuild SoCal Partnership



Heather Dyer
Chief Executive Officer
San Bernardino Valley M. Water Dist.



Matthew Stone
General Manager
Santa Clarita Valley Water Agency



Mike Roos
President
Southern CA Leadership Council



Rick Callender
CEO
Valley Water

CC: Secretary Crowfoot, Secretary Blumenfeld