

January 21, 2019

Strategic Water Planning Branch
Statewide Integrated Water Management
California Department of Water Resources
P.O. Box 942836
Sacramento, CA 94236-0001
Attn: Francisco Guzman

RE: California Water Plan Update 2018 – Comments

Sent via email to cwpcom@water.ca.gov

Dear DWR Strategic Planning Branch:

The California Water Association (CWA) is pleased to provide you with its comments on the Public Review Draft (PRD) of the California Water Plan Update 2018 (Update 2018). CWA is the statewide association representing the interests of investor-owned public water suppliers subject to the jurisdiction of the California Public Utilities Commission. They serve reliable, high-quality drinking water to approximately 6 million Californians. CWA has been a representative on the Water Plan Update Policy Advisory Committee dating back to the 2005 issue.

General Observations/Executive Summary

CWA considers Update 2018 (including the Supporting Documents) to be a comprehensive review of the California water scene today, especially the challenges that the state faces in managing water for its citizens and constituencies. CWA agrees with the emphasis on Sustainability, and the definition is appropriate (although “water community” should be defined in the text box on page 2-1 to ensure that all members of that community agree with the current needs).

CWA observes that the staff delineation of the six goals for sustainability appear to be in a rank-order priority. This is a reasonable approach, although in retrospect, it might have been more appropriate to switch Goals 2 and 3. Nonetheless, CWA agrees that leading with improved integrated watershed management, restoration of critical ecosystem functions, and strengthening the resiliency and operational flexibility of existing and future infrastructure is a proper approach.

However, a general concern involves recommended actions, which do not appear to be properly prioritized. The most important actions associated with improving integrated watershed management should be those that directly address the twin goals of state water policy: more reliable water supply for all Californians and protecting, restoring and enhancing our local ecosystems.

Executive Director
Jack Hawks
California Water Association
601 Van Ness Avenue, Suite 2047
San Francisco, CA 94102-6316
415.561.9650
415.561.9652 fax
415.305.4393 cell
jhawks@calwaterassn.com
www.calwaterassn.com

Administrative Director
Melissa Dixon
California Water Association
700 R Street, Suite 200
Sacramento, CA 95811
916.231.2147
916.231.2141 fax
mdixon@calwaterassn.com

CWA President
Keith Switzer
Golden State Water Company

First Vice President
Evan Jacobs
California American Water

Second Vice President
Ed Jackson
Liberty Utilities Corporation

Third Vice President
Tim Guster
Great Oaks Water

CWA General Secretary and Treasurer
Joel Reiker
San Gabriel Valley Water Company

CWA Billing Address
California Water Association
700 R Street, Suite 200
Sacramento, CA 95811

CWA Mailing and Shipping Address
California Water Association
601 Van Ness Avenue, Suite 2047
Mail Code: #E3-608
San Francisco, CA 94102-3200

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Hence, the priority recommended actions for this goal should begin with actions associated with growing reliable supplies: both SGMA and non-SGMA related groundwater management, including flood-managed aquifer recharge; modern surface water management; climate change adaptation; water-use efficiency; and developing non-traditional sources of water.

Following these actions immediately with the recommended actions under Goal 3, Restoring Critical Ecosystem Functions, would orient Update 2018 to directly address the multiple challenges associated with sustainability, which the PRD outlines in Chapter 2. There is no question that the recommended actions 1.1 and 1.2 listed under Goal 1 are essential, and they should remain as threshold action items under this goal.

One other point in the Executive Summary deserves mention. The narrative under *Challenges to Sustainability* references those communities that are proactively planning and investing in water management strategies. It also references the many communities that remain vulnerable to the consequences of inadequate planning and investment – those with limited resources and insufficient technical, managerial and financial (TMF) capacity. Perhaps it may be time to separate the F from T and M in water policy discussions because of the overwhelming influence of the former.

It is CWA's experience in dealing with small systems that system operators may have sufficient technical and managerial capabilities, but limited financial resources sometimes threaten good customer service. This threat, and resistance to adjust rates to accommodate needed costs, can cause these systems to defer maintenance and capital improvements. While one may argue that postponing needed rate increases to meet reasonable costs is a management deficiency, the fact remains that political realities can and do take precedence. The point for purposes of Update 2018 is that the discussion on vulnerable communities should include these political realities.

Chapter 1 – California Water Today

At the bottom of page 1-1, the text states that SGMA requires “local agencies in high- and medium-priority basins to halt overdraft and bring groundwater basins into balance.” Actually, SGMA requires affected water users to establish groundwater sustainability agencies (GSAs) who, in turn, create groundwater sustainability plans (GSPs), among many other things. CWA suggests that the sentence be rewritten to state that SGMA requires the establishment of GSAs and the development of GSPs in medium and high-priority basins in order to achieve the goals of reducing overdraft and bringing groundwater basins into balance. This is a more accurate characterization of what SGMA requires.

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On page 1-4, the narrative gives a summary description of the statewide water balance. After the second paragraph, CWA recommends the insertion of a new paragraph that describes the uses of Environmental Water. Because the subject of environmental water uses is somewhat controversial anyway, it may be beneficial for the lay reader to get a more specific understanding of the relationship between water use for managing wetlands (where and how), for minimum required Delta outflow (what is minimum compared to today's situation?), for minimum instream flow requirements (which rivers, tributaries and streams), and for wild and scenic rivers. Most readers will understand the urban and agricultural uses (and spelling out "applied water" is a useful addition), but there is less clarity with respect to the environmental uses.

Chapter 2 – Challenges to Sustainability

This chapter contains a great deal of useful information (e.g., every county in California has been declared a federal disaster area for a flooding event at least once in the last 20 years), and CWA agrees with the dichotomy between "Critical Challenges" and "Systemic and Institutional Challenges." CWA, however, believes "Insufficient and Unstable Funding" is on a par with at least six of the critical challenges and should be moved to that category. Given that local agencies, municipalities and utilities provide the largest proportion of ongoing water-related infrastructure funding, and that these same local entities are under significant pressure to underwrite additional needed state programs through higher rates and/or surcharges on customer bills (or through new business taxes), maintaining both types of financing is becoming increasingly problematic and contentious. Accordingly, this subject has reached the critical stage.

Chapter 3 – Actions for Sustainability

Other than switching Goals 2 and 3, and adding the additional recommended actions discussed at the bottom of page 1 of this letter, CWA has no more comments or suggestions related to the first three goals. With respect to Goal 4, CWA would recommend an additional recommended action to empower under-represented and vulnerable communities. That action would be to engage these communities (and more specifically, the water systems and system operators serving these communities) in an ongoing networking dialogue/seminar/workshop framework that enables the individuals responsible for water service to:

1. discuss the potential of local collaboration in addressing common local problems;
2. engage state (e.g. DWR or State Water Resources Control Board/Regional Water Quality Board) and local agency (e.g. county health department) on assistance with all aspects of technical, managerial and financial capacity/capabilities; and
3. seek state agency assistance on a collective basis, rather than an individual system basis.

The more there is formal engagement between those who need assistance and those who are in a position to render that assistance, the better off these communities will be.

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Chapter 4 – Investing in Water Resource Sustainability

CWA appreciates the effort and detail undertaken by staff to detail the financing required to implement the recommended actions for each of the six goals. The Association does question Update 2018's recommendation to continue the same state cost-share proportion of 10 percent of total federal, state and local expenditures on water resource management in California for the next five years – for two reasons:

1. Because the pressure on water bills continues to grow as a result of ongoing pressures for high quality drinking water, capital improvements and related infrastructure requirements, and new regulations on drought planning, cyber security, disaster preparedness, water use efficiency regulations and water quality compliance, state policymakers need to look at the taxpayer and not just the ratepayer for additional funding of statewide water management necessities.
2. Governor Newsom has proposed an \$8 billion increase in the state's budget without disturbing the Rainy Day fund. If state revenues do, indeed, have this kind of flexibility and surplus, and if water resource management needs and challenges are as imperative as spelled out in Update 2018, it is only reasonable that the state cost-share proportion be increased by a modest amount to reduce pressure on ratepayers, local agencies and utilities.

With respect to the current and novel funding mechanisms, CWA appreciates the systematic depiction of both sources and especially the attribute matrix detailed for them. Pursuant to the discussion above regarding ratepayer and taxpayer subsidies, CWA would withhold judgment on the novel funding mechanism water surcharge fee until it was presented for a specific program.

With respect to the Funding Scenario Findings, CWA understands Update 2018's dismissal of Scenarios A and B, although it is somewhat perplexed. General obligation (GO) bonds have proven to be a significant (and welcome) "pressure relief valve" for the state on financing water management and infrastructure needs and, by all accounts, successful in their intended goals and disbursements. As such, they will remain a valuable tool for the state. While it is appropriate for Update 2018 to acknowledge the realities GO bond financing, the narrative in Scenario A should be more balanced between the benefits and drawbacks.

Much the same can be said about Scenario B, and CWA would recommend more flexibility in the narrative to reflect the need to balance the reliance between taxpayers and ratepayers. Clearly, the answer to the funding challenge lies in a variation of Scenario C that encompasses the desired shared funding tenets between GO bonds and the General Fund, as well as a plausible infusion of the novel funding mechanisms. It would be helpful if Scenario C contained more detail on this approach.

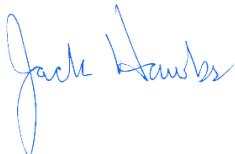
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CWA appreciates the opportunity to provide these comments and looks forward to the dissemination of the final version of Update 2018. CWA hopes that the Newsom Administration relies on Update 2018 in the same manner as the Brown Administration used and relied on its California Water Action Plan (CWAP). It seemed that the CWAP took precedence over California Water Plan Update 2013, principally because Update 2013 was vastly more detailed and reference-oriented. With the new streamlined approach to Update 2018 (a 58-page document with separate access to all of the supporting documents), and the relatively easy way of “digesting” the goals and recommended actions, CWA hopes that Update 2018 will regain its position of prominence in state planning for water management.

Sincerely,



Jack Hawks
Executive Director

Cc: Kamyar Guivetchi – Dept. of Water Resources
Honorable Martha Guzman Aceves, California Public Utilities Commission
Rami Kahlon – CPUC Water Division Director
CWA Public Policy Committee