



# Santa Clara Valley Water District

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**File No.:** 19-0854

**Agenda Date:** 9/10/2019

**Item No.:** \*7.1.

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## BOARD AGENDA MEMORANDUM

### **SUBJECT:**

\*Review Proposed Recommendations for the Development of the California Water Resiliency Portfolio, and Authorize the Chief Executive Officer to Sign a Letter Transmitting Recommendations to the California Natural Resources Agency.

### **RECOMMENDATION:**

- A. Review the proposed recommendations to be submitted by to the California Natural Resources Agency, to inform the development of a California Water Resiliency Portfolio that may guide the Newsom Administration's water policy;
- B. Direct staff to finalize a letter to Nancy Vogel, Director of the Governor's Water Portfolio Program at the California Natural Resources Agency, providing recommendations for the development of the California Water Resiliency Portfolio, with any changes requested by the Board; and
- C. Authorize the Chief Executive Officer to sign the letter.

### **SUMMARY:**

On April 29, 2019, Governor Newsom signed Executive Order N-10-19 (EO) directing the Natural Resources Agency, the Environmental Protection Agency, and Department of Food and Agriculture, in conjunction with the Department of Finance, to develop a Water Resilience Portfolio for the state. The Governor's EO directs the agencies to reassess the priorities in the Brown Administration's 2016 California Water Action Plan and "update projected climate change impacts to our water systems, identify key priorities for the administration's water portfolio moving forward, and identify how to improve integration across state agencies to implement these priorities."

The EO established the following principles for the Water Resiliency Portfolio.

- Prioritize multi-benefit approaches that meet multiple needs at once.
- Utilize natural infrastructure such as forests and floodplains.
- Embrace innovation and new technologies.
- Encourage regional approaches among water users sharing watersheds.
- Incorporate successful approaches from other parts of the world.

- Integrate investments, policies, and programs across state government.
- Strengthen partnerships with local, federal, and tribal governments, water agencies and irrigation districts, and other stakeholders.

Governor Newsom appointed Nancy Vogel as Director of the Governor's Water Portfolio Program at the California Natural Resources Agency to oversee the public outreach and development of the portfolio. Vogel has been Director of Communications at the Resources Legacy Fund since 2017, Deputy Secretary for Communications at the California Natural Resources Agency from 2015 to 2017, and Assistant Director for Communications at the Department of Water Resources from 2012 to 2015.

The questions posted on the Water Resiliency Portfolio website ([waterresilience.ca.gov](http://waterresilience.ca.gov)) for interested parties to consider when submitting input include:

- How can the state help communities ensure safe, affordable drinking water?
- What can the state do to better enable local and regional water districts to capture, store and move water?
- What state actions would help deliver the most meaningful water use efficiency gains?
- How can the state better protect fish and wildlife and manage urban and agricultural water through the next drought?
- What can the state do now to prepare for economic adjustments as communities fully implement the Sustainable Groundwater Management Act in coming years?
- Which state policies or laws no longer fit California's water reality or public values?
- What are the most troublesome gaps in state data that, if filled, would ease regional water management?
- Are there proven technologies and forecasting tools that should be adopted across California to bolster the sustainability of water systems?
- What models from other states and nations should California consider?

In response to Governor Newsom's EO and the request for input from Director Vogel, numerous stakeholders have established working groups to develop recommendations. Valley Water staff has engaged in several such working groups including the Association of California Water Agencies (ACWA), California Urban Water Agencies (CUWA), California Municipal Utilities Association (CMUA), WaterReuse California, and the Natural Resources Agency working group. The development of recommendations are currently at different stages, with some having completed their input. The deadline to submit recommendations is mid-September, intended to allow the Newsom Administration to incorporate the information in their final plan due to the Governor before the Thanksgiving holiday.

## Impact to Valley Water

The recommendations from ACWA, CUWA, WaterReuse, and CMUA mirror many of Valley Water's interests including the call for improved atmospheric river research, improved forecasting of snow volume and runoff estimates, investment in aging infrastructure, review and streamlining of permitting processes, addressing the lack of safe drinking water, and actions needed to increase recycled water use.

The Water Resiliency Portfolio is intended to provide policy direction, in a similar fashion to the Brown Administration's 2016 California Water Action Plan. The Water Resiliency Portfolio will not have any regulatory effect or legal authority, but will provide policy and funding direction to the Newsom Administration throughout the Governor's term or terms in office. In addition, the Water Resiliency Portfolio may include recommendations for new laws which may lead to legislation.

Staff recommends developing a letter to the California Natural Resources Agency to provide recommendations to the Newsom Administration on several of the highest priority issues that could be improved for Valley Water to continue to supply Silicon Valley with safe, clean, affordable water, and improved flood protection in the future. The letter would include the following components.

**Expand Climate Change Analysis** - The California Department of Water Resources should expand its research and collaboration with California universities on climate change data analysis with a goal of downscaling hydrologic predictive information to a more local level to assist water supply and flood protection activities statewide.

**Streamline Environmental and Water Rights Permitting** - State regulatory agencies often miss statutory deadlines for permitting, particularly for large projects where a one-year delay may cost tens of millions of dollars, both in added construction costs as well as continued exposure to risk. State permitting agencies should be appropriately staffed through realistic fees and state salaries set to current economic conditions, to provide expeditious permitting for public projects. Vacancies must be filled, new positions created, and agency performance on permit issuance should be transparently tracked and reported. Agencies should prioritize project permits that address the life safety impacts, such as those focused on flood protection, dam safety, and climate change adaptation. That prioritization should include an integrated permitting approach by state and federal regulatory agencies for the large life safety projects wherein all agencies provide a coordinated review to ensure timeliness and accuracy.

**Remove Barriers to the Expansion of Recycled Water** - Currently, when a publicly owned treatment works (POTW) is approached by a public agency water supplier to partner on a recycled water project, there is no requirement that the POTW engage in that partnership or make available a supply of treated wastewater for recycling. As such, some water suppliers have experienced POTWs unwilling to finalize plans for the recycling of treated wastewater. The existence of a funded plan for water recycling should be a trigger for mandated engagement by POTWs.

**Accelerate Recycled Water Regulations** - Accelerate the establishment of State Water Resources Control Board regulations for raw water augmentation and direct potable reuse to allow agencies to further diversify local drought resistant water supplies. Raw water augmentation regulations would allow for the placement of recycled water into pipelines and aqueducts delivering raw water to water treatment facilities. Direct potable reuse would allow for the use of advanced purified water to augment treated drinking water supplies.

**Equitably Fund Flood Protection Based on Life Safety** - While the state's flood liabilities should be taken into consideration, decisions on where to direct funding should be based on a broader consideration of the protection of life, property, and jobs. While the flood management needs of the Central Valley are well documented, significant, and should continue to be supported, coastal watersheds also have a large unmet need for investment. There is an expansive need for urban coastal watershed flood protection projects to help protect Bay Area, Southern California, and other coastal urban communities from the increased intensity of storms and rising sea levels brought on by climate change. The state should ensure an appropriate level of investment throughout California to address the growing risk of floods in all communities.

**Improve State Funding Guidelines for Flood Protection** - The state should be funding its flood subvention programs with annual appropriations, in addition to the sporadic funding that may be available through voter-approved bond programs. Funding guidelines both in statute and in regulation need to be better informed about how rising sea level results in increased storm flooding inland, not just directly adjacent to the coast.

**Coordinate Response to Sea Level Rise** - The state should organize and fund a coordination effort with flood protection agencies at a regional level. The Bay Area differs from the open coast, with interrelationship of sea levels in the Bay Area requiring a specific coordination effort. Sea level is especially critical in how coastal and riverine flood protection is implemented and the participation of flood protection agencies is crucial to successfully developing practical solutions. Current planning efforts are fragmented and lack the clear leadership needed to properly address sea level rise in a manner which provides protection of all the communities in the Bay Area.

**Increase Water Storage** - With the increasing volatility of the state hydrological conditions, more surface water storage and groundwater storage are necessary to maintain current levels of supply and protect communities from severe shortage during drought. Proposition 1's Water Storage Investment Program (WSIP) is off to a good start. The Pacheco Reservoir Expansion Project, the Los Vaqueros Reservoir Expansion Project, and the Sites Reservoir Project will provide more flexibility in our water supply system to capture water when it's available and supply water for human and environmental needs when it's not. However, these projects now have to be built, and additional projects must be designed and funded, expanding upon the innovative grant funding model of WSIP that considers the benefits of water supply, environmental restoration, flood protection, and other public benefits.

**Construct New Delta Conveyance for Climate Change Adaptation and Species**

**Protection** - For decades, California has struggled with the water reliability challenges of the existing Delta water conveyance and with continuing declines in native fish species. Climate change is reducing snowpack, delivering more precipitation as rain, increasing the intensity of storms, and pushing salinity deeper into the Delta. A new Delta conveyance is needed to adapt our water systems for capturing more water during the high, rain-driven flows, in order to compensate for the reduced flows from snowmelt. A new Delta conveyance would divert water from locations with less impact to fish species, allow for diversions timed to coincide with high flows, and better protect flows needed for fish and other species. California needs a Delta conveyance with the capacity to respond to the impacts of climate change while also employing adaptive management practices to protect Delta species.

**Implement and Fund Voluntary Agreements Vital to Restoring Delta Species and Water Reliability**

- The decline of native species in the Delta and its tributaries is the result of many factors, including water diversion, habitat loss, invasive species, pollution, and predation. These issues must be addressed if we are going to reverse species decline and also provide water reliability. The Voluntary Agreements now being negotiated by water agencies, regulatory agencies, and environmental advocates hold the promise of being better for the environment and species than flow-only modifications that may be imposed under the Bay Delta Water Quality Plan. Voluntary Agreements offer a superior path forward for adaptively managing flows, substantially increasing the flood plain and other physical habitat needed for the success of fish species, and driving decisions based on the best available, and continually evolving, scientific understanding. Resiliency is born from adaptability and not the inflexible regulatory models of the past. Continued state leadership is needed to push these agreements across the finish line. In addition, while water agencies are committing to a significant amount of funding for water purchases, infrastructure improvements, and scientific investigations, and given the statewide benefits of restoring a healthy ecosystem, it will be critical for the state to also commit sustained funding for these efforts.

Staff recommends the Board review the attached documents, discuss the recommendations and request changes as needed, direct staff to finalize a letter providing the recommendations to the California Natural Resources Agency, and authorize the Chief Executive Officer to sign the letter.

**FINANCIAL IMPACT:**

There is no financial impact associated with this item.

**CEQA:**

The recommended action is a ministerial action and thus is not subject to the requirements of CEQA.

**ATTACHMENTS:**

Attachment 1: Governor Newsom Executive Order

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\*Original Agenda Memorandum

\*Supplemental Agenda Memorandum

\*Supplemental Attachment 1: Water Resiliency Portfolio Draft Letter

**UNCLASSIFIED MANAGER:**

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