



Regional Advisory Committee

Meeting #32 Notes

June 1, 2011, 9:00 a.m. – 11:30 a.m.

San Diego County Water Authority

4677 Overland Avenue, San Diego, CA 92123

Attendance

RAC Members

Kathy Flannery, County of San Diego (chair)

Anne Bamford, Industrial Environmental Association

Bill Hunter, Santa Fe Irrigation District

Cathy Pieroni for Marsi Steirer, City of San Diego

Craig Adams, San Dieguito River Valley Conservancy

Dave Harvey, Rural Community Assistance Corporation

Deborah Woodward for Laurie Walsh, San Diego Regional Water Quality Control Board

Eric Larson, Farm Bureau San Diego County

Iovanka Todt, Floodplain Management Association

Jack Simes, United States Bureau of Reclamation

Jennifer Kovecses, San Diego CoastKeeper

Toby Roy for Ken Weinberg, San Diego County Water Authority

Kirk Ammerman, City of Chula Vista

Linda Flournoy, Planning and Engineering for Sustainability

Lori Vereker, City of Escondido

Mark Umphres, Helix Water District

Peggy Strand, Sweetwater Authority

Richard Pyle, San Diego Regional Chamber of Commerce

Rob Roy, La Jolla Band of Indians

RWVG Staff

Jeffery Pasek, City of San Diego

Sheri McPherson, County of San Diego

Loisa Burton, San Diego County Water Authority

Interested Parties to the RAC

Andrea Cook, California Center for Sustainable Energy

Anton Favorini-Csorba, California Legislative Analyst's Office

Cari Dale, City of Oceanside

Crystal Mohr, RMC Water and Environment

Eddie Pech, Department of Water Resources

Gary Arant, Valley Center Municipal Water District

Heather Parkison, RMC Water and Environment
Jeff Volberg, San Diego County Water Authority
Kristin Crane, City of Poway
Rosalyn Prickett, RMC Water and Environment

Introductions

Ms. Kathleen Flannery (chair), County of San Diego, welcomed everyone to the meeting. Introductions were made around the room.

San Diego IRWM Updates

Proposition 50 Grant Administration

Ms. Loisa Burton, San Diego County Water Authority (SDCWA), explained that of the five contract amendment requests submitted to the California Department of Water Resources (DWR), two were approved. The three remaining amendments are still being processed, but will hopefully be approved in the next few months. Ms. Burton explained that \$6 million has been submitted to DWR for reimbursement, and \$1.6 million has been paid by DWR. This means \$18.9 million remains in the Proposition 50 budget. Finally, Ms. Burton reminded the RAC that there will be a meeting for Local Project Sponsors to discuss grant administration on June 16th, and that the third round of invoices will be due to SDCWA on July 15th.

Proposition 84 Grant Opportunities

Ms. Rosalyn Prickett, RMC Water and Environment, announced that several people from the Regional Water Management Group (RWMG) went to Sacramento for an IRWM conference. The message portrayed by DWR was that the department is tired from the back-to-back grant cycles. For this reason, the Proposition 84 grant schedule has become less clear and Implementation Grant-Round 2 has been pushed to sometime in 2012. The RWMG's message to DWR was to make better use of bond language to defer to local project selection processes (which happened this time), and to please give a schedule and stick to it. Overall, DWR was very responsive.

Proposition 84 Planning Grant

Ms. Prickett explained that the San Diego Region is moving forward with the Proposition 84 Planning Grant contract, and the materials have been sent to DWR. However, the process of finalizing the Planning Grant contract is being delayed by DWR's fiscal year closeout. Along these lines, the request for proposals for the San Diego IRWM Plan Update is anticipated sometime this summer.

Proposition 84 Implementation Grant

Ms. Prickett announced that the San Diego IRWM region was recommended for our full \$7.9 million grant award! Of the 28 Implementation Grant proposals received, 23 were recommended for funding, including the San Diego grant proposal. In addition to the full grant award, San Diego was also recommended for an additional \$70,000 for a Santa Margarita Nutrient Management Project, bringing the total amount recommended for San Diego to nearly \$8 million. Ms. Prickett went on to give a brief overview of the 11 projects selected by San Diego's internal/regional process and congratulated the Local Project Sponsors.

San Diego IRWM Survey

Ms. Prickett discussed the results of the online survey that was administered to stakeholders from April 18th to May 6th. 54 responders across various functional areas contributed to the survey results. Full survey results will be distributed with an IRWM Report Card in the next few weeks. For the most part, respondents agreed that the IRWM goals and objectives are correct, but they'll be revisited during the Plan Update to ensure they are appropriate for the next two to five years. The responses were generally positive, but that the San Diego IRWM program does have room to grow, and Ms. Prickett highlighted a few of the suggested future IRWM program components. Respondents suggested several new Workgroups to increase the contribution the RAC forum provides to integrated planning. The RWMG was very pleased to hear most respondents would continue to participate even if grant funding were not available. Overall, respondents gave an average letter grade of A or B to the San Diego IRWM program.

Questions/Comments

- Suggestion to use IRWM program as regulatory instrument for things like channel maintenance. Suggestion to take advantage of synergies established by the coalition of agencies and organizations.
- DWR is also in process of developing Statewide IRWM Strategic Plan, which will help facilitate interagency coordination and define future program.
- Where is information on the five amendments for Proposition 50 available online?
 - *Approved and pending amendments will be posted on the www.sdirwmp.org website.*
- Is there any more feedback from NGOs on the State's pace of grant payment?
 - *Projects that could wait to receive reimbursement were asked to delay submittal to allow NGOs to be reimbursed first. This seems to be a double-edged sword because it seems the first in the door have suffered a longer delay in reimbursement as DWR figures out their internal processing.*
 - *SDCWA is transparent with NGOs regarding when they submit invoices to DWR and process payments. SDCWA also has frequent communication with DWR. Unfortunately, DWR is still returning payment with about 3-6 month lag time.*
 - *Reiteration from NGOs that they have suffered a very hard hit to their cash flows because of the payment delays. Some have chosen not to begin until funding is flowing because of impacts to productivity.*
 - *Mr. Mark Stadler was on a panel at the IRWM Conference and this was one of the primary challenges he discussed.*
 - *Lessons learned by DWR in Proposition 50 should be taken into account for Proposition 84. Unfortunately the bottleneck is not within DWR, it is the Department of Finance.*
 - *Communication needs to be made at the State level. A letter should be formalized and sent expressing our region's commitment to DACs and NGOs and how these types of delays compromise our commitment.*
 - *Chair asked for support, knocks in support.*

- *A draft letter to DWR on invoice delays will be distributed to the RAC for comment via email and the final version will be posted.*

Basin Plan Triennial Review

Ms. Sheri McPherson, County of San Diego, discussed the Triennial Review Process. The purpose of the review is to review the *Water Quality Control Plan for the San Diego Basin* to identify needed revisions to water quality standards and other elements. After two public solicitation periods and two initiation workshops, the suggestions were compiled and categorized, and the Triennial Review Advisory Committee (TRAC) was formed with 37 members. Ms. McPherson was the San Diego IRWM's representative to the TRAC. The TRAC then prioritized suggestions and made recommendations to Regional Board Staff, and the Staff prioritized those recommendations and opened up the Formal Public Review Period. A Public Hearing will be held on June 8th to adopt Tentative Resolution R9-2011-0047, and then the Board will vote and the Resolution and Record will be transmitted to the State Water Board.

The Regional Board Staff categorized the suggestions into four categories: Outside of Basin Plan Review Process (O), Housekeeping (H), Protective (P), and Reasonable (R). The majority of suggestions fell into the H category. From there, Staff used the IRWM Plan and looked at projects funded with Propositions 50 and 84 funds to narrow down the P and R lists to the top 3 suggestions in each category, in order of preference. Ms. McPherson pointed out that the process was difficult since they had to assess what these things meant. Protectiveness was especially challenging as there was not a lot of information nor clarity about what outcomes are expected. The final TRAC results were consolidated and weighted and narrowed down to five items for each category, with the top three being those that were weighted most confidently. Ms. McPherson provided a handout of the staff report which detailed the results.

Finally, Ms. McPherson presented the RWQCB Staff short list which was internalized and distributed and which will be presented in a public hearing on June 8th. In this short list, 2.5 PY were allocated to the R category items which included REC-1 Refinements (R-6, R-7, R-8 and R-9) and Nutrient WQOs in Surface Water. For the P category, 2.5 PY were allocated for a comprehensive policy for streams, wetlands, and riparian areas, WQO for Trash, and seawater desalination policy. Finally, 1.0 PY was allocated to housekeeping items. The Tentative Resolution and Staff Report can be found at: <http://www.waterboards.ca.gov/sandiego/> .

Questions / Comments

- How would you characterize the final recommendations by the TRAC? Advocacy based, science based, or a combination?
 - *A fairly balanced combination of Protective and Reasonable.*
 - *Agencies struggle to implement Basin Plan requirements when they are not based on science or are based on science from different ecosystems than Southern California.*
- This is the first time the TRAC has been attempted and it is clunky, with room for improvement. However, it was an important step and in three years it will be even better.
- The Regional Board wants to focus staff resources on a few areas to increase the likelihood of a meaningful update. Staff will conduct an investigation and then propose revisions within three years.

- The Work Plan being considered by the Board on June 8th is rough with general areas to work on in the next three years. The quick scoping (investigation amendment) will go through very formal public review workshops before being passed by the Board.
- Suggestion to move away from prescriptive toward performance based requirements.

California Water Plan Update

Ms. Cathy Pieroni, City of San Diego, gave a brief overview of the California Water Plan Update. The California Water Plan has two over-arching initiatives: supporting integrated water management and ensuring reliable water supplies through 2050. Thus, the IRWM nexus is getting closer and closer, and this means more opportunities for “IRWMing.” Ms. Pieroni pointed out several opportunities for involvement in the Water Plan Update, including a Public Advisory Committee at the State Level, Regional Forums (San Diego is in the South Coast Region), interest-based caucuses, and the South Coast regional report. These opportunities present a chance for regional participation and information for webinar meetings and a conference call will be sent out to the RAC. Importantly, legislators pay attention to the Water Plan Update and for this reason, it is important that the Region is represented.

Panel on Public Goods Charge

Mr. Jeff Volberg, SDCWA, served as the moderator for the panel and provided background setting for a public goods charge. In 2009, Delta legislation – including the water bond— was proposed as a new process to address co-equal goals of water supply reliability and habitat restoration. This included the idea that State Water Project (SWP) contractors pay for infrastructure, and that the State pay for public benefits of restoration. The \$11 billion water bond would cover the State’s share; however, delays due to the recession have made the potential viability of this water bond low. The concept of the public goods charge is based on 1996 electrical deregulation, which funds a public interest energy research program. The program has garnered \$700 million to date, which is administered by the California Energy Commission.

In 2006, the Water Resources Investment Fund (WRIF) was proposed by DWR’s Lester Snow. Half of the funds would go to SWP infrastructure projects, and half to IRWM regions. SB34 and SB751 both propose a public goods charge to water retailers, to be passed down to rate payers and administered by the Water Commission. The Water-Energy Subgroup of the Climate Action Team (WET-CAT), the Legislative Analyst’s Office (LAO), and the Public Policy Institute of California (PPIC) all support the public goods charge. SDCWA has taken an opposing position because no specific program or projects have defined as purposes for or recipients of the charge.

Mr. Anton Favorini-Csorba, California LAO, explained the details behind designing the public goods charge. Mr. Favorini-Csorba began by clarifying that the LAO is not arguing for charge, but they simply responded to legislators’ request to lay out how such a public goods charge would work. Mr. Favorini-Csorba first established that there will be a significant list of unmet funding demands for water infrastructure after Proposition 84 expires. An option for meeting these funding demands would be a “beneficiary pays” public goods charge on water use. The money raised would fund water-related activities with a public-purpose component, in the following general categories: planning and efficient management of the statewide water system, broadening access to necessary water services, ecosystem improvements, management of water-related risks and major public emergencies, and water system changes that improve recreational

opportunities. It is important to stipulate that State funds should not be used for private, non-state benefits, including CEQA compliance. Rather, these funds should go toward overriding state benefits, such as broadening water access for disadvantaged communities (DACs).

Mr. Favorini-Csorba explained that the public goods charge would be levied on a volumetric basis for non-agricultural water users and there would be an irrigated acreage fee for agricultural users. There would also be a provision for “lifeline customers” who are essentially customers who cannot afford the charge. The charge would thus be collected by local water retailers. He emphasized that the monies would not be used to replace any current funding, but rather would be incorporated as part of the State’s future water portfolio.

Mr. Gary Arant, Valley Center Municipal Water District, explained to the RAC why water retailers are against the public goods charge. Mr. Arant deals with the day-to-day reality of providing water services, and from that perspective, explained why the charge is a death sentence to some water retailers. First of all, any water rate increase is of concern, especially to small agencies. Second, imported costs have increased 80% since 2005. Sales are down by over 50% in his district; and North County tree crop agriculture has been practically destroyed. At this point, Valley Center Municipal Water District is investigating functional consolidation in order to continue serving water to its customers. Mr. Arant stressed the reasoning behind the inability of retailers such as his district to increase rates. Importantly, the public is angry at having to decrease water use, while simultaneously paying higher water rates. Further, the North County agriculture industry is already failing and cannot handle more stress. Mr. Arant suggests that if legislators want to pass this, they put the charge on the ballot and let taxpayers decide.

Finally, Mr. Arant highlighted some problems with the charge other than being a defacto rate increase. He pointed out that none of charge would be spent on development of new water supplies. Rather, it will probably just supplant general fund money like the lottery did for schools. Mr. Arant also noted that California sends more money to Washington D.C. than it gets back in tax revenue, and San Diego does the same to Sacramento. San Diego needs a guarantee for water supply/water reliability in San Diego, and a vague list of potential project types funded by this charge is not good enough. There is a prominent credibility issue among voters since the passage of Propositions 13, 50, and 84, as rates increase and conservation is mandatory. The charge would need to fund specific projects outlined prior to approval. The Association of California Water Agencies (ACWA) opposes charge because local agencies all have an ability to increase funds for necessary projects within their service area.

Questions/Comments:

- How much would the public goods charge be?
 - *DWR set rates for the proposed 2006 charge, but the LAO did not propose rates in current proposal. The Water Plan Finance Caucus will be working on specific rate proposal.*
- New water supplies were not included in the projects funded by the charge because they should get funded by those specific beneficiaries.
- The charge plus imported rate increases will likely prevent local agencies from being able to increase their rates, since the rate payers will already see rates as too high.
- Charge needs to be tied to specific projects that benefit San Diego (regions).
 - *But they’re not currently tied to specific projects/regions because of the ‘beneficiary pays’ principle.*

- Public good is hard to define and will get free-riders. Bonds help solve that problem.
 - *Expanding the base of people charged would ensure fewer free riders.*
- Why does LAO support the local add-on to the public goods charge?
 - *Greater nexus regarding water supply and habitats than other potential revenue sources.*
- Small water systems are generally in state of disrepair and cannot handle charge.
 - *Could sink the utility completely!*
- Process of defining ‘lifeline’ users would be very difficult.
 - *Lifeline users could be defined as urban DACs.*
- Agricultural users would need a range of charges for higher (rice) and lower (walnut) water users. Also the charge could initiate agricultural changes which could alter the economy by changing crop preferences.

Water Authority’s 2010 Urban Water Management Plan Update

Ms. Kelly Gage, SDCWA, discussed the Water Authority’s 2010 Urban Water Management Plan (UWMP). Ms. Gage began by discussing the importance of the UWMP, which serves as the official Water Authority policy document on supply and demand management planning for the region. Ms. Gage explained that the UWMP serves as the foundational document from which the Member Agency SB 610/221 Water Assessments and Verifications, the Water Facilities Master Plan, the Long-Range Finance Plan, and the Capital Improvement Plan are derived. Ms. Gage highlighted some new components of the 2010 Plan, including: Senate Bill 7-7 (SBX7-7) water use reduction targets, an IRWM linkage, multiple dry water year planning assumptions, and scenario planning to deal with uncertainties. There are five main elements to the 2010 UWMP: the demand forecast which utilizes SANDAG’s regional growth forecast, the water use efficiency target in compliance with SBX7-7, water supplies, water resource mix in normal and dry water years, and scenario planning to manage supply uncertainties associated with the resource mix. The 2010 UWMP was coordinated with the 24 Member Agencies. For public review, the draft was posted on SDCWA’s website at <http://www.sdcwa.org/draft-2010-urban-water-management-plan>. Comments are due on the draft 2010 UWMP on June 6th. SDCWA Board adoption of the 2010 UWMP is anticipated on June 23rd, and the adopted 2010 UWMP is expected to be submitted to DWR on July 24th.

Next RAC Meeting

The next RAC meeting will be held on Wednesday August 3, 2011 from 9:00am to 11:30am at San Diego County Water Authority Board Room (4677 Overland Ave., San Diego, CA 92123).

Public Comments

None.