

May 26, 2021

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

The Honorable Toni Atkins
Senate President pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

Re: Drought Relief and Water Infrastructure Investments for Inclusion in State Budget

Dear Governor Newsom, Senate Pro Tem Atkins and Assembly Speaker Rendon:

On behalf of the State Water Contractors (SWC) and XX of its member agencies, we urge your support for critical funding for drought relief and water infrastructure projects as outlined in our letter below. With unprecedented state and federal funding available in California, now is the time to invest in water infrastructure projects to mitigate drought impacts, now and in the future, as part of California’s climate change resiliency efforts. The infusion of federal and state funding for the following priorities, along with streamlined and expedited project approvals, will facilitate important progress towards addressing drought conditions now and to prepare for future climate impacts at a statewide, regional and local level.

The SWC is an organization representing 27 of the 29 public water entities that hold contracts with the California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water.¹ Collectively, the SWC members provide a portion of the water supply delivered to approximately 27 million Californians, roughly two-thirds of the state’s population, and to over 750,000 acres of irrigated agriculture. Water supply delivered to the Bay Area, San Joaquin Valley, Central Coast and Southern California from the SWP is diverted from the Sacramento-San Joaquin River Delta.

¹ The SWC members are: Alameda County Flood Control & Water Conservation District, Zone 7; Alameda County Water District; Antelope Valley East Kern Water Agency; Central Coast Water Authority; City of Yuba City; Coachella Valley Water District; County of Kings; Crestline-Lake Arrowhead Water Agency; Desert Water Agency; Dudley Ridge Water District; Empire-West Side Irrigation District; Kern County Water Agency; Littlerock Creek Irrigation District; Metropolitan Water District of Southern California; Mojave Water Agency; Napa County Flood Control & Water Conservation District; Oak Flat Water District; Palmdale Water District; San Bernardino Valley Municipal Water District; San Gabriel Valley Municipal Water District; San Geronio Pass Water Agency; San Luis Obispo County Flood Control & Water Conservation District; Santa Clara Valley Water District; Santa Clarita Valley Water Agency; Solano County Water Agency; Tulare Lake Basin Water Storage District; and, Ventura County Watershed Protection District.

Subsidence Repairs

Aging infrastructure, including arterial water supply canals that are part of the SWP and the federal Central Valley Project (CVP) are now experiencing up to a 60 percent reduction of design flow capacity due to subsidence. This is the result of multiple factors, including the age of the facilities, but the largest single factor is land elevation subsidence, where the ground under and surrounding canals and other infrastructure literally sinks. Combined with higher operational and power costs, it now costs more every year to convey less water through the SWP and CVP.

Conveyance improvement work has already begun for some of these facilities and can be completed through additional funding partnerships between the federal government, local public water agencies and the state of California – all of whom stand to benefit from the resiliency of California’s major conveyance systems. This is why a broad coalition of SWP and CVP contractors supports SB 559 (Hurtado), a bill to create a ten-year, \$785 million Canal Conveyance Capacity Restoration Fund, administered by DWR, to help restore these critical conveyance systems. State funding to address subsidence will help keep water affordable, reduce carbon emissions and create good paying jobs. We support the proposed \$200 million in the Governor’s May Revise to begin funding the state’s share.

Building Local Water Resilience

Climate change is creating a new normal in California – prolonged periods of drought, reduced snowpack, flashier and more unpredictable rainfall and sea level rise. To meet the challenges ahead, we must continue to make investments in maintaining the SWP while seeking every opportunity to develop alternative sources of water supplies. The SWP can store and move water when it is available, so that it can be called upon during drier times and used to support local water projects.

SWC agencies already deploy a host of innovative water management techniques such as water banking, recycled water, interties to move water regionally, groundwater storage and recharge and local surface water storage and are ready to do more should funding be made available. In addition, improved data collection and implementing local conservation programs with rebates, financial incentives, and outreach and education are tools to better manage water supply more efficiently, especially in times of drought. Additional funding is critical to maximize and expedite development of local projects and water use efficiency, both in the urban and agricultural sectors.

Attached is a list of SWC agency drought mitigation projects that can help respond to the current drought within the next 12-24 months. These “non-controversial and shovel ready” water infrastructure projects can expedite and advance near-term climate adaptation measures, improve water availability for disadvantaged communities, maintain affordable access to clean drinking water, create jobs and prepare for and respond to dry conditions and the effects of climate change. We appreciate that both the Governor’s May Revise and the Senate Drought Package include funding for these types of projects. It will be imperative that the funding can be easily and quickly distributed so that these projects can have a near-term impact.

Nature-Based Solutions

The SWC and its members have long supported a holistic, science-based approach to ecosystem restoration, and have invested hundreds of millions in such actions, including restored access to salmon spawning grounds, seasonal floodplain habitat and tidal marsh. The loss of floodplains and other habitats throughout the Central Valley have been a major reason for loss of ecosystem functions that salmon and other species rely upon. Many of these projects can also provide other benefits including climate change and sea level rise accommodation and reduced flood risk. Emerging research also shows these ecosystem benefits can be achieved even as we maintain other important land uses such as agriculture and managed wetlands for migratory birds. As such, we support a robust state investment in restoration that focuses on ecosystem functions including floodplain, tidal, side-channel restoration and access, and spawning ground improvements while also providing climate change adaptation.

Groundwater Management

The SWC and its members also support the inclusion of grants for groundwater storage projects that help meet the groundwater sustainability goals as defined in the Sustainable Groundwater Management Act, within court adjudicated basins and to meet the objectives of the Newsom Administration's Water Resiliency Portfolio. These include conjunctive use projects (regional and inter-regional groundwater banks) that are elements of an adaptation strategy to climate change, drought resilience, environmental stewardship and flood protection.

We also support funding for the Multi-Benefit Land Repurposing Program as proposed in the May Revise to support regions throughout the state in their efforts to repurpose fallowed land to other beneficial uses that minimize anticipated public health, ecosystem and economic impacts caused by the land use shift.

Climate Forecasting

As the climate changes and weather extremes become more common, it will be increasingly important to manage reservoir operations more precisely to better balance flood control, water supply, drought, and environmental needs. Funding for grants for existing dam and reservoir improvements can also facilitate the implementation of Forecast Informed Reservoir Operations (FIRO). FIRO can enable more efficient operations at existing dams to protect public safety and maximize water supplies for multiple benefits while improving resilience of the state's water infrastructure and management system.

Groundwater Remediation

With concern growing about the presence of a family of chemicals known as PFAs in some water supplies, the SWC family supports additional funding to defray the costs of monitoring and remediation of PFAS. Remediation can help free up currently inaccessible water supplies thus providing drought mitigation for public water agencies.

Impacts of COVID-19 Pandemic on Water Suppliers

The SWC and its member agencies support relief funding for public water systems to offset pandemic-related costs and direct financial relief to low-income households facing utility bill arrearages.

SWC Support for California Climate Goals

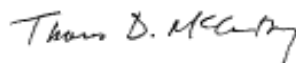
The SWC and its members recognize the potential for the SWP to support state climate change objectives and are supportive of projects that appropriately allocate costs and do not affect water supply operations. The Oroville Pump Storage, as proposed in the Governor's May Revise, is likely one such opportunity. As California continues to experience more variable weather, the SWC and its members support funding for projects that benefit the water and energy operations of the SWP and the environment.

We look forward to working with you to shape a final funding package that recognizes the importance of building a water supply that is more sustainable and more resilient to the increasing impacts of climate change, including drought. We are grateful for your leadership on water policy and look forward to discussing the SWC family funding priorities with you. If you have any questions or wish additional information, please do not hesitate to contact me at (916) 447-7347 or by email at jpierre@swc.org.

Sincerely,



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State Water Contractors



Thomas D. McCarthy, General Manager
Kern County Water Agency

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cc: Members of the Senate Budget and Fiscal Review Committee
Members of the Assembly Budget Committee
Angela Pontes, Deputy Legislative Secretary, Office of the Governor
Matt Almy, Assistant Program Budget Manager, Natural Resources, Environment
Kip Lipper, Office of Senate President pro Tempore Toni Atkins
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State Water Contractor Agency 2021 Drought Mitigation Projects

Revised 5/25/21

Note: If the Legislature decides to require a cost share for projects to receive state funding, then the SWC recommends 20 to 25 percent as the appropriate amount.

Total cost: \$349M (2021)

Alameda County Water District

1. Name of the project: **Advanced Metering Infrastructure (AMI) Project**
2. Project owner: Alameda County Water District
3. Project cost: Total Capital Improvement Project Cost = \$45,162,000
4. Short description of project: The AMI Project will replace ACWD's aging manually-read water meters with automated ultrasonic meters and implement AMI technology throughout.

ACWD's service area, with implementation beginning now with a Proof of Concept in progress, and roll-out of meter replacement for all customers planned for 2021-2023. AMI will provide leak detection and water use efficiency tools for customers; improvements in ACWD's customer service; and increased operational efficiency with regard to water supply, rate development, water use efficiency, infrastructure replacement, and demand management modeling. ACWD's decision to implement the project was based on lessons learned from the previous drought.

5. Short description of how the project mitigates drought in the owner's service area: An integral part of the AMI Project is the implementation of an online portal to provide customers with safe and secure access to their real-time and historical water consumption data, including leak notification and access to conservation tools and programs. ACWD anticipates increased water conservation from the project due to improved leak identification, customer behavior changes with access to real-time usage data, and increased customer outreach during the deployment process and through the new customer portal. Additionally, ACWD will use this portal to implement programs targeting customers with high water usage and other atypical usage patterns to reduce leaks and over-irrigation. In a water shortage emergency, ACWD would also be able to monitor mandatory water consumption reduction requests through the system.

Antelope Valley-East Kern Water Agency

1. Name of the project: **South-North Intertie Pipeline Phase II Pipeline**
2. Project owner: Antelope Valley-East Kern Water Agency (AVEK)
3. Project cost: \$27 million
4. Short description of the project: The South-North Intertie Pipeline Phase II Project (SNIP Ph II) includes the construction of a 6.5 mile 48-inch diameter potable water pipeline and equipping the existing pump station with new pumps. The new pipeline will tie into AVEK's existing South North Intertie Pipeline (SNIP) and connect the Agency's recently constructed Westside Water Bank (WWB) to its largest capacity water treatment plant,

Quartz Hill Water Treatment Plant. The project is shovel ready, with the environmental review process (CEQA) and a feasibility study completed, property acquisition complete, final design nearly complete (90%). Construction of the SNIP Phase II pipeline will allow access to up to 75,000 acre-feet of water currently stored in the WWB. With the completion of the SNIP Phase II Pipeline/Pump Equipping, the banked/stored water may be delivered throughout the AVEK service area.

5. Short description of how the project mitigates drought in the owner's service area: Completion of the SNIP Ph II Project will close a major infrastructure gap, allowing the Agency to move banked/stored State Water Project (SWP) water it stores in the WWB to other points in its service area during dry years. The Project ensures that the water supply needs of all the Agency's customers can be met using stored groundwater in the event of a SWP supply interruption due to a drought event. At the present time, utilizing the SNIP PH II Pipeline, the Agency would have the ability to endure a 3-5 year drought without relying on the SWP by providing locally stored water to customers in its service area. Construction of the SNIP Phase II pipeline was originally scheduled to start in 2023-2024. Early construction of the project will allow up to 75,000 acre-feet of stored water to be available for delivery within the next 2 years.

Coachella Valley Water District

1. Name of the project: **Non-potable Water Connections Project (FY21)**
2. Project owner: Coachella Valley Water District
3. Project cost: \$23,128,000
4. Short description of project: The FY21 Non-potable Pipeline Connections Project (Project) involves the construction of approximately 13 miles of non-potable water (NPW) pipelines ranging in size from 12 to 30-inch in diameter. The Project will provide NPW to seven golf courses and one community church for irrigation purposes in lieu of utilizing groundwater. The Project will deliver approximately 4,850 af/yr of NPW that consists of a blend of tertiary treated recycled water and imported Colorado River water.
5. Short description of how the project mitigates drought in the owner's service area: The Project is part of an overall NPW Expansion Project that CVWD is implementing in phases to meet water management goals. It allows customers that are currently using groundwater or CVWD-supplied potable water for irrigation purposes within its service area to use an alternate source of water. Source substitution is a critical element for meeting the Coachella Valley's long-term water needs to sustainably manage the groundwater basin by reducing groundwater pumping to mitigate drought and meet irrigation water demands. This project represents a key element in the continued efforts to mitigate drought and meet water demands that far exceed local supplies. This project is also in keeping with alternative groundwater sustainability plan that CVWD and three partner Groundwater Sustainability Agencies implement to satisfy the Sustainable Groundwater Management Act (SGMA).

Desert Water Agency

1. Name of the project: **Grass replacement program**
2. Project owner: Desert Water Agency
3. Project cost: \$1 million

4. Short description of the project: Replace grass with desert landscaping, artificial turf or non-landscaped areas for residential, HOA, commercial, golf and municipal customers. DWA provides incentive checks (based on square footage removed) to successful applicants. Projects are inspected before and after conversion to verify removal.
5. Short description of how the project mitigates drought in the owner's service area: This project reduces groundwater and local surface water needed to meet landscape needs. Outdoor use is roughly 70% of Desert Water Agency's total use so reducing landscape requirements has a significant impact. It preserves availability for emergency and household uses in the event that supplies are limited for any reason.

Kern County Water Agency

1. Name of the project: **Cross Valley Canal (CVC) Improvement Project**
2. Project owner: Kern County Water Agency
3. Project cost: \$7.6 million
4. Short description of the project: Project consists of lining approximately 1 mile of earthen canal with fiber-reinforced concrete, raising the liner in Pool 2 of the CVC and the addition of an inlet and turnout to move additional water supplies into local groundwater banks.
5. Short description of how the project mitigates drought in the owner's service area: Expected benefits include water savings of 2,100 acre-feet annually, improved reliability of water deliveries through Pools 2 and 8, reduced energy usage and enhanced wildlife habitat through increased water diversions into the Kern River channel and/or Kern Fan groundwater banking projects. Benefits also include interconnection of Kern River water through the Friant-Kern Canal, and a new turnout at Nord Road to increase deliveries to local groundwater banking projects. The Cross Valley Canal Improvement Project will assist in meeting SGMA goals.

Metropolitan Water District of Southern California

1. Name of the project: Operational Shift Cost-Offset Program
2. Project owner: Metropolitan Water District of Southern California (Metropolitan)
3. Project cost: \$332/af in 2021 to \$349/af in 2022 (assuming 50,000 af, \$16.6 million in 2021 and \$17.45 million in 2022)
4. Short description of project: Metropolitan's Operational Shift Cost-Offset Program would provide a credit to participating member agencies to offset the costs member agencies incur to shift their operations in order to allow Metropolitan to maximize delivery of Colorado River water supplies.
5. Short description of how the project mitigates drought in the owner's service area: Metropolitan has additional Colorado River supplies available to serve the region that normally receives State Water Project supplies. Encouraging a member agency to take delivery of water at a different location that receives Colorado River supplies, enhances Metropolitan's ability to manage the limited State Water Project supplies. This shift results in higher costs for a member agency, including treatment costs or energy costs that would be

offset. The program allows Metropolitan to better manage both its Colorado River and State Water Project supplies for the region.

Mojave Water Agency

1. Name of the project: West Victorville Water Bank and Drought Mitigation Program
2. Project owner: Mojave Water Agency
3. Project cost: \$33 million
4. Short description of project: Mojave Water Agency (MWA) is currently in detailed design of a modification to an existing turnout and infrastructure on the Mojave River Pipeline to screen imported water and construct new groundwater recharge basins near the aqueduct. Additionally, construction of new production wells in the vicinity as well as simple modifications to existing infrastructure would allow pump-back to the aqueduct through an existing aqueduct turnout structure. This project could be phased in and implemented very quickly.
5. Short description of how the project mitigates drought in the owner's service area: The project will provide the MWA the ability to quickly move imported water belonging to MWA or other State Water Contractors into banked storage and subsequently return that water to the State Water Project. This will allow the MWA to store water when it is abundant and use or return that water during a drought, mitigating drought impacts for the region and the State. This project is leveraging existing infrastructure to the extent possible for rapid implementation.

Palmdale Water District

1. Name of the project: **Well 36 and 37**
2. Project owner: Palmdale Water District
3. Project cost: \$6 million
4. Short description of the project: Drilling and equipping of two new wells. This project is included in a certified EIR.
5. Short description of how the project mitigates drought in the owner's service area: This project is shovel ready and will help with supplies during this year's drought. These wells will provide additional extraction of existing adjudicated groundwater rights.

San Bernardino Valley Municipal Water District

1. Name of the project: **San Bernardino Basin Regional Recycled Water Facilities** (Conveyance Pipeline and the Weaver Recharge Basins)
2. Project owner: San Bernardino Valley Municipal Water District
3. Project cost: \$28,000,000 (preliminary estimate for the facilities only)
4. Short description of project: To enhance groundwater levels and water supply reliability in the San Bernardino Basin Area (SBBA) using a drought-proof supply, the San Bernardino Valley Municipal Water District has partnered with East Valley Water District and the City of San Bernardino Municipal Water Department to develop the San Bernardino Basin Regional Recycled Water System (RRWS) which consists of a recycled water delivery

pipeline and new recharge basins in the cities of San Bernardino and Highland, CA. The project will facilitate conveyance and recharge of up to approximately 16,600 Acre Feet/Year (AFY) of treated wastewater into the SBBA, a shared groundwater basin relied upon by approximately 14 water agencies for their local water supply.

5. Short description of how the project mitigates drought in the owner's service area: The San Bernardino Basin Regional Recycled Water System will augment the local rainfall and imported State Water Project supplies, which are both highly vulnerable to drought conditions and the effects of climate change, with the reliability of treated wastewater as a source for groundwater recharge. It is estimated that up to approximately 16,600 AFY will be recharged into the groundwater basins for decades to come as a result of this project. This investment will mitigate the negative impacts to groundwater levels that result from drought conditions in Northern California, Southern California, or both. Using treated wastewater as an additional source for groundwater replenishment diversifies our water supply portfolio and better prepares our region for existing and future drought conditions.

Santa Clarita Valley Water Agency

1. Name of the project: **Valley Center Treatment (2022)**
2. Project owner: Santa Clarita Valley Water Agency
3. Project cost: \$5.12 million
4. Short description of project: Installation of groundwater treatment for one well (1,200 gpm) using ion-exchange technology to reduce the concentration of PFAS related chemicals to levels consistent with potable drinking water standards.
5. Short description of how the project mitigates drought in the owner's service area: Recovery of this local groundwater resource will offset the need to purchase water during extended drought periods and increase the resiliency and reliability of our potable water supplies.

Solano County Water Agency

1. Name of Project: **Putah Diversion Dam – Gate and Facility Refurbishment**
2. Project Owner: Solano County Water Agency
3. Project cost: Total project cost - \$2 million; proposed state funding - \$1.5 million
4. Short description of project: The Putah Diversion Dam (PDD) is located along the Yolo and Solano County border approximately 6-miles west of Winters, CA. The PDD regulates water releases into Lower Putah Creek as well the Putah South Canal (PSC) which is the municipal water supply for 400,000 residents in Solano County. The PDD was also on the boundary of the LNU Complex Wildfire in 2020. The project consists of two components: (i) refurbishment of 12 radial flood gates and (ii) improved vehicular and equipment access to the facility for future fire and infrastructure resiliency.
5. Short description of how the project mitigates drought in the owner's service area: The project entails repairing and recoating 12 radial flood gates, replacing rubber gate seals (which currently leak), and adding gate positioning sensors to improve measurement of diversions. The project also improves vehicular and equipment access to the facility for

future fire and infrastructure resiliency, as the Putah Diversion Dam was on the border of the devastating 2020 LNU Complex Wildfire.

Valley Water

1. Name of Project: **Anderson Dam FERC Order Compliance Project**
2. Project Owner: Santa Clara Valley Water District (Valley Water)
3. Project cost: Total project cost - \$274 million; proposed state funding - \$137 million
4. Short description of project: The FERC Order Compliance Project is a subset of projects that are part of the Anderson Dam Seismic Retrofit Project and include the following. Construction Start Date: Summer 2021. Drought Response Benefit Components Completion Date: Summer 2022.
 - a. Anderson Dam Tunnel, Reservoir & Creek Modifications - *(New larger capacity dam outlet to allow rapid drawdown of reservoir, both for dam safety and flood protection)*
 - b. Cross Valley Pipeline Extension - *(Supplemental imported water for Coyote Creek to support groundwater recharge and incidental benefits for threatened fish species)*
 - c. Coyote Creek Stream Augmentation Fish Protection Measures - *(Chillers to cool imported water from the above pipeline to protect sensitive fish habitat)*
 - d. Coyote Percolation Dam Replacement - *(Critical infrastructure to maintain groundwater recharge in high priority basin supplying public drinking water systems)*
 - e. Coyote Creek Flood Management Measures – *(Floodwalls and levees to protect disadvantaged communities during larger outlet flows)*
5. Short description of how the drought mitigates drought in the owner’s service area:

The FERC Order Compliance Project will deliver critical water supply benefits by the Summer of 2022, including the Cross Valley Pipeline Extension that will enable Valley Water to continue critical groundwater recharge in Coyote Creek to supply water to a high priority groundwater basin used for municipal drinking water, agricultural irrigation, and incidental environmental benefits.

Background:

Risk to Public Safety - A large earthquake on the Calaveras Fault or the Coyote Creek Fault could result in significant damage to Anderson Dam, possibly leading to dam failure and uncontrolled water release that could inundate cities and rural areas from San Francisco Bay south to Monterey Bay, including much of Silicon Valley. The loss of life and property would be catastrophic and result in regional, state, national, and international impacts. The Santa Clara Valley Water District (Valley Water) is working closely with the Federal Energy Regulatory Commission (FERC) to modernize the dam.

FERC’s Order to Drain Silicon Valley’s Primary Local Water Supply - On February 20, 2020, FERC directed Valley Water to begin draining the reservoir by October 1, 2020, and to expedite reconstruction and improvement of the dam outlet structure to begin as soon as feasible. The now drained reservoir had capacity of nearly 90,000 acre-feet, is the largest in Santa Clara County, and its reconstruction is critical to the regional water supply system. Valley Water is moving expeditiously to construct a new dam outlet structure and necessary

downstream flood protection and environmental improvements to support the construction and larger outlet flow.

Water Supply Impacts Compounded by Drought - With Anderson Dam drained, Silicon Valley is without its largest surface water storage facility and is now even more dependent on imported water and groundwater. Without the critical groundwater recharge components of the FERC Order Compliance Project, municipal wells would begin to run dry in 2 months. Completing the Cross Valley Pipeline Extension, the stream augmentation measures that include chillers to allow the imported water to flow to groundwater recharge facilities, and upgrades to the Coyote Percolation Dam are all critical to ensuring there is enough flow in Coyote Creek to both support groundwater recharge and an environmentally threatened fish species. Coyote Creek flows are made even more challenging by the drought. In its natural state, Coyote Creek would be dry due to the limited rainfall in the current water year.

Ventura County Watershed Protection District

1. Name of the project: **Matilija Formation Vertical Bore Project**
2. Project owner: Casitas Municipal Water District
3. Project cost: \$3,000,000
4. Short description of the project: Extract 5,000 gallons per minute of groundwater from the Matilija Formation (potentially 8,000 acre-feet per year) in the Eastern Santa Ynez Mountain via vertical boring extending 15,000 feet. Preliminary estimate of 29,000 to 280,000 acre-feet of water in storage in this formation.
5. Short description of how the project mitigates drought in the owner's service area: New water supply of a currently untapped source to be used as an emergency supply in drought conditions. Water can be treated at the site and fed into Casitas' transmission system and/or discharged to the Robles Canal and sent to Lake Casitas.

Zone 7 Water Agency

1. Name of the project: **New Groundwater Well Construction Project**
2. Project owner: Zone 7 Water Agency
3. Project cost: \$15 million
4. Short description of project: The project includes construction of a new well facility to increase the production capability and reliability to meet demands through the local groundwater basin supply in Pleasanton. The project will include drilling a new well, a building to house the well pump with associated motor, electrical and control systems, and chemical systems. The project also includes new piping to connect to Zone 7's transmission system, various other piping and site work for operations, maintenance and chemical truck access.
5. Short description of how the project mitigates drought in the owner's service area: The project would increase Zone 7's groundwater supply reliability during times of drought and surface water system related emergencies by ensuring additional well availability for use. Without this project, Zone 7 will have less wells thereby reducing groundwater production, a major source of water during drought and emergency conditions.