ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

Friday, February 7, 2014
Humboldt County Board of Supervisors Chambers
825 5th Street, First Floor, Eureka, CA

INFORMATIONAL HEARING SERIES:
THE NEED FOR A 2014 WATER BOND: LOCAL PERSPECTIVES

BACKGROUND

The purpose of this hearing series is to explore the need for a general obligation bond in 2014 to help fund water-related projects and programs and to hear local perspectives on the potential public benefits to communities throughout the state from such a water bond. As the Governor's recent declaration of a drought state of emergency demonstrates, urgent investments are needed to better enable Californians to prepare for future water scarcity.

Today's hearing will focus on the North Coast Hydrologic Region. A "hydrologic region" is the most basic planning unit that the California Department of Water Resources (DWR) uses in the California Water Plan. There are ten hydrologic regions in the State and the map for each one matches the contours of a major watershed, which is an area of land where all of the water that falls on it or flows under it drains to a common set of locations. These locations can be visible, such as streams and rivers, or hidden in groundwater basins. However, both types of local water supplies are generally interconnected. The portfolio of water resources in many areas of California can also include raw water that is imported from other watersheds via canals or tunnels as well as local supplies that are created by recycling wastewater or desalinating brackish water or sea water.

The North Coast Hydrologic Region is an area of wide variability from redwood forests and inland mountain valleys to the arid Modoc Plateau. The region covers roughly 19,500 square miles, or more than 12 percent of California's land area and includes all or large parts of Modoc, Siskiyou, Del Norte, Trinity, Humboldt, Mendocino, Lake, and Sonoma counties and also includes small areas of Glenn and Marin counties. It is home to some of the most important salmon and steelhead rivers and watersheds in the state and, like many parts of California, is a region of great cultural significance for Indian peoples. In the North Coast Region, tribal governments are critical partners for successful environmental stewardship and have utilized traditional ecological knowledge to improve programs and processes.

Recently, the Department of Public Health recognized that seventeen communities and water districts are so severely affected by drought that without additional supplies they could run out of water within 100 days if conditions do not improve. The North Coast includes five of the seventeen: the cities of Willits, Cloverdale and Healdsburg; the Redwood Valley County Water District; and, the Brooktrails Township Community Services District.

Short History of the 2009 Water Bond

In 2009, former Governor Schwarzenegger convened the Legislature in extraordinary session to take up issues related to protecting and restoring the Delta ecosystem and improving water reliability and management, including addressing water conveyance, storage, conservation and groundwater, and considering a general obligation bond. Subsequently, a historic five-bill package of water legislation was passed and signed, including SB 2 (Cogdill), Chapter 3, Statutes of the 2009-10 Seventh Extraordinary Session (SBX7 2).

SBX7 2 called for a bond to be placed on the November 2010 ballot that, if approved by the voters, would authorize the issuance of $11.14 billion in general obligation bonds for a wide range of water projects and programs including water conservation and efficiency, groundwater protection and cleanup, integrated regional water management, ecosystem and watershed protection and restoration, water recycling, and water storage (Water Bond).

Delay and Anomaly

However, in 2010 and again in 2012, supporters of the Water Bond recognized that a sluggish economy coupled with the state's need to focus on its dire budget shortfall meant that delaying the bond vote could increase its chances of success. AB 1265 (Caballero) moved the Water Bond to the 2012 general election and deleted a provision allowing for-profit entities to be members of joint powers authorities for bond-funded surface water storage projects. AB 1422 (Perea) moved the Water Bond to the November 4, 2014 statewide general election but otherwise left the text unchanged. While changing the text of an initiative measure requires a 2/3rds vote of each house, changing the date of an election can be done with only a majority vote. As a result, the Water Bond currently on the ballot is still titled the "Safe, Clean, and Reliable Drinking Water Supply Act of 2012."

Efforts to Reduce and Refocus the Bond

Both houses of the Legislature have engaged in substantial efforts to reanalyze and right-size a bond so that voters can be confident that it addresses California's most pressing water infrastructure and program needs and is accountable.

In the Assembly, Speaker John A. Pérez convened a Water Bond Working Group comprised of members with diverse regional and statewide perspectives and chaired by Assemblymember Anthony Rendon. With a historic level of new members in the Assembly and a high degree of interest in the bond, the Working Group members conducted an extensive series of workshops and meetings among themselves and with their Assembly peers covering the background and composition of the current Water Bond, shifts in priorities that have occurred since it was passed in 2009, and the need to reduce its size and increase its accountability.

The 2013 Assembly Water Bond Working Group process included:

- 5 public hearings (3 in the Assembly; 2 in the Senate)

- 6 legislator briefings on water policy and funding

- Establishment of *Principles* that set priorities and emphasized accountability to the voters

- 3 rounds of public comments, and

- Publishing the *Water Bond Framework* & posting summaries of public comments on the Water, Parks & Wildlife Committee website at http://awpw.assembly.ca.gov/waterbond

Those efforts resulted in a public hearing in July of 2013 to present and receive comment on a set of Water Bond "principles" and another public hearing in August of 2013 to present and receive comment on a more specific "framework" for a revised water bond language. The Framework was then incorporated into AB 1331 (Rendon). Beginning in October 2013 Assemblymember Rendon, Chair of the Water, Parks & Wildlife Committee, started this series of Water Bond Informational Hearings to gain local perspectives from different areas of the State on the need for a water bond in 2014 and the best way to make such a bond effective and accountable.

AB 1331, the *Clean and Safe Drinking Water Act of 2014*, repeals the existing bond and places a $6.5 billion bond on the November 4, 2014 ballot that is better tailored to current water management challenges.[1] Specifically, the $6.5 Billion Assembly Water Bond proposal includes:

- $1 Billion for maintaining and improving Drinking Water Quality

- $1.5 Billion for protecting Rivers & Watersheds

- $1.5 Billion to fund integrated regional water management that will improve water delivery and help regions reduce the impact of climate change on water supply.

- $1 Billion to protecting The California Delta that is critical to the state water supply system and a key ecological resource.

- $1.5 Billion for Water Storage projects that will also reduce the impact of climate change on clean, reliable and affordable water supply.[2]

Meanwhile, the Senate has also actively sought to educate members of the Legislature and the public on a need to refocus and reduce the Water Bond by holding a series of four informational hearings during 2013.[3] When session recommenced in January, the Senate had two bond measures, SB 40 (Pavley) and SB 42 (Wolk) that were still in their house of origin. But on January 9, 2014 a third measure was introduced, SB 848 (Wolk).

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[1] Specific bills, including AB 1331 and SB 848, may be reviewed and tracked through the California Legislative Information web site maintained by the Office of Legislative Counsel at: http://leginfo.legislature.ca.gov/.
[2] Information on the Assembly water bond process, including links to comment letters on the Assembly Working Group Framework, can be found at: http://awpw.assembly.ca.gov/waterbond .
[3] Information on the Senate Water Bond Oversight Hearings can be found at: http://sntr.senate.ca.gov/informationaloversighthearings .

SB 848 is not subject to the same legislative deadlines that SB 40 and SB 42 were and is now the primary Senate Water Bond vehicle. As introduced SB 848, the Safe *Drinking Water, Water Quality, and Flood Protection Act of 2014,* contained virtually the same language as SB 42 and would have repealed the exiting bond and placed an entirely new $6.475 billion measure on the November 2014 ballot. SB 848 is set for hearing in SNRW on Tuesday, February 8, 2014 and is proposed to be amended with multiple substantive changes that also increase the overall amount of the bond to $6.925 billion.

In addition, on January 6, 2014, Assemblymember Dan Logue introduced AB 1445, which dedicates $5.8 billion exclusively to water storage projects. Thereafter, on January 29, 2014, Senators Cannella and Vidak introduced SB 927, which reduces the 2009 Water Bond to $9.217 by striking the $1.785 billion in Chapter 9 for *Conservation and Watershed Protection* in its entirety and deleting several other specific allocations in other chapters.

Regional Issues

As defined and described in the California Water Plan, the North Coast region includes the Pacific Ocean coastline from Tomales Bay to Oregon, and then extends east along the border to the Goose Lake Basin. Most of the region is mountainous and rugged. The dominant topographic features in the region are the California Coast Range, the Klamath Mountains, and Modoc Plateau. The mountain crests, which form the eastern boundary of the region, are about 6,000 feet elevation with a few peaks higher than 8,000 feet. About 425 miles of ocean shoreline form the western boundary of the region. All streams in the North Coast Hydrologic Region empty into the Pacific Ocean between Bodega Bay and Oregon. Only 13 percent of the land is classified as valley or mesa, and more than half of that is in the higher-elevation northeastern part of the region in the upper Klamath River Basin.

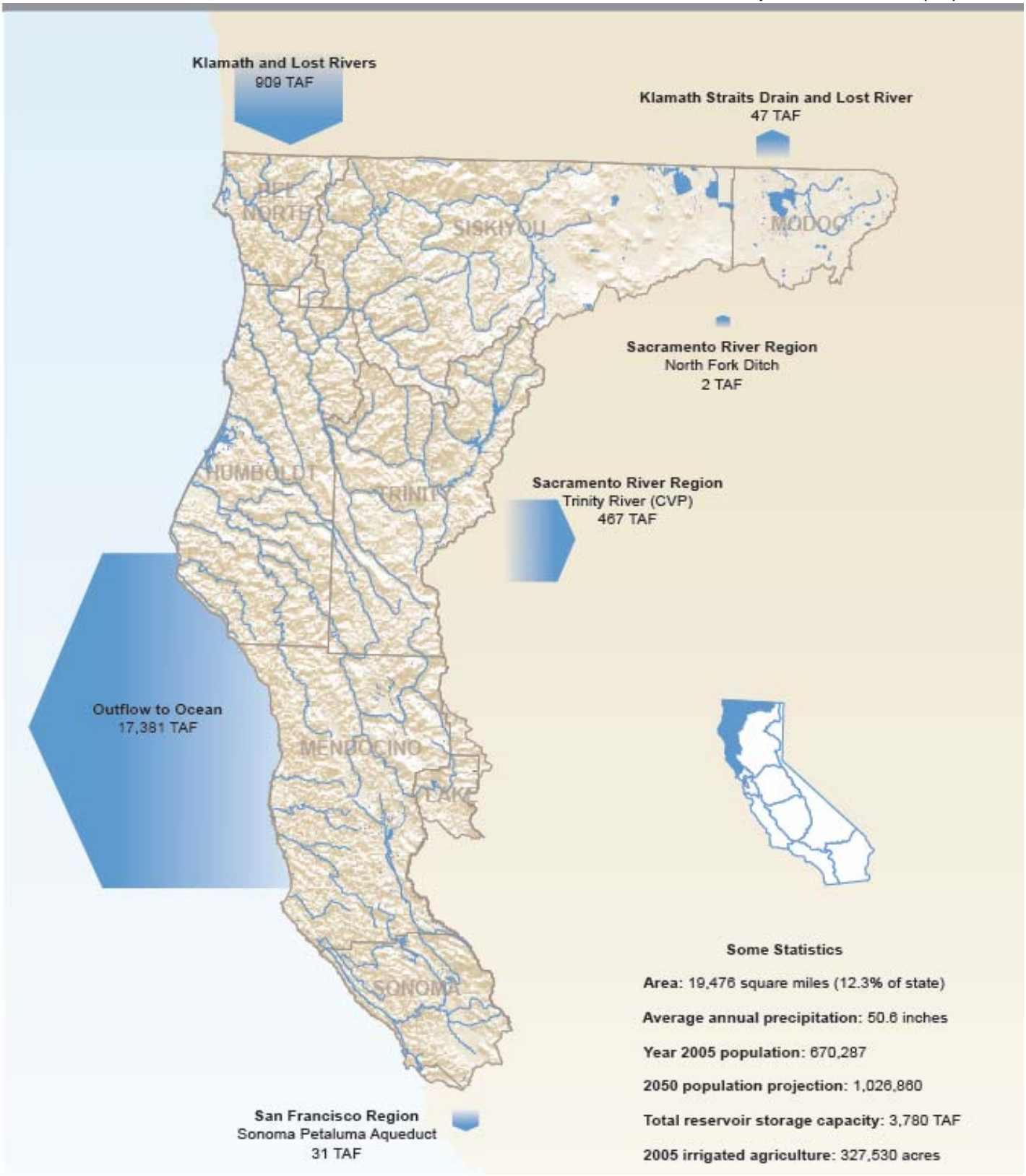
Water development for flood control, water supply and hydroelectric generation in the North Coast Region includes several large water projects such as the Federal Klamath Project, which is the largest agricultural irrigation project in the region and the Trinity Project, which exports water from the North Coast region to the Sacramento River region through the U.S. Bureau of Reclamation's Clear Creek Tunnel. In addition, the United States Army Corps of Engineer's Sonoma Project captures and regulates water from tributaries to the Russian River.

Small local surface water and groundwater systems provide the water supplies to many of the smaller communities and rural areas in the North Coast region. Groundwater development is generally sporadic throughout the mountains and in the coastal areas with most groundwater being drawn from shallow wells that are installed near rivers and streams. However, two major groundwater basins do exist: in the upper Klamath River valley along the California border with Oregon and at the southern tip of the North Coast region underlying the Santa Rosa area.

As in many regions, water development in the North Coast Region has caused severe declines in fish populations which have also been affected by commercial and recreational fish harvests; land conversions to agricultural, rural, and urban uses; periods of large-scale timber harvest; and, competition from non-native fish species.

North Coast Region Map

Courtesy of the California Water Plan (2009)



Watershed Protection and Restoration, including Iconic Fisheries

Although the North Coast is faced with many challenges, it has benefitted from numerous conservation investments and an almost unprecedented level of community collaboration. The following are a few examples of this cooperation and innovation.

In 1997, the Federal listing of Coho salmon as a threatened species brought together Del Norte, Humboldt, Mendocino, Siskiyou and Trinity Counties, who joined forces to form the Five Counties Salmonid Conservation Program (5C) and work on a proactive, positive response to the listing. As stated by the 5C, their primary goal is "to strive to protect the economic and social resources of Northwestern California by providing for the conservation and restoration of salmonid populations to healthy and sustainable levels and to base decisions on watershed rather than county boundaries." In February 2009, the 5C Program transferred from the Trinity County administration to the Northwest California Resource Conservation & Development Council. The Council is sponsored by the Trinity, Humboldt and Del Norte County Boards of Supervisors and Resource Conservation Districts.

The Smith River has benefited from the work of many groups including those in the Smith River Alliance. The Alliance was formed in 1980 when over twenty local, regional and statewide organizations incorporated as a nonprofit organization including: American Fisheries Society (Humboldt Chapter), American League Anglers, Audubon Society, California Committee of Two Million, California Native Plant Society, California Trout, California Wilderness Coalition, Defenders of Wildlife, Federation of Fly Fishermen, Friends of Del Norte, Friends of the Earth, Friends of the River, League of Women Voters of California, Marin Conservation League, Mendocino Environmental Center, Northcoast Flyfishers, Planning and Conservation League and the Sierra Club. Work of the Smith River Alliance includes, but is not limited to, identifying priority restoration habitats and protecting lands by purchasing forests, wetlands and key public access points from willing sellers and then managing, donating, or selling this land to public agencies.

Another regional coalition is the North Coast Resource Partnership. The Partnership includes local and Tribal governments, water and wastewater service providers, non-governmental organizations, watershed groups, resource conservation districts and interested stakeholders from Del Norte, Humboldt, Mendocino, Modoc, Siskiyou, Sonoma and Trinity counties. The North Coast Resource Partnership states that it "has worked since 2004 to find common ground to more effectively meet shared objectives and in turn, leverage funding and organizational capacity throughout the seven-county region." The Partnership has secured "more than $41 million in water and energy-related grant funding to the North Coast, while matching over $90 million in local funds." A prime focus of the Partnership is the North Coast Integrated Regional Water Management Plan (NCIRWMP). The NCIRWMP's goals include restoring salmonid populations, enhancing the beneficial uses of water, promoting energy independence, reducing greenhouse gas emissions, addressing climate change, supporting local autonomy and intra-regional cooperation, and enhancing public health and economic vitality in the region's economically disadvantaged communities.

Chapter 7 of AB 1331, *Climate Change Preparedness for Regional Water Security*, includes $1.5 billion for expenditures and grants for integrated regional water management plans and other regional water management strategies. Of the total under Chapter 7, $1 billion is allocated by hydrologic region with $45 million specifically designated to the North Coast. In addition, AB 1331 includes $1.5 billion for watersheds, which is discussed at the end of the following section.

Klamath Settlement Agreements

The Klamath River is one of the most important rivers for imperiled populations of Chinook salmon, coho salmon, and steelhead trout on the West Coast of the United States. But conflicts over water and other natural resources in the Klamath Basin between conservationists, tribes, farmers, fishermen, and State and Federal agencies have existed for decades. These conflicts received widespread attention when, in 2001, water deliveries to irrigation contractors from the U.S. Bureau of Reclamation's Klamath Project were substantially reduced. The following drought year the policy was reversed, leading to low flows and high water temperatures. These conditions contributed to the killing of over 34,000 salmon, although the U.S. Fish and Wildlife Service has estimated that number as quite low and perhaps half the actual loss. For this reason, it has been cited as the largest salmon kill in the history of the American west.

The Klamath Project straddles the Oregon-California border and includes territory in Klamath County, Oregon, and Siskiyou and Modoc Counties in northern California. The project was designed to divert and distribute water for irrigation of basin lands, including reclamation of Tule and Lower Klamath Lakes, and control of floods in the area. In Oregon, project facilities include Gerber Dam and Reservoir, Upper Klamath Lake, Link River Dam, Lost River, Miller, Malone, and Anderson-Rose Diversion Dams. In California the project includes Clear Lake Dam and Reservoir, Tule Lake, and Lower Klamath Lake. There are also several communities located on the project: Klamath Falls, Merrill, Bonanza, and Malin in Oregon; and, Tulelake in California.

The Klamath Basin is also the site of PacifiCorp's 169 megawatt Klamath Hydroelectric Project. As stated by the California Energy Commission, Klamath Hydroelectric Project dams are a major contributor to salmon losses by blocking more than 300 miles of habitat in the upper Klamath Basin. If the Federal Energy Regulatory Commission were to issue a new Federal Power Act license for the Project, it would need to impose significant mitigation measures to reduce environmental impacts. As a result, decommissioning the project and replacing its electricity from other sources may be more cost effective than relicensing the project and installing fish ladders and water quality improvement devices to meet modern legal and scientific standards.

These dual challenges led representatives of 45 organizations, including Federal agencies, California and Oregon, Indian tribes, counties, irrigators and conservation and fishing groups to agree to a comprehensive solution for the Klamath Basin. On February 18, 2010, most of the participants in the Klamath settlement process signed the Klamath Basin Restoration Agreement (KBRA) and the Klamath Hydroelectric Settlement Agreement (KHSA).

The KBRA is intended to restore and sustain natural fish production and provide for full participation in ocean and river harvest opportunities of fish species throughout the Klamath

Basin. It is also meant to establish reliable water and power supplies which sustain agricultural uses, communities, and National Wildlife Refuges. Both goals are to be met while contributing to the public welfare and the sustainability of all Klamath Basin communities.

The KHSA lays out the process for additional studies, environmental review, and a decision by the Secretary of the Interior regarding whether removal of four dams owned by PacifiCorp will advance restoration of the salmonid fisheries of the Klamath Basin and is in the public interest. The Secretary's determination will include, but is not limited to, consideration of potential impacts on affected local communities and tribes. The four dams considered for removal on the Klamath River are Iron Gate, J.C. Boyle, Copco 1 and Copco 2 dams. The KHSA includes provisions for the interim operation of the dams and the process to transfer, decommission, and remove the dams.

Chapter 6 of AB 1331, *Protecting Rivers, Lakes, Streams, Coastal Waters and Watersheds*, includes $1.5 billion for expenditures and grants for multibenefit ecosystem and watershed protection and restoration. Because regional needs can differ widely, the author is considering dividing $1 billon of Chapter 6 into regional allocations but has inserted placeholder language in order to solicit feedback from members of the Legislature and the public. Of the funds provided in Chapter 6, five hundred million dollars ($500,000,000) shall be available to fulfill the existing obligations of the State of California. AB 1331 specifies that the KBRA would be eligible to apply for these funds.

Governor's Water Action Plan

On Monday, January 27, 2014 the California Natural Resources Agency, the California Department of Food and Agriculture, and the California Environmental Protection Agency, jointly released a final draft of the California Water Action Plan (Action Plan). The Action Plan identifies multiple water-related challenges that the State currently faces including drought, flood, declining groundwater basins, poor water quality, and loss of fish and wildlife habitat. The Action Plan states that it is "based on three broad objectives: more reliable water supplies, the restoration of important species and habitat, and a more resilient, sustainably managed water resources system (water supply, water quality, flood protection, and environment) that can better withstand inevitable and unforeseen pressures in the coming decades."

The Action Plan sets out an ambitious set of strategies to be implemented in the next five years including, but not limited to:

- Making conservation a way of life;
- Investing in integrated water management and increasing regional self-reliance;
- Protecting and restoring important ecosystems, including in the Delta;
- Managing and preparing for dry periods;
- Expanding water storage capacity; and,
- Providing safe drinking water

All of these essential actions would be critically advanced by the funding provided in AB 1331 – the *Clean and Safe Drinking Water Act of 2014*.