

Glenn Groundwater Authority

Groundwater Sustainability Agency

PO Box 351, Willows, CA 95988 | 530.934.6501

Board of Directors Meeting Materials

August 10, 2020 | 1:30 PM

LOCATION: Teleconference

Pursuant to Governor Newsom's Executive Order N-29-20 this meeting will be conducted by teleconference.

The meeting can be accessed via telephone at [+1 \(646\) 749-3122](tel:+16467493122) or by computer, smartphone, or tablet at:

<https://global.gotomeeting.com/join/667386549>

Meeting Access Code: 667-386-549

1. CALL TO ORDER

The Chairperson will call the meeting to order.

2. ROLL CALL

Roll call will be conducted.

3. *APPROVAL OF MINUTES

- a. *Approval of meeting minutes from July 13, 2020.

Draft meeting minutes are attached.

Attachments

- Meeting minutes from July 13, 2020

Glenn Groundwater Authority

Groundwater Sustainability Agency

PO Box 351, Willows, CA 95988 | 530.934.6501

MEETING MINUTES

GLENN GROUNDWATER AUTHORITY BOARD OF DIRECTORS

JULY 13, 2020

1:30 PM

Pursuant to Governor Newsom's Executive Orders N-29-20 this meeting was conducted by teleconference. The meeting was accessible via telephone, computer, smartphone or tablet.

Director Members Present:	Alternate/2 nd Alternate Directors	Agency Representing:
X John Viegas	Vince Minto	County of Glenn
X Bruce Roundy (no verbal responses until Item 7)	Pete Carr	
	Ed Vonasek (2 nd)	City of Orland
X Gary Hansen	X Evan Markey	City of Willows
George Nerli	X Leslie Nerli	Glide Water District
X John Amaro	Thad Bettner	Glenn-Colusa Irrigation District
X Charles Schonauer	X Emil Cavagnolo	Orland-Artois Water District
	X Andrea Jones (2 nd) (no audio)	Orland-Artois Water District
Randy Hansen	Wade Danley	Kanawha Water District
	Michael Alves (2 nd)	Kanawha Water District
X Mark Lohse	Seth Fiack	Monroeville Water District
X Gary Enos	Lance Boyd	Princeton-Codora-Glenn Irrigation District/ Provident Irrigation District

Others in attendance:

Lisa Hunter, GGA/Glenn County; Sharla Stockton, Glenn County; Jaime Lely, landowner; Brandon Davison, DWR; G. Nicholls, Nossaman; Jim Brobeck, Vina Subbasin Advisory Committee, Valerie Kincaid, GGA Counsel

1. CALL TO ORDER

John Amaro called the meeting to order at 1:32 PM and briefly reviewed remote meeting protocols.

2. ROLL CALL

Roll was taken and is indicated above.

3. APPROVAL OF MINUTES

- Approval of meeting minutes from June 15, 2020.

The June 15, 2020 meeting minutes were approved as submitted.

Motion: Gary Enos, Second: John Viegas, Vote: 8:0:1 abstain (no response)

Roll Call Vote

John Viegas: AYE

Bruce Roundy: No Response

Gary Hansen: AYE

John Amaro: AYE

Charles Schonauer: AYE

Mark Lohse: AYE

Gary Enos: AYE

Leslie Nerli: AYE

4. PERIOD OF PUBLIC COMMENT

None

5. STAFF UPDATES

Lisa Hunter provided GGA members with a Program Manager Report included in the meeting packet. She highlighted the following items including available trainings through Golden State Risk Management Authority, Fiscal Year 2020/2021 Budget Worksheet preparation for Glenn County, coordination with Provost & Pritchard Consulting Group regarding direct charges for Tax Year 2020-2021, and the Engagement Letter from CliftonLarsonAllen LLP for the 2019/20220 annual audit.

6. FINANCIAL REPORT

- a. Review and accept Monthly Activities Report.
- b. Review and consider approval of claims.

A motion was made to accept the monthly activities report as submitted.

Motion: Gary Hansen, Second: John Viegas, Vote: 8:0:1 abstain (no response)

Roll Call Vote

John Viegas: AYE

Bruce Roundy: No Response

Gary Hansen: AYE

John Amaro: AYE

Charles Schonauer: AYE

Mark Lohse: AYE

Gary Enos: AYE

Leslie Nerli: AYE

A motion was made to approve the claims as presented.

Motion: Charles Schonauer, Second: Gary Enos, Vote: 8:0:1 abstain (no response)

Roll Call Vote

John Viegas: AYE

Bruce Roundy: No Response

Gary Hansen: AYE

John Amaro: AYE

Charles Schonauer: AYE

Mark Lohse: AYE

Gary Enos: AYE

Leslie Nerli: AYE

7. CONSIDER RESPONDING TO THE REQUEST FOR COMMENTS FROM THE BUTTE COUNTY LAFCO REGARDING THE TUSCAN WATER DISTRICT FORMATION

The Tuscan Water District (TWD) is in the formation process moving through the Butte Local Agency Formation Commission (LAFCO). The proposed TWD formation process is similar to the formation of the Monroeville Water District with interested landowners coming together to have a more formal coordination process. The land is not in Glenn County or the Colusa Subbasin. The 97,000 acres is within the Vina and Butte Subbasins and portions are adjacent to the Colusa Subbasin. The primary purpose of the TWD is to work cooperatively with Groundwater Sustainability Agencies and other agencies in the development of Groundwater Sustainability Plans. Comments are requested to be submitted by July 10, 2020; however, comments will be accepted after this date. Members discussed their support of the district formation. There was also discussion on whether the comment form or support letter would be the most appropriate format to send to the Butte LAFCO. Charles Schonauer made a motion to submit a letter of support for the TWD. John Amaro, Gary Hansen, and Gary Enos agreed. Valerie Kincaid suggested being very precise in the letter regarding the GGA's support focusing on groundwater management and representation, but not GSA jurisdiction. John Amaro suggested having Ms. Hunter and Ms. Kincaid submit a support letter on their behalf. The motion was seconded by Gary Enos. It was clarified the motion is to submit a letter of support authored by counsel and staff.

Jim Brobeck, who is on the Vina Subbasin Advisory Committee, stated he has concern about the TWD application and the idea of importing water and distribution of surface water to groundwater users rather than groundwater conservation efforts by demand reduction. There is also concern about water banking efforts. Careful land use planning efforts could be a viable strategy for sustainable groundwater management and he cautions against experimental groundwater recharge projects and the privatization of the Tuscan aquifer.

Motion: Charles Schonauer, Second: Gary Enos, Vote: Unanimous

Roll Call Vote

John Viegas: AYE
Bruce Roundy: AYE
Gary Hansen: AYE
John Amaro: AYE
Charles Schonauer: AYE
Mark Lohse: AYE
Gary Enos: AYE
Leslie Nerli: AYE

8. COLUSA SUBBASIN GROUNDWATER SUSTAINABILITY PLAN

- a. Receive update on Plan development and activities
- b. Receive update on GSP Development Grants (Proposition 1 and Proposition 68)
- c. Receive update on Project Agreements

Lisa Hunter noted that bi-weekly meetings continue with the consulting team and CGA staff. The HCM and Water Budget project and Groundwater Sustainability Plan (GSP) development project meetings have been merged and are being addressed together at one bi-weekly meeting. Discussions have focused on milestones and meetings, especially as they relate to outreach efforts. An example of current work includes TAC meeting preparation, projected water budget refinements (evapotranspiration and applied water calculations), minimum thresholds and measurable objects, projects and management actions, groundwater dependent ecosystem analysis approach, monitoring well network and model refinements.

Ms. Hunter noted project update highlights are included in the Program Manager Report. The Colusa Groundwater Authority (CGA) manages the Prop1/Prop 68 grants, and an invoice will be due shortly to Department of Water Resources (DWR) for the months of April-June 2020. GGA will invoice the CGA for consultant project work in the amount of about \$112,401. The agreement with DWR is nearly two million dollars and about \$154,000 has been billed through March 2020. Ms. Hunter reviewed the HCM and Water Budget project and the Colusa Subbasin GSP Development agreements with Davids Engineering. She is working with the Davids Engineering and CGA staff to update the Colusa Subbasin GSP Development agreement to include the three additional tasks and notice to proceed for the optional task.

9. COMMITTEE UPDATES

a. Executive Committee

i. CGA/GGA Joint Executive Committee

The GGA Executive Committee met in May and recommendations from that meeting have been discussed previously. The next meeting is scheduled for July 22, 2020.

b. Stakeholder Engagement Committee

The Stakeholder Engagement Committee has not met and has nothing to report.

c. Technical Advisory Committee

The Technical Advisory Committee (TAC) last met June 22, 2020. A brief summary of work is included in the meeting packet. The Board requested that the TAC appoint a representative or a spokesperson to report to the Board and be available to answer questions. This is important, especially given the authority provided to the committee to guide consultant work on technical components of the planning process. It was further discussed the summaries provided in the meeting packet is sufficient and Board members are encouraged to ask questions. Lisa Hunter will communicate with the TAC to develop a process to have a TAC member present at board meetings and provide a report. It was also noted that it would be helpful to have updates from the technical consulting team. It was mentioned that updates can be found in the invoice packets. Ms. Hunter indicated she will work on a more streamlined summary of work.

d. Budget Ad Hoc Committee

The Budget Ad Hoc Committee has not met.

10. MEMBER REPORTS AND COMMENTS

Charles Schonauer stated the 2015 SGMA baseline is concerning at times because of the recent below average precipitation. He stated he has already heard members of the public expressing water supply concerns with wells in the northern area of the County. If there are multiple dry years, it was suggested to draft responses to anticipated questions regarding groundwater management for Board members to reference when interacting with the public. Valerie Kincaid noted that when Sustainable Management Criteria are developed, those should come to the Board for guidance and approval, which should help answer some of the questions discussed.

11. NEXT MEETING

The next GGA Board meeting is August 10, 2020.

12. ADJOURN

The meeting was adjourned at 2:26 PM.

4. PERIOD OF PUBLIC COMMENT

Members of the public are encouraged to address the GGA Board of Directors on items relevant to the GGA. Public comments are limited to no more than 5 minutes. No action may be taken on public comments.

5. STAFF UPDATES

The program manager will provide brief status updates. Reminders and/or clarifications may also be made at this time.

6. FINANCIAL REPORT

- a. *Review and accept Monthly Activities Report.
- b. *Review and consider approval of claims.
- c. *Review and approve budget transfer in the amount of \$48,395.72 from Unanticipated Revenues or Contingency to cover costs associated with Professional Services.

The Monthly Activities Report and Claims Summary are attached.

The budget transfer is necessary to cover the portions of the May invoice and the June invoice received from Davids Engineering, Inc. for Professional Services associated with the Hydrogeologic Conceptual Model and Water Budget Project. The invoice expenses exceed the budgeted amount because only “out-of-pocket” costs were included in the Fiscal Year 2019/2020 budget. The revenues for reimbursement through the grant process were not accounted for in the budget.

If the budget transfer comes from unanticipated revenues, it will recognize the revenue the GGA has received from the Colusa Groundwater Authority and transfer funds to the professional services category in order to pay the outstanding invoices. If the budget transfer comes from contingency funds, the funds will be moved from contingency to the professional services to pay the invoices. A 2/3 vote of the Directors present is required.

Attachments

- Monthly Activities Report
- Claims Summary
- Draft Budget To Actuals Report

Monthly Activities Report

Glenn Groundwater Authority

Monthly Activities Report

June 2020 DRAFT

	Description	Amount
Beginning Balance		\$ 748,908.51
Revenue		
	COLUSA GROUNDWATER AUTHORITY INV 20-GGA-16	\$ 43,936.42
Total Revenue		\$ 43,936.42
Expenses		
	Davids Engineering Inv Inv1178.01-3960	\$ 43,711.25
	Davids Engineering Inv Inv1178.01-4001	\$ 59,220.50
	O'Laughlin & Paris LLP Inv # 1048	\$ 1,050.00
	O'Laughlin & Paris LLP Inv # 1086	\$ 3,115.00
	WATER RESOURCE HRS REIMBURS INV 20-WR-05	\$ 24,858.88
	Davids Engineering Inc Inv1178.03-4050	\$ 3,529.00
	A-87 COST	\$ 199.88
Total Expenses		\$ 135,684.51
Ending Balance		\$ 657,160.42

Claims Summary

Glenn Groundwater Authority
Invoices to be paid
Meeting Date: August 10, 2020

Invoice Date	Invoice Number	Description	Amount
6/30/2020	1178.01-4063	Davids Engineering, Inc. (HCM/Water Budget)	\$ 41,071.75
8/1/2020	1121	O'Laughlin & Paris LLP	\$ 1,610.00
Total			\$ 42,681.75

Glenn Groundwater Authority Budget

FY 2019/2020 FINAL APPROVED 7/8/19

	Current Approved	Actual through June 2020 (DRAFT)	Remaining Budget	% Budget Remaining
REVENUES				
Grant Revenue				
Other	- \$	- \$	-	
Total Grants	- \$	- \$	-	
Other Government Agencies				
Colusa Groundwater Authority	- \$	130,513.69	\$(130,513.69)	
Other	- \$	10,000.00	\$(10,000.00)	
Total Other Government Agencies	- \$	140,513.69	\$(140,513.69)	
Assessments				
Property Related Fee Per Acre (\$1.61/ac)	458,552	\$ 450,844.42	\$ 7,707.58	2% includes corrections payment
Well Head Fee	- \$	- \$	-	
Extraction Fee	- \$	- \$	-	
Other	- \$	- \$	-	
Total Assessments	458,552	\$ 450,844.42	\$ 7,707.58	2%
Other				
Interest	- \$	8,811.45	\$(8,811.45)	
Total Other	- \$	8,811.45	\$(8,811.45)	
TOTAL REVENUES	458,552	\$ 600,169.56		0%
EXPENSES				
Administration- Contracted County Services	120,000	\$ 95,446.79	\$ 24,553.21	20%
Program Administration Support	- \$	- \$	-	
Legal Services	80,000	\$ 48,400.00	\$ 31,600.00	40%
Certified Public Accountant (Yearly Audits)	9,750	\$ 9,750.00	-	0%
JPA Insurance	1,800	\$ 1,800.00	-	0%
County Bookkeeper	5,000	\$ 2,399.00	\$ 2,601.00	52%
GSP Development/Implementation	72,002	\$ 239,738.15	\$(167,736.15)	-233%
Long Term Funding Options	15,000	\$ 7,319.75	\$ 7,680.25	51%
Professional Services	35,000	\$ 18,149.00	\$ 16,851.00	48%
Board Expenses	2,000	\$ -	\$ 2,000.00	100%
Special Department Expenses	25,000	\$ 88.82	\$ 24,911.18	100%
Legal Notices	1,000	\$ -	\$ 1,000.00	100%
County Tax Roll Fee	50,000	\$ 3,183.43	\$ 46,816.57	94%
Contingency/Reserve	42,000	\$ -	\$ 42,000.00	100%
TOTAL EXPENSES	458,552	\$ 426,274.94	\$ 32,277.06	7%

3/4/20 Note: A-87 Cost allocated to County
Bookkeeper line item
Deferred Inflow accounted for in June 2019 collected
in FY 19/20

\$ 26,595.25

7. COLUSA SUBBASIN GROUNDWATER SUSTAINABILITY PLAN

- a. Receive update on Plan development and activities
- b. Receive update on GSP Development Grants (Proposition 1 and Proposition 68)
- c. Receive update on Project Agreements

Staff will provide an update on Groundwater Sustainability Plan development progress.

Attachments

- GSP Development Status Update Memo



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Memorandum

To: Colusa Groundwater Authority, Glenn Groundwater Authority
From: Davids Engineering
Date: 7/24/2020
Subject: **GSP Development Status Update**

This memorandum provides brief summary of activities related to the HCM and Water Budget Project and GSP Development Project for the Colusa Subbasin. In addition to recent activities, upcoming activities are discussed.

Integrated Hydrologic Model (IHM)

The consultant team is in the process of calibrating aquifer parameters used to simulate the movement of water in the groundwater system and to simulate groundwater levels. Calibration of the model for the subbasin is nearly complete, with additional refinements being made in the southern portion of the subbasin to improve agreement of simulated and observed historical groundwater levels. It is anticipated that initial calibration of the historical model will be completed in August, with potential future refinements to support the evaluation of Sustainable Management Criteria and Projects and Management Actions.

Water Budgets

The consultant team is in the process of developing draft current conditions and projected water budgets as required by the GSP Regulations. These water budgets require development of scenarios using the IHM that consider 50 years of hydrology, recent land use, future urban development and demands, and climate change. It is anticipated that draft results will be available in August.

Groundwater Conditions

Initial analysis has been completed to refine the identification of Groundwater Dependent Ecosystems (GDEs). The analysis considers recent historical depth to groundwater and proximity to surface water sources including rice and other irrigated crops, managed wetlands, and surface water bodies (perennial streams, canals, and drains). It is anticipated that the results of this analysis will be presented for discussion with the Joint TAC at its August meeting.

Well Monitoring Pilot Program

Details regarding the voluntary well monitoring pilot program are being developed, including measurement options, data collection methods, selection process and criteria, data disclosure requirements, and environmental permitting. It is anticipated that proposed details of the program will be reviewed with the Joint TAC in August.

Projects and Management Actions

A template has been developed to allow interested stakeholders to submit ideas regarding potential Projects and Management actions that could address potential sustainability challenges in the subbasin in the future. Options for distributing the template are being evaluated, including the use of web-based forms. Criteria for initial screening of submittals for further evaluation are under development.

Public Outreach

An administrative record is being developed to provide a centralized location to store public comments, meeting materials, and other outreach materials for inclusion in the GSP. The consultant team is working with GSA staff and anticipates a system will be in place in August.

A Joint TAC meeting was held June 22. The next Joint TAC meeting is being scheduled for mid-late August.

8. * CONSIDER REQUEST FROM CALWATER TO OPPOSE THE CALIFORNIA PUBLIC UTILITIES COMMISSION JULY 6 PROPOSED DECISION ON WATER CONSERVATION AND AFFORDABILITY - RULEMAKING 17-06-024

California Water Service (CalWater) sent a request for the GGA to consider opposing a proposal by the California Public Utilities Commission (CPUC) by signing on to a joint letter to the CPUC. CalWater provided a fact sheet and a copy of the letter that was sent to the CPUC on July 27, 2020.

A coalition has been formed and it is actively seeking opposition to the proposed decision. More information about the coalition can be found at:

<https://stopwaterwasteandhigherbills.com/>

The complete proposed decision can be found at:

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M342/K153/342153142.PDF>

Attachments

- Email request from Shannon McGovern at CalWater
- Letter to CPUC
- Coalition Fact Sheet

Lisa Hunter

From: McGovern (Ding), Shannon <smcgovern@calwater.com>
Sent: Monday, July 20, 2020 3:27 PM
To: Lisa Hunter
Cc: Markey, Evan
Subject: Join our letter to help stop a proposal that would undermine water conservation and increase rates.
Attachments: FINAL Cal Water PD Fact Sheet 7.17.20.pdf; FINAL Coalition Letter to CPUC 7.17.20 _docx

Dear Lisa,

My name is Shannon McGovern, and I am a colleague of Evan Markey' at Cal Water. I hope this finds you and your family safe and well.

We need your help! A proposal was introduced by the California Public Utilities Commission (CPUC) on July 6th that would undermine our state's water conservation progress and increase water rates for millions – including those least able to pay. **Comments are due by July 27th and the flawed plan could be voted on as early as August 6th so we are hoping you will sign on to the attached letter** urging the CPUC to thoroughly examine the potential ramifications of this proposal before taking formal action.

As you can see in the attached fact sheet, the proposal would require four of the largest water providers in the state to replace a rate structure that currently incentivizes efficient operations and reducing overall water usage with one that incentivizes them to sell more water. This change is being proposed even though data demonstrates the current conservation rate structure has successfully reduced water usage.

While the proposal is motivated by a well-meaning desire to protect low-income customers from higher water bills, it would have the opposite effect and lead to rate increases on everyone except those who use the most water.

In short, the proposal would thwart water conservation and increase water bills for Californians at the worst possible time.

If you are willing to lend the Glenn County Groundwater Authority name to the letter, **please reply with your logo and name and title to list on the letter by Friday, July 24th.**

Thank-you,

Shannon

This e-mail and any of its attachments may contain California Water Service Group proprietary information and is confidential. This e-mail is intended solely for the use of the individual or entity to which it is addressed. If you are not the intended recipient of this e-mail, please notify the sender immediately by replying to this e-mail and then deleting it from your system.

Shannon (Ding) McGovern

Reg. Com. Affairs Specialist

CALIFORNIA WATER SERVICE

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To: lhunter@countyofglenn.net

Message Score: 1

High (60): Pass

From: smcgovern@calwater.com

My Spam Blocking Level: Custom

Medium (75): **Pass**

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Water Company
A Subsidiary of American States Water Company



California Small Business Association



July 27, 2020



The Honorable Commissioners
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Delivered via email



RE: Potential Consequences of July 6th Proposed Decision on Water Conservation and Affordability - Rulemaking 17-06-024

Dear President Batjer and Commissioners:



KerTax
Facts Through Research

We appreciate your ongoing commitment to sustainability and climate change mitigation adaption efforts. Incentivizing water conservation and keeping customer rates as affordable as possible is critical given the significant infrastructure investments needed in coming years to ensure continued access to reliable, safe drinking water.



We are concerned that a July 6th Proposed Decision (PD) would achieve the exact opposite of its intent by undermining our state's water conservation progress and increasing water rates for millions – including those least able to pay. Given the significant stakes, we hope you consider delaying near term action on this PD to allow sufficient time to thoroughly examine this complex issue in a separate proceeding.



While the PD is motivated by a well-meaning desire to protect low-income customers from higher water bills, it would have the opposite effect and **lead to rate increases on everyone except those who use the most water.** Because the PD would result in the flattening of rate tiers where rates become more uniform, one of the state's largest water suppliers estimates that the PD would:

- Increase monthly bills by an average of 7.7% for everyone except the top 25% of water users.
- Increase monthly bills by 10 - 20% for the bottom quarter of water users who are enrolled in the Low-Income Ratepayer Assistance program--the households that are the most vulnerable to substantial rate increases.



The PD would also require four of the largest water providers in the state to replace a rate structure that currently incentivizes efficient operations and reducing overall water usage with one that incentivizes them to sell more water. The conservation rate structure has been working. From 2008-2018 it helped these water providers and their customers reduce water use by 13% more than those without the conservation rate structure.



VISALIA CHAMBER
OF COMMERCE



Chamber of Commerce of Directors
and Visitors Bureau
Meeting Date: August 10, 2020

The comparison is even more stark when analyzing data from 2008-2014, the period leading up to California's historic drought. During that time, providers with the conservation rate structure achieved 29% more water savings than providers that did not have the conservation rate structure. **This difference in conservation amounts to about 7.9 billion gallons of water, enough to meet the needs of approximately 90,000 homes in California for an entire year.** Controlling for the drought period (2015-2017) is critical because, during that time, all the providers were under state-imposed water-use restrictions and the CPUC temporarily allowed the suppliers to use conservation rate structures similar to those the PD seeks to eliminate.

This PD would undermine water conservation efforts at a time when California continues to grapple with more severe and prolonged droughts associated with climate change. As you are aware, cost-effective water conservation is the least expensive source of water since less water used results in lower costs. As a result, the PD would result in additional rate increases to offset higher operations and maintenance costs that coincide with greater water use.

The potential consequences on water conservation and affordability are too significant to be rushed. We urge you to not vote on this proposal until you have had the opportunity to review a more comprehensive conservation and rate impact analysis between water providers who base revenues on sales versus those who base them on efficiency and conservation.

Sincerely,

Mary Ann Dickinson, President & CEO
Alliance for Water Efficiency

Robert Powelson, President & Chief
Executive Officer
National Association of Water Companies

Marty Kropelnicki, President & Chief
Executive Officer
California Water Service

Keith Switzer, Vice President of Regulatory
Affairs
Golden State Water Company

Tim Guster, Vice President & Chief Executive
Officer
Great Oaks Water Company

Mike Mielke, Senior Vice President
Silicon Valley Leadership Group

Jim Wunderman, President & CEO
Bay Area Council

Michael Wellborn, Vice President & General
Counsel
California Watershed Network

Jenny Hatch, Executive Director
Sierra Nevada Alliance

Angela Casler, CEO/President
**On Behalf of the 3,900 Members & Board of
Directors of Sustainability Management
Association**

Alice Huffman, President
California State Conference of the NAACP

Julian Canete, President & CEO
California Hispanic Chamber of Commerce

Pat Fong Kushida, President & CEO
California Asian Pacific Chamber of Commerce

Betty Jo Toccoli, President
California Small Business Association

Luis Zamudio, President
**International Federation of Professional &
Technical Engineers Local 26**

Mayor Ricky Samayoa
City of Marysville

Dee Slade, Executive Director
African American Network of Kern County

Michael Turnipseed, Executive Director
Kern County Taxpayers Association

Nick Ortiz, President & CEO
Bakersfield Chamber of Commerce

Blain Bibb, Chair & Cathy Ghan, Vice Chair
**Government Relations Council
Greater Stockton Chamber of Commerce**

Supervisor Kuyler Crocker
Tulare County Board of Supervisors, District 1

Clint Olivier, Executive Director
Central Valley Business Federation

Richard Wilson, President
**California Water Utility Council
Representing Utility Workers Union of
American, AFL-CIO Locals 160, 160C, 160D,
205, 283, & 484**

Lisa Vela, Chief Executive Officer
**San Joaquin County Hispanic Chamber of
Commerce**

Gail Zurek, President & CEO
Visalia Chamber of Commerce

Maureen Hunt, President & CEO
**Hermosa Beach Chamber of Commerce &
Visitors Bureau**

Supervisor Amy Shuklian
Tulare County Board of Supervisors, District 3



CA Public Utilities Commission Proposal Would *Thwart* Water Conservation and *Increase* rates for Millions

Too Risky, Too Flawed to Rush this Critical Decision in a Few Weeks

A well-intentioned but unsound proposal by the California Public Utilities Commission (CPUC) would implement complicated and deeply flawed changes to the way water rates are calculated for millions of residents served by four water providers in the state. This rushed proposal – which was introduced on July 6th and could be voted on as early as August 6th -- would backtrack on our state's water conservation progress and increase water rates for millions.

California is a proud leader in conservation, sustainability, and climate change mitigation and adaption efforts and this proposal flies in the face of those important objectives and the CPUC's own Water Action Plan. Given the high stakes, yet rushed nature of this proposal, a broad coalition of environmental and low-income organizations, consumers groups, and water conservation experts is urging the CPUC to more thoroughly examine this complex issue in a separate proceeding that allows time to work out the significant deficiencies in this proposal. Here's why:

Proposal would incentivize water providers to generate revenue by selling more water, rather than reward water conservation efforts - jeopardizing already scarce water supplies and hurting our environment.

- Since 2008, four of California's largest water providers -- California Water Service, California American Water, Golden State Water Company, and Liberty Utilities (serving about 4 million Californians) – have been financially incentivized by the CPUC's conservation rate structure to operate their system as safe and efficiently as possible while *reducing* overall water usage.
- The conservation rate structure is helping to achieve significant water savings:
 - From 2008-2018, these water providers and their customers reduced water use by 13% more than those without the conservation rate structure.
 - To make a truly accurate comparison, it is important to look at the years before California's historic drought (2008-2014) because, during the drought, all the providers were under state-imposed water-use restrictions and temporarily allowed to use conservation rate structures to help them meet the requirements. Before and after the drought, only the four larger water providers had conservation rate structures that incentivize reduced water usage.
 - In the period before the drought, water providers with the conservation rate structure achieved **29% more water savings** than providers that did not have the conservation rate

structure. **This difference in conservation amounts to about 7.9 billion gallons of water, enough to meet the needs of approximately 90,000 homes in California for an entire year.**

- The perverse incentive created by the proposal would undermine water conservation efforts at a time when California continues to grapple with more severe and prolonged droughts associated with climate change.

Proposal will result in higher water bills for millions of residents, including those least able to pay.

- While the CPUC is motivated by a well-meaning desire to protect low-income customers from higher water bills, this new proposal would have the opposite effect and lead to rate increases on everyone *except the people who use the most water*. Because the proposal would result in the flattening of rate tiers where rates become more uniform, one provider estimates that shifting to the non-conservation rate structure could:
 - Increase monthly bills by an average of 7.7% for everyone except the top 25% of water users.
 - Increase monthly bills by 10 – 20% for the bottom quarter of water users who are enrolled in the Low-Income Ratepayer Assistance program--the households that are the most vulnerable to substantial rate increases.

Proposal is based on faulty analysis from a limited set of data.

- The data cited in the proposal compares the conservation results of mostly smaller water providers that continue to base their revenue on water sales to the conservation progress of those who don't, and concludes that the same results can be achieved with either rate structure. **However, this analysis is completely inaccurate:**
 - The analysis mistakenly assumes water use reductions achieved during the last drought can be replicated in non-emergencies. It overlooks the years leading up to the drought when the water providers with conservation rate structures achieved substantially more conservation than those without conservation rate structures.
 - Why did all the suppliers have similar results during the drought? In part, because, during the drought, the state imposed mandatory conservation requirements and the CPUC temporarily allowed all of them to use conservation rate structures similar those the proposal seeks to eliminate.
 - The one supplier that did not implement a conservation rate structure was the only one that failed to comply with California's conservation mandate.

The Potential Consequences of This Proposal Are Too Significant to Be Rushed.

- CPUC commissioners should not vote on this proposal before hearing from affected stakeholders and having the opportunity to review a more comprehensive conservation and rate impact analysis between water providers who base revenues on sales versus those who base them on efficiency and conservation. We respectfully request that the issue of the conservation rate structure be placed into its own separate CPUC proceed so a complete, accurate, and thoughtful analysis of the matter may be conducted.

Too Risky, Too Flawed to Rush

9. *CONSIDER DISSOLVING BUDGET AD HOC COMMITTEE

The budget ad hoc committee has prepared and made recommendations relating to the Fiscal Year 2020/2021 budget. The budget was approved at the June 15, 2020 board meeting. The purpose of the committee is complete.

10. COMMITTEE UPDATES

- a. Executive Committee
 - i. CGA/GGA Joint Executive Committee

The GGA Executive Committee last met May 27, 2020. Recommendations from that meeting were considered on June 15, 2020. The July 22, 2020 meeting was cancelled. The next meeting is scheduled for September 23, 2020.

- b. Stakeholder Engagement Committee

The Stakeholder Engagement Committee has not met and has nothing new to report.

- c. Technical Advisory Committee

The Technical Advisory Committee met jointly with the Colusa Groundwater Authority (CGA) Technical Advisory Committee on June 22, 2020. Topics focused on Groundwater Sustainability Plan development including formalizing the approach to monitoring network development, the approach and assumptions for water budget future scenarios, and the approach to establish minimum thresholds and measurable objectives. Additional discussion took place on the projected water budget scenarios, a well monitoring pilot program, a funding mechanism evaluation, initial brainstorming on projects and management actions, and approach to evaluation of groundwater dependent ecosystems. The CGA/GGA Joint Technical Advisory Committee was scheduled to meet again on July 24, 2020, but the meeting was rescheduled to August 14, 2020.

- d. Budget Ad Hoc Committee

The Budget Ad Hoc Committee has not met and has nothing new to report.

11. MEMBER REPORTS AND COMMENTS

Members of the GGA Board are encouraged to share information, reports, comments, and suggest future agenda items. Action cannot be taken on items brought up under this item.

12. NEXT MEETING

The next regular meeting is scheduled for **Tuesday**, September 15, 2020 at 1:30 PM.

13. ADJOURN

The meeting will be adjourned.

*Indicates Action Item