

AB 1234 Report  
Director: Dirk Marks  
Event: ACWA Spring Conference  
Date: May 7-9, 2024  
Location: Sacramento CA

I attended the ACWA Spring Conference held in Sacramento CA on May 7-9, 2024.  
Sessions I attended along with highlights included:

#### AGRICULTURAL COMMITTEE

Chris Anderson provided a legislative update on the following bills that deal with water rights:

- AB460 would extend the State Water Resources Control Board (SWRCB) interim relief authority to all water year types thus extending its ability to issue fines.
- AB1337 would give the SWRCB authority to issue curtailment orders in non-drought years. Negotiations with sponsor and stakeholders continue.
- Climate Resiliency Bond proposal redrafting continues. This bond would fund both the environmental and water infrastructure projects. Considering the State's current fiscal condition, staff expects the bond between \$6-8.5 billion. A request was made for Agencies to show their support by signing up through [ACWA.com/bond](http://ACWA.com/bond).

Dr. Joel Kimmulshue from Land IQ provided an overview of their efforts to quantify agricultural production through remote sensing. Their program estimates California's agricultural activities by crop type, the associated evaporation/transpiration (ET<sub>o</sub>), and water balance. Over 460,000 individual fields comprising 9.6 million acres are covered. Their system estimates monthly ET<sub>o</sub>, while measuring actual precipitation through a network of weather stations. The system achieved an accuracy of 97.6%.

Jeff Sutton, new Glen-Colusa Irrigation District (GCID) General Manager, was interviewed. He reviewed challenges facing Northern California Agriculture using 2022 as an example. While in 2019 GCID farmers planted over 200,000 acres of rice, in 2022 only 2,000 acres were planted. He emphasized the need for better water resource management, mentioning hopeful progress being made on Sites Reservoir and the Healthy Rivers and Landscapes Initiative (formally referred to as the Voluntary Agreements).

Mary Kimble, Land Based Learning inc., described their firm's efforts to educate the urban public on the complexity/science involved in 21st century farming. Their programs focus on the critical thinking needed to be a successful farmer. Their goal is to

develop urban ambassadors that can advocate for farming. In her view messaging urban interest about where their food comes from first is not as effective as it puts urban residents in a consumer mind frame. They also have a program that identifies and educates potential farmers. She noted that only 1.8% of the American population are farmers and their average age is about 65.

## GROUNDWATER SUBCOMMITTEE

Paul Gosselin, DWR Deputy and his staff made several presentations on the status of the Sustainable Groundwater Management Act (SGMA) activities. In summary, there are 71-approved plans, 13-incomplete plans, and 6-inadequate plans. DWR staff indicated that the review of the Basin Annual Reports should be completed soon and available in the near term. Reports are being reviewed for completeness, along with status of sustainability efforts (i.e. overdraft, implementation of projects etc.). DWR staff will take into consideration any public comment received on the reports.

DWR continues to work on providing additional resources for the next round of updated Groundwater Sustainability Plans. Those efforts focus on interconnected surface water. Along with the initial background paper, DWR will be releasing two more reports for review by groundwater sustainability agencies and stakeholders. One focuses on methods to address this issue (mostly through numeric modeling), and a second provides hypothetical examples for estimating impacts. DWR anticipates release in the summer.

Additionally, DWR staff discussed available technical assistant tools including InSAR for subsidence and SEM (airborne electromagnetic surveys) for current basin storage/groundwater levels. Recently released data for 2023 indicate that groundwater pumping was half of that seen in the previous year and Groundwater Storage increased by 8.7 MAF (4.1 MAF attributed to managed recharge efforts).

Representatives from Westlands Water District reviewed their 2023 recharge efforts. It included direct spreading on their westside as well as direct injection ASR (Aqueduct Storage and Recovery) facilities located primarily on their east side.

In addition to the above legislative report, ACWA reviewed AB 2079. This legislation provides for noticing of proposed new well construction and prohibits such permitting under certain conditions. While there are exemptions (such as for replacement wells), one problematic feature would prohibit well permitting if subsidence exceeds a tenth of a foot in the last four years or 6-inches since 2015, even if that subsidence is elastic (i.e.

nonpermanent). Another provision prohibits construction of new wells within a quarter of a mile of existing domestic wells irrespective of impact or mitigation.

## WATER MANAGEMENT COMMITTEE

Adam Nickels -USBR Deputy Regional Director, reviewed weather whiplash. While he noted 2024 reservoirs are looking good, in 2021 Reclamation was within 21 days from not being able to provide water to its domestic water contractors and in 2022 water right contractors on the Sacramento were reduced to 18% of their contracted amounts. He was encouraged by progress currently be made on four storage projects (including Sites Reservoir and a San Luis Reservoir dam raise). He also noted progress on Friant-Kern canal remediation and the prospect of Delta Mendota canal funding.

Andrew Altevogt from the SWRCB provided an update on the SAFER Program (i.e. human right to water). He noted that 120 small systems have been consolidated into larger systems and another 216 in process. To date \$620 million has been provided under this program. SWRCB staff estimates the cost of all currently identified deficient systems is \$5.7 billion for public water systems and another \$4.8 billion for small and domestic wells. Updated numbers will be released the week of May 13<sup>th</sup> as well as a gap analysis coming in the next few weeks.

## WATER QUALITY COMMITTEE

Staff from the CA Water Data Consortium briefly discussed the results of a survey regarding State mandated reporting. Survey only had 16 responding agencies. The single most time-consuming report to prepare is the UWMP with an estimate of 200 hours per year (over a 5-year period). Additionally, respondents indicated a great level of frustration with the level of effort needed to respond to multiple data formats required by various mandated reports. They were requesting help for ACWA or others to streamline the processes and possibly have a single system to enter data.

Darren Polhemus, with the SWRCB Division of Drinking Water provided updates on recent Maximum Contaminate Levels (MCLs), the Lead and Copper Rule, and detection limits. Highlights included the Chrome 6 and PFAS MCLs, new Lead and Copper testing for school and childcare facilities and detection limits for metals. He also addressed questions related to PFAS and speculated that the Federal compliance schedule would probably be adopted by the State.

Sue Mossberg CA/NV AWWA discussed updates to the 35-year-old cross connection regulations including a newly published handbook that becomes effective in 2024. New

regulations require certification of supervisors of cross connection staff. CA/NV AWWA is currently the only entity that provides such supervisor training.

New ACWA East director Ian Lyle provided a brief update on PFAS regulations. He noted that EPA didn't adequately assess the actual cost to comply. However, EPA has indicated that \$1 B in drinking water revolving funds should be available. Also, the proposed Farm Bill may contain some PFAS remediation funds. He also noted that PFAS will be regulated under CERCLA. While we see the correcting of the record to show that the cost for cleanup costs should be paid by the manufacturers and polluters, a specific exemption for water agencies that entered into settlement agreements does not at this time exist.

#### FEDERAL AFFAIRS COMMITTEE

USBR Report- A Lower Colorado River status report was provided. While Lake Powell and Lake Mead Reservoir Levels are up in 2024, overall storage remains low, at 36% of capacity. Recent funding has financed water conservation that has enabled the current Interim Operating Criteria. The USBR anticipates finalizing its selection of alternatives to be analyzed in a Long-term Operating Criteria EIR this May. The Final EIR is anticipated in 2026.

The Regional Director indicated that the USBR will complete an update of the Central Valley Project Operating Plan by the end of 2024. He also commented that California has been very competitive in acquiring available federal funding having secured over a third of available federal funds. Responding to a question, he indicated that the USBR will continue to be engaged in the Healthy Rivers and Landscapes process.

The committee acknowledged the contribution of Jack Stein USBR Southern Area Manager for his 42-years of service. Jack's office has awarded a total of 114 grants that total over \$500 M.

Executive Director, Dave Egerton reported that the ACWA board withdrew from the National Water Resources Association (NWRA) citing concerns with transparency and other issues.

ACWA Deputy Director Cindy Tuck updated the group on the current climate change bond as detailed above. She noted that a climate change bond is having to compete with proposed bonds for housing and education.

Washington Update - We have Federal Funding through Sept. Now there is time to look at Farm Bill and WRDA. The Farm Bill may see a continuance to next FY while the Water Resources Development Act (WRDA) is expected to pass.

#### UNDERSTANDING THE BAY-DELTA PLAN IMPACTS ON REGION 4

Sean Maguire, SWRCB Board Member, provided background on the process to update the Delta Water Quality Control Plan, noting the need to balance competing beneficial uses. He acknowledged the gap between SWRCB staff proposal and the Healthy Rivers and Landscape (HRL) proposal for Phase 2 (Sacramento River.) He summarized the status of the Phase 1 decision on the San Joaquin, noting it has not yet been implemented. (That is to say that water rights adjustments and regulations have not been implemented.)

In a subsequent discussion, he commented on a recent SWRCB workshop indicating it was very informative. Along with the NGOs and Tribes sharing their perspectives, there also seemed to be a willingness of HRL supporters to engage tribal and NGO stakeholders on various issues including those relating to governance. At another point, he seemed to question if 8 years would be adequate to come to a conclusion on the effectiveness of HRL proposal. He appeared to acknowledge the dilemma of how to balance spring outflow requirements with cool water requirements in dry years.

Michael Cooke, Turlock Irrigation District Director of Water Resources, reviewed their proposal for Tuolumne River operations based on the extensive work they have done in preparing a Federal Energy Regulatory Commission (FERC) relicensing for New Don Pedro Reservoir. He contrasted the outcomes between their and SWRCB staff proposals.

Alexander Rabidoux, Solano County Water Agency contrasted the SWRCB proposal with their Agency's experience on restoring Putah Creek where after 15 years of restoration and cooperation among stakeholders, salmon eventually did return to the stream. (I thought it notable that it took that long after modification occurred for the fish to return). He further discussed how the SWRCB proposal Solano Phase 2 process would effectively require 75% of the rivers flow.

## KEYNOTE ADDRESS

Attendees were surprised by the appearance of Governor Newsom as the keynote speaker. The support he expressed for advancing Sites Reservoir, Delta Conveyance and the HRL initiative was well received by the attendees.

## THE LOOMING CRISIS IN RATE SETTING

Members of the panel provided background on Prop 218 and Prop 26 and associated litigation related to public agency rate setting. Speakers emphasized the value of thoroughly documenting any rate setting process. Additionally, there can be benefits to filing validation cases. The panel discussed the benefits of proposed legislation (AB2257) to level the playing field by requiring a plaintiff to object to a rate during the public hearing process undertaken by an agency.

## HARMONY IN HYDROLOGY: THE NEED FOR WATER MANAGERS TO EMBRACE NATURE-BASED SOLUTIONS

The panel described several nature-based projects which promote a more resilient water future. Of particular interest were projects that incorporated the use of fallowed agricultural ground for groundwater recharge spreading, and forest management in the upper watershed. The thinning of forest to a more natural state avoids debris flows that can impair downstream reservoir operations. A \$25 million pilot program is underway on the North Yuba River watershed.

## THE WATER INFRASTRUCTURE FINANCING LANDSCAPE

Panel members reviewed recent financial trends facing water utilities. Corey McCullough, Montague Rose and Associates, noted that given current post COVID interest rates there is an increase in demand for variable rate financing. in part because of the COVID. There is also an increase in transactions referred to as tender offers that deal with the refinancing of taxable bonds. Build American Bonds (BAB) projects have seen a decrease in paid interest subsidy from 35% to 33% over the past few years. On another topic she noted that the emerging “Green Bonds” market is still sorting out a good working definition of what “Green” means.

Uyen Trish-Le from SWRCB reviewed the status of the Drinking Water State Revolving Fund loan program. In summary the long-term funding availability is estimated at \$300

million with the rate set at half the previous year's general obligation fund rate. Currently, a max annual funding cap of \$50 million per project and \$100 million cumulative per agency exists. There is \$61 million for FY 24-25 for PFAS and a proposed \$5 to \$10 million principal forgiveness.

Robert Grantham from Rancho Water suggested there would be merit in creating a financing pool for small agencies. He noted that there is little investor interest in small issuance of less than \$ 5-10 million that smaller agencies would typically want to issue. A pooled financing authority could accumulate such projects and market bonds. He believed that Investors would be interested in lending to a group that cumulatively have relatively secure revenues to pay off the debt.