NATURAL RESOURCES DEFENSE COUNCIL

June 9, 2009

Governor Arnold Schwarzenegger
State Capitol
Sacramento, CA 95814

President pro Tempore Darell Steinberg
State Capitol
Sacramento, CA 95814

Speaker Karen Bass
State Capitol
Sacramento, CA 95814

Senator Dennis Hollingsworth
State Capitol
Sacramento, CA 95814

Assemblyman Sam Blakeslee
State Capitol
Sacramento, CA 95814

RE: A Comprehensive Agenda to Respond to California's Current Drought

Dear California Leaders:

On behalf of the Natural Resources Defense Council (NRDC), which has more than 1.2 million members and activists, over 250,000 of whom live in California, we are writing to recommend a comprehensive strategy for responding to the current drought and the likely impacts of future climate change, in order to sustain California's agricultural and urban communities along with our environment and fisheries. The *Delta Vision Strategic Plan* prepared over the past two years by the well respected Blue Ribbon Task Force you established, provides an excellent blueprint for a 21st Century water policy that can achieve these multiple goals. We write today to recommend a package of legislative and administrative actions to implement that plan, with a particular emphasis on ensuring adequate, reliable water supplies.

As a result of three consecutive dry years, water allocations for many water users are much lower than average this year. Although the federal Central Valley Project will likely deliver approximately 4 million acre feet of water to irrigated agriculture in the Sacramento and San Joaquin Valleys this year, some communities, particularly south of the Delta, have been deeply affected by low water allocations. The need to develop effective water solutions is further heightened by the growing awareness of the potential future impacts of climate change. For example, the Department of Water Resources (DWR) recently estimated that climate change could result in a reduction in water exports from the Delta of 7-10% by 2050, and 21-25% by 2100.

California's threatened and endangered fish are symptoms, not the cause, of our water woes. As the DWR Director Lester Snow recently acknowledged, the current low allocations for state and federal water contractors are almost entirely a result of the last three dry years, rather than regulatory restrictions to protect fish. The closure of the salmon fishery for the second consecutive year, which the Department of Fish and Game estimates will result in the loss of $279M and nearly 2,600 jobs, is another symptom of the stress placed on our river and ocean ecosystems and of the human and economic cost of deteriorating environmental conditions.

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We commend the Legislature and the Administration for focusing on long-term solutions to sustain people and the environment, rather than quick fixes with little long-term benefit. We also commend the Governor for calling for Californians to reduce their per capita water use by 20% by 2020, and the Legislature for considering legislation (AB 49, Feuer, Huffman) to achieve this goal.

Rapidly implementing water conservation measures is one of the quickest and most cost effective strategies for addressing water shortages. However, conservation alone will not meet all of our future needs. NRDC recommends four key water management tools that can provide a "virtual river" of new water supply. Together, these tools, including efficiency, water recycling, improved groundwater management and urban stormwater capture, have the potential to provide significantly more water than the CVP and SWP have ever diverted from the Bay-Delta estuary. No other water management tools come close to the potential volume offered by these strategies. This conclusion is supported by multiple independent studies including the *State Water Plan* and the *Delta Vision Strategic Plan*, along with water agency plans, evaluations by the business community, NRDC's analysis and other analyses. In addition to providing significant amounts of cost-effective water supply to urban and agricultural users, these tools can help protect the Bay-Delta, restore the salmon fishery and fishing jobs, improve water quality, save energy, and help make our water systems less vulnerable to the effects of climate change.

Working together, NRDC believes that Californians can rise to meet our water challenges and sustain healthy agricultural and urban economies and a healthy environment. We have an important opportunity this year to advance all of these water management tools, and to set the stage for a badly-needed comprehensive resolution to the challenging issues facing our State and the Bay-Delta Estuary.

Attached to this letter is a package of pending state legislation and near-term agency actions that would increase California's water supply reliability in a timely manner by investing in alternative water supplies and developing long-term solutions.

We look forward to continuing to work with the Administration and the Legislature to make dramatic progress this year to meet the water management and ecosystem challenges facing California.

Sincerely,

Barry Nelson

Ann Notthoff

Encl: A Comprehensive Drought Agenda for California

NATURAL RESOURCES DEFENSE COUNCIL

A Comprehensive Drought Agenda for California

Improving Water Conservation and Efficiency

- *Achieving a 20% Reduction in Per Capita Water Use:* California should enact legislation sponsored by NRDC, AB 49 (Feuer), which would implement the Governor's call for a 20% reduction in per capita water use by 2020. This bill would create a new paradigm for agricultural and urban water conservation, building on California's track record of leadership on energy efficiency. Improved water use efficiency through AB 49 would tap into the single largest source of new water for California.
- *Improving Water Use Efficiency Standards*. The California Energy Commission has begun administrative proceedings to improve the efficiency of landscape irrigation equipment and the Department of Water Resources has begun proceedings to adopt the model landscape ordinance. We encourage the State to prioritize these proceedings and adopt final standards that dramatically improve the efficiency of existing landscape irrigation, which generally accounts for more than 50% of urban residential water use.
- *Other Legislative Actions to Improve Water Use Efficiency*. In addition to AB 49, we encourage the State to enact the following legislation on water use efficiency:
    - SB 407 (Padilla): Requiring retrofitting residential and commercial buildings with water efficient fixtures prior to resale.
    - Voluntary water conservation measures to meet water demands from new development, similar to the requirements of AB 1408 (Krekorian).
    - AB 1061 (Lieu): Waiving restrictions in CC&Rs to allow homeowners to plant native, drought tolerant landscapes and to otherwise comply with landscaping and irrigation restrictions.
    - AB 234 (Huffman): Requires the California Energy Commission to identify opportunities to use federal stimulus funds to invest in energy conservation programs that also save water.

Funding for Alternative Water Supply and Ecosystem Restoration Projects:

- *Federal Funds:* The federal government is investing hundreds of millions of dollars from the American Reinvestment and Recovery Act (ARRA) in projects to improve California's water supply and water quality, with a particular emphasis on projects that will create "green jobs" and invest in efficiency and green infrastructure projects. In addition, the recently signed Omnibus Public Lands Bill authorizes the federal government to work with local agencies in California to develop 2 new groundwater banks and 7 water recycling projects, which could generate approximately 500,000 acre feet of water each year. In addition to creating jobs now, these projects funded by the

Bureau of Reclamation should create substantial new water supplies, ensure the reliability of existing supplies, and help restore and sustain the jobs and economic benefits of the State's salmon fishery. We encourage the Administration to work with local water agencies to submit grant applications to the Bureau of Reclamation for water recycling, water use efficiency, and drought relief projects, as the grant funding for these projects has not yet been disbursed. We also encourage the State Water Resources Control Board to provide substantial funding from ARRA for projects that improve water use efficiency and conservation and/or that create or expand water recycling.

- *State Funds:* According to the Legislative Analyst's Office, California has nearly $4 billion in unspent monies from the 2006 infrastructure bonds for water quality, water management, levee management, and ecosystem restoration projects in the Bay-Delta. NRDC supports the development and passage of legislation to appropriate existing water bond funds for water supply planning, development of alternative water supplies, levee maintenance, and other purposes, akin to last year's SB 1xx.
- *Sustainable Local Funding for Alternative Water Supplies*. The AB 32 scoping plan recommends the creation of a public goods charge, modeled after the successful public goods charge for energy efficiency, which would provide a dedicated funding stream for investments in efficiency and other alternative water supply tools. This would establish a minimum efficiency investment requirement for water agencies. These funds would be used for specified purposes and, because they would remain under the control of water utilities, would not be subject to the uncertainties of the state budget process. We recommend that the agencies working to develop a public goods charge pursuant to the AB 32 Scoping Plan be directed to begin a public process to establish this important funding mechanism.

Increasing Water Recycling Programs:

- *Expand Use of Recycled Water in California.* We recommend enactment of legislation to expand the use of recycled water in California, and funding to leverage public/private partnerships to develop new water recycling facilities, including:
    - SB 565 (Pavley): Requiring the development of a plan that would recycle 50% of the wastewater that is currently discharged to oceans and bays.
    - AB 410 (De La Torre): Increasing the State's water recycling target and directing development of salt and nutrient management plans.
    - AB 1366 (Feuer): Authorizing local agencies to control salinity from water softeners to protect water quality and increase water recycling potential.
    - SB 283 (DeSaulnier): Establishing a process for the adoption of state building standards for indoor recycled plumbing.
- *Finalize New Standards to Expand Use of Dual Plumbing*. The State Water Resources Control Board has drafted new regulatory standards for dual plumbing and grey water systems. The Administration should promptly finalize these regulations in order to achieve a dramatic increase in the safe use of grey water and recycled water.
- *Promote New Efforts to Expand Water Recycling.* Additional measures should include:
    - Enacting legislation requiring dual plumbing in large-scale residential and commercial new development and redevelopment projects.
    - Adopting a State Water Resources Control Board policy requiring wastewater treatment facilities, when upgrading or expanding their capacity, to upgrade to

tertiary-level treatment and to complete an analysis of the potential to recycle some or all treated wastewater. (This could also be accomplished through legislation.)

- Providing state and/or federal funding to assist with financing the infrastructure needed to deliver recycled water from tertiary-level wastewater treatment plants to customers. (See discussion of funding above.)

Increasing Investments in Urban Stormwater Capture:

- *Expand Stormwater Capture*: Enact SB 790 (Pavley), which authorizes local communities to prepare stormwater management plans to increase the potential to reduce water pollution and increase capture of stormwaters for water supplies, as well as to authorize the use of bond monies to implement those plans.
- *Establish Statewide LID Implementation Requirements*: The State Water Resources Control Board should establish statewide requirements for the implementation of LID practices with specific, numeric metrics regarding the retention of stormwater onsite through infiltration, capture for onsite beneficial reuse, or evapotranspiration, where feasible, at all residential, commercial, public use, and industrial new development and redevelopment.

Improving Groundwater Management:

- *Create a Statewide Groundwater Monitoring Program*. Enact SB 122 (Pavley), which would create a statewide groundwater monitoring program, to be implemented by voluntary local agencies or the Department of Water Resources. A provision should be added to this bill directing DWR to identify areas where existing information regarding groundwater quality and pumping is inadequate, and to implement a program to provide this information.
- *Prioritize New Groundwater Enforcement and Clean-Up Efforts*: The State Water Resources Control Board should identify and create at least two new groundwater enforcement and clean-up efforts. The Board should begin by identifying groundwater basins in both urban and rural areas where groundwater contamination, from identifiable surface runoff sources, are significantly impairing beneficial uses, particularly public health and drinking water. The Board should then undertake a comprehensive analysis of the Board's authority to compel groundwater clean-up efforts and begin implementation of such an effort. (This effort may require additional resources from the legislature.)
- *Improve Data Collection and Prepare a Report Analyzing Groundwater Use*: By the end of the year, the Department of Water Resources should compile ongoing monitoring data, gathered consistent with the Governor's February 27, 2009 Proclamation, and prepare a report analyzing groundwater use throughout California in 2009. The report should also describe DWR's ongoing efforts to improve the collection and synthesis of groundwater data.

Climate Change/Drought Planning:

- *Developing Meaningful Drought Contingency Plans.* All too often, after a drought ends and the crisis passes, we lapse into complacency without developing comprehensive plans to respond to future droughts. The Department of Water Resources (either through administrative action or pursuant to legislation) should strengthen the drought planning

requirements in urban and agricultural water plans, in order to ensure that state and local agencies can respond quickly to drought conditions by reducing water use.

- *Integrating Climate and Energy Issues into Water Management*. The legislation should a bill, modeled after last year's AB 7xx (Wolk), to integrate climate change and energy implications into state and local water management planning.

Long-Term Solutions Based on the Delta Vision Strategic Plan

- *Enacting Comprehensive Governance Reform Legislation*: The Task Force's Strategic Plan includes a comprehensive set of recommendations to reform the governance of the Delta to restore the Delta's health, improve water supply reliability and address the needs of Delta communities. The Administration and the legislature should collaborate to enact a comprehensive package of legislation to implement these recommendations, including the creation of a Delta Council, a new Delta Plan, a Delta Conservancy, a strengthened Delta Protection Commission and provisions to ensure the balanced operations of the state and federal water projects.
- *Addressing Unresolved Conveyance and Ecosystem Issues*: The Delta Vision Task Force identified, in a letter to the Governor and in its Strategic Plan, critical unresolved issues related to Delta conveyance, water management and related ecosystem issues. The Bay-Delta Conservation Plan should adapt its current process to address these issues fully.

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