

# Memorandum

Date: January 14, 2013

To: Chris Knopp  
Executive Officer  
Delta Stewardship Council  
980 Ninth Street, Suite 1500  
Sacramento, California 95814

From: Paul Helliker  
Deputy Director  
Department of Water Resources

Subject: Subject: DWR Comments on the Final Draft Delta Plan; Proposed Regulations, and Draft Supplemental PEIR Volume 3 (dated November 30, 2012)

The Department of Water Resources (DWR) has reviewed the Final Draft Delta Plan (Plan), the Proposed Regulations and the Draft Supplemental PEIR. The latest draft of the Plan and the Proposed Regulations reflect changes made in response to DWR and others' comments. In June 2012, when we reviewed the proposed Policies of the Final Staff Draft of the Delta Plan, we said, for the most part, they provide a good framework that will be workable both for the Delta Stewardship Council (DSC) and those entities proposing and opposing certifications of consistency for covered actions. We continue to think that they provide a good working framework.

Our comments below highlight some of the issues we have raised before that we think are critical in moving forward to carry out the Plan and the Delta Reform Act. These comments focus on the proposed regulations. We will not submit additional comments on the policies of the proposed Plan since there do not appear to be any substantive differences between the proposed policies and the proposed regulations. The attachment identifies language in the Regulatory Statement of Reasons that we think does not accurately state what we understand the intent of the regulations to be. We are continuing our review of the plan at a more specific level and may have some additional comments of an editorial nature that we hope you will consider even if they are after the deadline.

In February we submitted comments on the draft Programmatic EIR (DPEIR), Volumes 1 and 2. Changes to the DPEIR based on DWR's and others' comments have not been made yet. Some of our comments referred to language and background on specific policies. The issues raised in our comments are still relevant and DSC will have to respond to them in its final PEIR. We are continuing our review of the draft Supplemental PEIR and may have some additional comments on it that we hope you will also consider even if they are after the deadline.

We request that DWR's letters dated February 2, 2012, June 13, 2012 and June 20, 2012 be part of the administrative record for the proposed regulations. Please let us know if you would like us to send copies of these letters.

**1. Providing leadership for interagency coordination**

Water management in California, especially as it affects the Delta, is complex; involves multiple interrelationships; and can benefit from increased integrated water management planning that considers long-term sustainability. We look forward to working with the DSC on governance issues that will help to promote collaborative solutions and on implementing the plan in a way that takes these considerations into account, respects the responsibilities and work of the many agencies involved in the Delta, avoids duplication and moves project planning forward more expeditiously. The DSC is in an ideal position to help bring these agencies together and facilitate continued alignment of their roles and functions

The Plan recognizes that many agencies have statutory responsibilities and authorities with regard to regulatory and management activities in the Delta. We expect that the DSC will work with proposing agencies and other responsible agencies on ways to coordinate and streamline routine program activities in a way that accomplishes a successful delivery of the program activities; helps to meet the Delta Reform Act goals and objectives; and does not interfere with statutory authorities of agencies (for example the Central Valley Flood Protection Board and DWR with regard to flood maintenance activities). DWR expects that some (or many) of its covered actions will be plans or programs and that specific projects that fall under a plan or program for which a consistency certification has been made will be able to go forward without any further project specific certification.

**2. Looking at policies comprehensively in a way that achieves goals and objectives of the Delta Reform Act.**

Although the Plan states that it establishes an open and accountable governance mechanism for coordinating actions across agency jurisdictions and statutory objectives (page 21), the Proposed Regulations could be interpreted to approach the goals of water reliability, environmental preservation and restoration, protection of the delta as an evolving place, and flood management in isolation. While DWR understands that this may be necessary in the first instance in order to identify potential problems and solutions, the Delta Reform Act contemplates looking at these issues comprehensively and in a way that moves forward in

solving them concurrently and consistent with other laws governing other agencies. DWR expects the DSC to encourage proponents of covered actions to look at their projects in way that considers whether and how they can advance the coequal goals and multiple objectives of the Delta Reform Act.

By necessity, many of the Proposed Regulations are general and leave much to be worked out as the DSC and interested parties work through certifications of consistency for specific projects, including determinations as to whether an action is a covered action and challenges to consistency certifications.

(Throughout this document we use the term "project" in include plans, programs, or projects). Critical to the success of the Plan and the Proposed Regulations is the fact that the legislation establishes two co-equal goals and a number of objectives, none of which has priority over others.

**3. 5003(b). Covered Action Defined – What is included and what is excluded.**

This Section lists specific actions that are not considered covered actions. These include the statutory exemptions of Water Code Section 85075.5 (Section 5003(b)(1)) and specific administrative exemptions included in the Delta Plan (Section 5003(b)(2)). DWR agrees that the administrative exemptions listed in Section 5003(b)(2) are not covered actions. However, we do not view the specific listing of one type of possible proposed project as an administrative exemption to mean that all other projects that might be covered under a statutory exemption are therefore covered actions. For example, Section 5003(b)(2)(C) lists temporary water transfers of one year as administratively exempt. Arguably, such transfers might also be exempt as one of many types of projects covered under other statutory exemptions. Including one year transfers as an administrative exemption does not thereby mean that other transfers, agreements or actions are not exempt pursuant to other exemptions simply because they were not specifically listed. They may or may not be exempt depending on the facts involved.

We expect there may be differing opinions among interested parties as to what the statutory exemptions cover; for example what is routine operation and maintenance under Water Code Section 85075.5(b)(2) and (5) or what kinds of projects are covered by the exemption for projects approved prior to September 20, 2009 under Water Code Section 85075.5(b)(6). We also expect there will be differing opinions on whether a project "will have a significant impact on achievement of one or both of the coequal goals or the implementation of government-sponsored flood control programs to reduce risks to people, property, and state interests in the Delta." (Section 5003(a) (4))

We believe that many projects will have to be reviewed on a case by case basis depending on the facts involved.

#### **4. 5003(b). Covered Action Defined – Administrative Exemptions**

The Delta Reform Act specifically exempts routine maintenance and operation of the State Water Project or the Central Valley Project (Section 85075.5(b)(2)) and routine maintenance and operation of any facility located, in whole or in part, in the Delta, that is owned or operated by a local public agency (such as routine maintenance of levees by a reclamation district (Section 85075.5(b)(5)). It does not include routine maintenance and operation of flood control or other facilities operated by state agencies. The May 2012 draft included administrative exemptions for routine dredging and we suggested a similar exemption for state facilities. The current draft does not include administrative exemptions for routine maintenance and operation of any facilities owned or operated by state agencies. While most of routine maintenance and operation of flood control facilities is done by local agencies and therefore covered under Water Code Section 85075.5(b)(5), DWR itself carries out some critical routine maintenance and operation of flood control facilities. If state facilities are exempt from CEQA they are most likely not covered actions. However, other state projects subject to NDs or MNDs could be covered actions. We continue to support an exemption of routine maintenance and operation activities of any facility located, in whole or in part, in the Delta, that is owned or operated by a state agency. Such an exemption is consistent with the statutory routine maintenance and operation exemptions and would cover routine flood control activities of by state agencies.

#### **5. 5003(c). Covered Action Defined – Review of determination of a covered action.**

This Section states “that a state or local public agency that proposes to carry out, approve, or fund a plan, program, or project that may be subject to this chapter must determine whether that proposed plan, program, or project is a covered action. That determination, which is subject to judicial review, must be reasonable, made in good faith, and consistent with the Delta Reform Act and this chapter”.

DWR agrees with the part of the section which states that the agency proposing a project initially makes the determination of whether a project is a covered action and that review of that determination is subject to judicial review, not to review by the DSC. (Section 2 of the DSC regulations on appeals also states that the “ultimate determination on whether it is a covered action shall be made

by the agency, subject to judicial review). We are not sure what the DSC is attempting to clarify or add by the language that the determination "must be reasonable, made in good faith and consistent with the Delta Reform Act and this chapter". If it is an attempt to summarize the standard of review the trial court would use, we think it better to say nothing and let the trial court make that determination. If it is an attempt to change or determine in advance a standard of review, we object to the DSC making this determination, because we think such a determination is beyond the scope of the DSC's authority. DWR generally agrees that the determination must be reasonable, made in good faith and consistent with the Delta Reform Act and the regulations (chapter), to the extent that the regulations are consistent with and do not conflict with the Delta Reform Act. Even after approval of the regulations by OAL, it is possible that a section of the chapter might be determined to be in conflict with the Delta Reform Act. In that case, of course, the statutory requirement would rule of over the administrative requirement. We strongly recommend deleting the phrase because it is potentially confusing and/or beyond the scope of the DSC.

DSC's regulations at <http://deltacouncil.ca.gov/doing-business-council> establish the process for reviewing certifications of consistency. We agree that an agency proposing a project initially makes the decision of whether a project is consistent; that the DSC reviews that decision for whether it is supported by substantial evidence; and that a DSC determination can be appealed to a court of appropriate jurisdiction.

**6. § 5004(b)(1). Contents of Certifications of Consistency – consistency with all relevant policies may not be feasible.**

This Section states the "Delta Stewardship Council acknowledges that in some cases, based upon the nature of the covered action, full consistency with all relevant policies may not be feasible. In those cases, the agency that files the certification of consistency may determine that the covered action is consistent with the Delta Plan. That determination must include a clear identification of areas where consistency is not feasible, an explanation of the reasons why it is not feasible, and an explanation of how the covered action nevertheless, on whole, is consistent with the coequal goals".

It is a little confusing as to whether the proposing agency must show consistency with the Delta Plan, the coequal goals and/or the Delta Reform Act if it cannot show full consistency with all relevant policies. As DWR reads all the Regulatory Policies together, including this section, the agency proposing the action can show consistency with the Delta Plan by showing that the project is consistent

with the Delta Reform Act legislation and its mandate to achieve the two co-equal goals.

Although the Plan clearly applies to specific projects, DWR expects that it, and probably other agencies, will be bringing whole programs or plans to the DSC with consistency findings. This is because DWR current planning efforts are designed to achieve the goals and objectives of the Delta Reform Act and conform with the principles of Integrated Water Management and DWR's Sustainability and Environmental Stewardship Policies. While some parts of the program or plan may appear to be inconsistent with one or more policies; overall the program or plan will be designed to advance all the goals and objectives.

**7. § 5004(b)(2). Contents of Certifications of Consistency – CEQA**

This Section states that "Covered actions not exempt from CEQA must include applicable feasible mitigation measures identified in the Delta Plan's Program Environmental Impact Report (unless the measure(s) are within the exclusive jurisdiction of an agency other than the agency that files the certification of consistency), or substitute mitigation measures that the agency that files the certification of consistency finds are equally or more effective". DWR reads Section 5004(b)(1) and this section together as recognizing that CEQA lead and responsible agencies maintain their ability and responsibility to reject mitigation measures in the Plan EIR as not applicable or infeasible and to adopt Statements of Overriding Considerations even if there are no substitute mitigation measures that are equally or more effective. A contrary reading of the sections would limit DWR's exercise of the discretion vested in it by state law.

**8. § 5004(b)(3) and(4). Contents of Certifications of Consistency – Best available science and adaptive management**

These Sections deal with requirements regarding use of best available science and, for ecosystem restoration and water management covered actions, implementation of adaptive management. Many potential covered actions will be routine and/or small but still subject to a Negative Declaration or Environmental Impact Report under CEQA and therefore a covered action. DWR expects that the DSC will accept analyses for such projects that provide reduced or limited discussions of topics such as best available science and adaptive management and that it will facilitate streamlined review of some of these projects as their scope becomes clearer.

**9. § 5004(b)(3) and(4). Contents of Certifications of Consistency – Certification that action complies with applicable laws**

This Section states that “If the agency that files the certification of consistency will carry out the covered action, the certification of consistency must also include a certification from that agency that the covered action complies with all applicable laws pertaining to water resources, biological resources, flood risk, and land use and planning. If the agency that files the certification of consistency will not carry out the covered action (but will approve or fund the action), the certification of consistency must include a certification from that agency that the covered action complies with all applicable laws of the type listed above over which that agency has enforcement authority or with which that agency can require compliance”. DWR does not read this policy as meaning that the agency certifying the action or DSC can interpret those laws to determine compliance. DWR understands that the basis for an agency’s certification would be that no agency or court has found that the covered action does not comply with those laws.

**10. § 5005. Reduce Reliance on the Delta through Improved Regional Water Self-Reliance. Policy**

This Section states that it is the “policy of the State of California is to reduce reliance on the Delta in meeting future water supply needs and that each region that depends on water from the Delta watershed shall improve its regional self-reliance. Success in achieving the statewide policy of reduced reliance on the Delta and improving regional self-reliance will be demonstrated through a significant reduction in the amount of water used, or in the percentage of water used, from the Delta watershed”.

If viewed in isolation, the language of this section could be viewed as an absolute limit or even reduction in existing uses of water from the Delta without looking to whether other policies are met. However, Water Code Section 85021, which is the basis for the regulation, itself speaks to reduced reliance by encouraging regional self-reliance, not to reduced use of water. The proposed regulation points to reductions in the percentage of water used as a demonstration of success and states that compliance with specifically-described items is evidence that water suppliers are contributing to reduced reliance on the Delta and improved regional self-reliance and are therefore consistent with this policy.

As we have pointed out in our second comment, the regulations should not be viewed in isolation. The Delta Reform Act contemplates looking at issues comprehensively and in a way that moves forward in solving them concurrently and consistent with other laws governing other agencies considering whether and how they can advance the coequal goals and multiple objectives of the Delta Reform Act. With regard to providing a more reliable water supply, this policy must also be read in context with the legislative goals contained in section 85020, 85032, 85302(d), and 85304 which promote among other things increased storage, reliable water supply, meeting the needs of beneficial uses, and sustaining the economy and with the authority of Section 1 of the Porter Cologne Act (Water Code Section 13000) which requires the State Water Resources Control Board to balance public interests, including use of water for urban and agricultural uses and reasonable restrictions.

**11. § 5005. Reduce Reliance on the Delta through Improved Regional Water Self-Reliance. Implementation**

As DWR has said in its comments before, it has many questions about how this policy will be applied. The policy applies to exports or transports of water from the Delta and Delta use. It requires water suppliers to reduce reliance on the Delta by a significant reduction in net water use, or in the percentage of water used, from the Delta watershed. One way of doing this is for water suppliers to show they are complying with the laws regarding water conservation, water efficiency and urban and agricultural water management planning. DWR exports or transports water from the Delta, but it is not a water supplier. The SWP contractors and their members are water suppliers but they do not export water from the Delta. DWR has questions as to whether this policy would apply to DWR exports or transfers. We have said that DWR plans to work with its contractors and other water suppliers to meet the policy and to respond to the recommendations relating to this policy. This is one of many issues that we expect will be worked out through the implementation process.

**12. § 5005(e). Review by DWR for compliance.**

This Section states that, in order for water suppliers to show that they are consistent with the policy, they must show that they have "completed a current Urban or Agricultural Water Management Plan which has been reviewed by the Department of Water Resources for compliance with the applicable requirements of Water Code Division 6, Parts 2.55, 2.6, and 2.8. As we have stated before, DWR does not have the authority or the ability to review these plans for compliance.

We would suggest changing the language to say which has been reviewed by the Department of Water Resources for compliance with the applicable requirements of Water Code Division 6, Parts 2.55, 2.6 and 2.8 to the extent that the Department of Water Resources has authority to review for compliance. If no changes are made in the language, we would interpret this section to apply only to the authority DWR already has since the DSC cannot, by regulation, give DWR authority it does not have.

As a reminder, DWR does have many roles with regard to these laws. DWR receives and reviews water plans to make sure they include all required elements. In 2013 for agricultural plans and 2016 for urban plans, DWR will review and document whether suppliers have implemented the specific actions required by SBx7-7; the implementation of efficient water management practices for agricultural water uses and meeting the 2015 interim water use target for urban water users. These actions directly affect water supplier grant and loan eligibility. In a few cases where mandated by legislation, DWR works with the California Water Commission to establish regulations. Through the California Water Plan and other DWR documents, DWR provides information and guidance to local water suppliers.

### **13. § 5006. Improved Transparency in Water Contracting**

This Section states that the “contracting process for water from the State Water Project (SWP) and/or the Central Valley Project (CVP) must be done in a publicly transparent manner consistent with applicable policies of the Department of Water Resources and the Bureau of Reclamation” referenced in the section.

DWR appreciates the changes that have been made to this policy to help clarify its application. The policies referenced with regard to DWR include language that requires negotiation in public on major amendments to or permanent transfers of Table A water with regard to DWR’s long term water supply contracts. DWR understands that the policy does not create any new requirements with regard to public review and that it does not apply to other kinds of contracts. Changing the title to “Continued Transparency in Water Contracting” would help in making this understanding clearer. This is consistent with the determination in the Costs Analysis (pages 13-14) that this section does not involve any increased costs because the contracting agencies are already following established procedures.

**14. § 5007. Update Delta Flow Objectives.**

This Section states that “Development, implementation, and enforcement of new and updated flow objectives for the Delta and high priority tributaries are key to the achievement of the coequal goals. The State Water Resources Control Board should update the Bay-Delta Water Quality Control Plan objectives as follows” and then sets dates for the Delta and high priority tributaries in the Delta watershed:

As we have pointed out in our second comment, the regulations should not be viewed in isolation. The Delta Reform Act contemplates looking at issues comprehensively and in a way that moves forward in solving them concurrently and consistent with other laws governing other agencies considering whether and how they can advance the coequal goals and multiple objectives of the Delta Reform Act. With regard to protecting, restoring, and enhancing the Delta ecosystem, this policy must also be read in context with the legislative goals and objectives contained in the rest of the Delta Reform Act and with the statutory duty of the SWRCB to consider and balance all beneficial uses and to update all the Delta water quality objectives. This approach would appear to be consistent with the Delta Stewardship Council’s recommendation to the State Water Resources Control Board that “any proposed changes to the existing water quality objectives and their alternatives should be considered as part of a holistic comprehensive analysis that considers all the factors that are having significant adverse impacts on the Delta ecosystem. The State Water Board should investigate the interrelationships between these factors in an effort to create innovative approaches to advance the coequal goals through its revisions to the Bay-Delta Plan.”

**15. § 5014. Prioritization of State Investments in Delta Levees and Risk Reduction.**

This Section states that the DSC will take the lead, working with DWR and the Central Valley Flood Protection Board to prioritize state investments in Delta levees. As you know DWR and the Board have been looking at this issue for a number of years and look forward to working with you on this activity. We recognize that the prioritization will change over time to meet society’s needs.

## **16. Central Valley Flood Protection Board**

Many of these policies relate to responsibilities of the Central Valley Flood Protection Board. It is our understanding that the Board is in the process of reviewing these policies with regard to whether they conflict with the Board's authorities. DWR will consult with the Board following its review and may submit additional comments at that time.

## **17. Climate Change**

California is already seeing the effects of climate change, and planning for and adapting to these changes will be among the most significant challenges facing managers this century. The Final Draft of the Delta Plan acknowledges these potential impacts. The Delta Plan is intended to address intertwined challenges and establish foundational actions for long-term Delta management. To further this cause, we believe the DSC has a unique opportunity to provide leadership that improves climate change adaptation and mitigation planning and project implementation in the Delta. State and local agencies are starting to incorporate these considerations into project planning as a result of various state-level actions including EO S-3-05, EO S-13-08, SB97, AB32, and SB 375.

Although we are not recommending any changes to the regulations along these lines, we look forward to working with you in the future to help further these efforts and to encourage and promote more consistent planning in the Delta with State guidance for addressing climate change. This guidance includes incorporating sea-level rise (SLR) projections into project planning and decision making and ensuring consistency with State adaptation and mitigation strategies, actions, and goals established in the 2009 California Climate Adaptation Strategy and the AB 32 Scoping Plan.

Thank you again for the opportunity to provide comments on the DSC's various documents. We look forward to working with the DSC to further refine and implement the Delta Plan and the regulations that flow from it. If you have any questions regarding DWR's comments, please contact me, or your staff can contact Sean Bagheban at 916-651-0870.



Paul Helliker  
Deputy Director  
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Attachment 1: Comments on the Regulatory Statement of Reasons, dated November 30, 2012.

ATTACHMENT 1  
Comments on the Regulatory Statement of Reasons,  
dated November 30, 2012

1. Page 2, line 27: this does not seem correct. Suggest changing language as follows:
  - “Section 5003 also enumerates a list of statutory and administrative exemptions. Water Code section 85075.5 lists certain actions from the definition of covered actions. The Delta Stewardship Council has also identified other actions as not being covered actions because they will not have a significant impact on the coequal goals or government-sponsored flood control programs, as required by Water Code section 85057.5.”
  
2. Page 2, line 33: See discussion in Comment 5 above regarding this sentence. We strongly recommend deleting the clause. Note that as written it is inconsistent with the Proposed Regulation which includes consistency with the chapter.
  - The agency’s determination is subject to judicial review and must be reasonable, made in good faith, and consistent with the Delta Reform Act.
  
3. Page 4, line 30: See discussion in Comment 10. The sentence below does not accurately reflect the language of the regulation which reads “Success in achieving the statewide policy of reduced reliance on the Delta and improving regional self-reliance will be demonstrated through a significant reduction in the amount of water used, or in the percentage of water used, from the Delta watershed”. The regulation does not require a significant reduction in the amount of water used, or in the percentage of water used, from the Delta watershed. Rather it requires implementation of specific measures which, if complied with, constitute compliance with this section. The expected outcome and the measure of success is reduction in the amount of water used, or in the percentage of water used from the Delta watershed. The sentence should be changed.
  - Section 5005 is aimed at achieving this policy of reduced reliance on the Delta and improving regional self-reliance. Success will be demonstrated through ~~by requiring~~ a significant reduction in the amount of water used, or in the percentage of water used, from the Delta watershed.
  
4. Page 5, line 16: See Comment 13 above. DWR does not agree with the statement below. The first sentence should be deleted because it does not relate

to the recommendation. It is possible that “the lack of accurate there is no evidence in the Delta Plan that supports the statement. Section 5006 does not remedy the purported problems. The third sentence implies that DWR and the USBR are not complying with their existing policies. There is no evidence in the Delta Plan that supports this implication. The last sentence is too broad. DWR’s policies do not apply to all SWP contracts; but only to the long-term water supply contracts. Although we cannot speak to the CVP contracts, we think that their policies also only apply to their long term water supply contracts. The paragraph should be changed.

- The lack of accurate, timely, consistent, and transparent information on the management of California’s water supplies and beneficial uses is a significant impediment to the achievement of the coequal goals. Section 5006 is intended to help remedy this problem through ~~improved~~ continued public involvement and transparency in decision making processes ~~by enforcing~~, with regard to certain types of covered actions, existing contracting policies within the Department of Water Resources (DWR) and the Bureau of Reclamation. The Council considered a transparency requirement for all Delta water users and agencies. However, in order to reduce costs and time, Section 5006 reduces the regulatory burden by imposing this regulation only on SWP and CVP long-term water supply contracts.
5. Page 5, Paragraph 5, Section 5007. Update Delta Flow Objectives. See Comment 14 above. DWR believes that the issue of adequate flows for fishery purposes needs to be considered in the context of all Bay Delta Water Quality Plan objectives.
  6. Page 8, line 4. This sentence is missing the word “feasible” which is an important qualifier, especially with regard to state action which may find that the avoidance or reduction of conflicts is infeasible.
    - Section 5013 requires the avoidance or reduction of conflicts with existing or planned land uses, when feasible, in locating water management, ecosystem restoration, or flood management infrastructure in the Delta.
  7. Page 8, Paragraph 3, Reduce Risk. Many of these policies relate to responsibilities of the Central Valley Flood Protection Board. It is our understanding that the Board is in the process of reviewing these policies with regard to whether they conflict with the Board’s authorities.
  8. Page 10, Cost Analysis. DWR has not had a chance to look at the Cost Analysis and the Economic and Fiscal Statement in any great detail. Based on a very cursory look, the cost estimates seem to be in the general range that one would

expect. The costs of several of the policies relating to habitat restoration and flood control may be underestimated. For example, with regard to Section 5014. Prioritization of State Investments in Delta Levees and Risk Reduction, the costs identified are the costs of hiring a consultant. DWR expects that there will be costs, potentially significant, involved with DWR and Central Valley Flood Protection Board involvement and review. As examples, DWR expects that some of the review of set-back levees and implementation of mitigation measures may also add additional costs.