February 7, 2020

Ms. Nancy Vogel, Director of the Governor's
Water Portfolio Program
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Re: Pacific Institute comments for the January 2020 draft Resilient Water Portfolio

Dear Ms. Vogel,

California is at a water crossroads, with a rapidly increasing population, changing climate, and booming economy. The Pacific Institute is a strong supporter of the need to advance water resilience in California, and we appreciate the effort by Governor Newsom's Administration to start moving the state toward resilience and preparedness. The draft includes many important and worthwhile actions, particularly the emphasis on water efficiency and clear actionable language on implementation of the Safe and Affordable Drinking Water Act.

We appreciate the work of state staff in developing the draft Water Resilience Portfolio and the opportunity to provide comments. Below, we offer specific recommendations to improve the portfolio.

Prioritize resilience strategies using multi-benefit criteria

No single solution exists for California water challenges, and the resilience portfolio identifies a number of strategies to address these challenges. But the need to do many things, does not mean that we must or can afford to do everything all at once. Resources are limited, and we must prioritize our efforts. The portfolio would benefit from creating a clear way to prioritize among the strategies provided.

Economic feasibility is commonly used to evaluate projects, but traditional analyses typically fail to recognize the many co-benefits of water investments; as a result, those investments that provide multiple benefits are undervalued. In a recent analysis of state grant investments in stormwater capture projects, we found that incorporating co-benefits into the economic analysis effectively reduced the average cost of stormwater capture from $1,030 per AF to $150 per AF.[1] Incorporating co-benefits into economic analyses allows for a fairer comparison among projects and helps to maximize the value of our investments.

We recommend that the state prioritize investments based on costs and benefits, using an integrated and comprehensive framework that includes quantitative and qualitative co-benefits. The Pacific Institute recently developed such a framework for assessing co-benefits, which can serve as a guide for the state.[2] As

[1] Diringer, Sarah, Morgan Shimabuku, and Heather Cooley. (In Review). Economic evaluation of stormwater capture and its multiple benefits in California. PLOS One. Submitted January 2019.
[2] Diringer, Sarah, Anne Thebo, Heather Cooley, Robert Wilkinson, Morgan Shimabuku, and McKenzie Bradford.

part of this effort, we conducted a literature review and stakeholder interviews and grouped benefits into five themes: water, energy, risk and resilience, land and environment, people and communities. We recommend that the draft Water Resilience Portfolio:

- Direct the interagency team identified in Action 28.3 to define the "multiple benefits" of water investments to include a broad and consistent list of benefits;
- Direct the interagency team to develop a consistent list to prioritize project funding and maximize the benefits of our investments in water;
- Develop methods for prioritizing projects using this information. This information can also feed into efforts to simplify permitting, thereby helping to launch more multi-benefit projects and partnerships.

Ensure consistency throughout the report on the importance of water efficiency

Re: Executive Summary and Goal 1 of the portfolio

Water efficiency is key to improving water resilience, and we are pleased to see explicit mention of it in the draft report. However, while the body of the report highlights the importance of efficiency, the Executive Summary fails to mention it. Likewise, as written, Goal 1 ("Maintain and Diversify Water Supplies") places too much emphasis on water supplies and ignores the immense water conservation and efficiency opportunities that remain in California. We recommend the following:

- Change the title of Goal 1 from "Maintain and Diversify Water Supplies" to "Improve Efficiency and Diversify Water Supplies;"
- Change the first sentence in Goal 1 in the Executive Summary from "State government will continue to help regions reduce reliance on any one water source and diversify supplies to enable flexibility as conditions change" to "State government will continue to help regions improve efficiency and diversify supplies to enable flexibility as conditions change;"
- Expand action 2.1 on page 18 to include non-residential users. The business community in California is showing a real interest in improving water use efficiency. Yet, action 2.1, which refers to implementing SB 606/AB 1668, narrowly focuses on the residential sector. We recommend expanding action 2.1 to include developing best practices for CII users, as required by the legislation;
- Add language to action 2.2 about enforcing the Model Water Efficient Landscape Ordinance (MWELO). MWELO is a vital tool for reducing outdoor water use but enforcement has been poor. In a recent assessment, NRDC found that only 30% of cities and counties filed the required MWELO reports, as of December 2019.[3] In addition to simplifying the ordinance, we recommend that the state continuously monitor and report on compliance.

Improve actions around the Salton Sea

Re: Action 17 of the portfolio

2019. Moving Toward a Multi-Benefit Approach to Water Management. Oakland, Calif.: Pacific Institute. https://pacinst.org/wp-content/uploads/2019/04/moving-toward-multi-benefit-approach.pdf.

[3] Ed Osann. Dec 18, 2019. NRDC. https://www.nrdc.org/experts/ed-osann/nrdc-files-class-action-suit-violating-water-saving-rule

We commend the inclusion of the Salton Sea within the suite of water portfolio actions and remain optimistic that the Administration's prioritization of Salton Sea action will soon translate into actual habitat and dust control projects at the Salton Sea. Such actions, of course, fit squarely within any multi-benefit framework.

The state's contractual and statutory obligations to protect the Salton Sea enabled the execution of the Quantification Settlement Agreement, greatly enhancing water supply reliability for the state as a whole and for the entire Colorado River basin. However, after more than 16 years of California's failure to build a single acre of habitat or projects, the QSA water transfers have degraded the Salton Sea ecosystem and have impaired air quality and human health in the region.

Existing and new funding sources are necessary but not sufficient to meet the state's Salton Sea obligations. Achieving the water portfolio's Salton Sea actions requires accountability to the governor's office itself, direct and continuing attention to planning and construction efforts, much greater coordination within and between state agencies and with stakeholders, greater transparency, and a clear articulation of the goals and objectives of state efforts beyond simply meeting existing acreage milestones. We recommend including a fourth action (17.4) that addresses this need.

Expand recommendations around local stormwater projects

Re: Action 5 of the portfolio

We are pleased to see stormwater capture for water supply included in the list of how state agencies can support supply diversification. The three stormwater capture solutions provided (actions 5.1-5.3) address some important challenges faced by local communities that seek to access stormwater for water supply. In particular, actions 5.2 and 5.3 help to address the funding challenge and the need for more guidance on best management practices, respectively. To advance local stormwater capture projects across California, we recommend the following:

- Develop statewide health and safety guidelines for stormwater reuse to empower communities to pursue stormwater capture;
- Consider ways in which state and/or regional coordination could help facilitate public-private stormwater projects, such as through alternative compliance options;
- Reduce the onerous voter-approval requirements for stormwater services. While SB 231 could help local agencies develop dedicated funding sources, it is not a silver bullet and additional policies that increase long-term funding and cover operation and maintenance (O&M) expenses are needed.

Improve overall clarity and make the portfolio more actionable

a. Define resilience

The portfolio centers around the concept of resilience. This term however is not defined. A recent article suggested that those who use the term must grapple with questions around which system is to

become resilient, for what purpose, and for whose benefit.[4] We recommend that the state consider these questions deeply when reviewing and executing this portfolio.

b. **Create a timeline and metrics for measurement.**
Re: Action 32 of the portfolio
We recommend including an action (32.3) that directs relevant agencies to create metrics, goals, and a timeline for measurement and tracking of progress. This will create a more effective, accountable, and adaptable portfolio.

c. **Distinguish between tasks already underway versus tasks that need new leadership or legislation.**
We recommend drawing a distinction between these two types of actions in an appendix list or through a type of signaling, for example, an icon next to the action number.

d. **Build connections across stakeholders**
Re: Actions 19-24 of the portfolio
The tasks around 'building connections' are narrowly focused around infrastructure.
We recommend expanding the section around building connections (page 22) through alignment of datasets, engagement with CII users, encouraging top-down and bottom-up engagement throughout all state actions.

We appreciate the opportunity to provide comments and look forward to working with the state to advance water sustainability and resilience in California.

Best Regards,

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[4] Dewulf, A, Karpouzoglou, T, Warner, J, et al. The power to define resilience in social–hydrological systems: Toward a power-sensitive resilience framework. WIREs Water. 2019; 6:e1377. https://doi.org/10.1002/wat2.1377