



2014: A Year of Crisis and Opportunity
WESTCAS Annual Conference

June 18, 2014 • Timothy Quinn, ACWA Executive Director

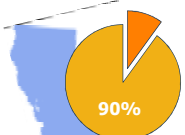
About ACWA

Who We Represent . . .

- + ACWA members responsible for 90% of the state's distributed water

Water Sources & Services

- + federal, state and local projects
- + surface and groundwater
- + agricultural, urban, industrial customers
- + Wholesale, retail





Governor Brown's State of the State

"...we will build for the future, not steal from it."

Two key takeaways on water:

1. Deal with the crisis that is 2014
2. Invest in a comprehensive water strategy for California's future



The Drought

- + 2013 driest calendar year ever
- + 2014 began with storage at historic lows
- + Recent storms have helped; but 2014 = crisis
- + 2015? And beyond?



So, What Have We Been Doing the Past 25 Years?

Sacramento Valley

- Habitat restoration
- Water marketing
- Conjunctive use

Sacramento Metro

- \$1 billion invested
- Demand management
- Regionalization

San Joaquin Valley

- Billions invested
- KWB, storage partnerships
- Ag efficiency – 100% increase

Bay Area

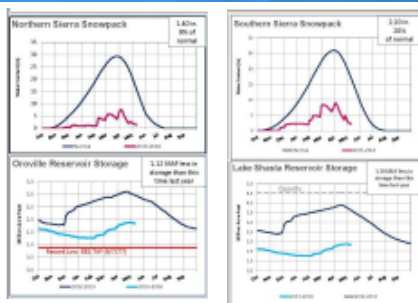
- \$3-5 billion invested
- Demand management
- Los Vaqueros Reservoir
- Conjunctive use

Southern California

- \$12 billion invested
- Imported water demand down 20%
- >4 MAF of new storage
- Manageable crisis

The water industry has been on the move!

But We Are Still Imperiled



But We Are Still Imperiled

- + State Water Project – 5%
- + Central Valley Project Service Contractors – Zero
- + Friant Water Authority – Zero
- + CVP Municipal & Industrial – 50%
- + Settlement and Exchange Contractors – 40% to 75% (maybe)

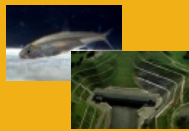


California Water in 2014

Acute Drought Crisis



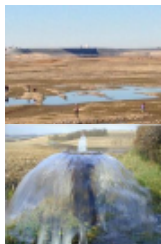
Chronic System Failure



2014 is clearly a year of crisis and opportunity!

Key ACWA Activities

- + Drought Initiatives
- + Groundwater Sustainability Task Force
- + Statewide Water Action Plan
- + 2014 Water Bond



ACWA Drought Initiatives

Drought Action Group

- + Created in January in cooperation with DWR / state agencies
- + Assure fact-based decision making:
 - Assess serious problem areas
 - Identify short- and long-term actions / solutions
- + 40 local experts from across the state



Drought Action Group

Report Highlights

- + Impacts
 - + Agriculture is hardest hit (400,000 acres idled this year due to lack of water)
 - + Production declines in key crops (e.g. cotton, citrus, rice and almonds)
 - + Ecosystem and commercial sector also affected
 - + Warmer than average temperatures and very dry conditions are perfect storm for extreme wildfire season
 - + Most major urban areas getting by
- + "Bottom Up" summary for 10 ACWA Regions



Drought Action Group

Report Highlights (cont'd)

- + Priority Actions
 - + Short and long-term infrastructure investments
 - + Operational efficiencies: Real Time ops and a water market
 - + Funding support, including 2014 water bond
 - + Enhanced conservation and water-use efficiency
 - + Actions must be implemented as comprehensive package to maximize effectiveness



ACWA Drought Initiatives

Information Clearinghouse

- + Save Our Water
 - Partnership between ACWA and DWR
 - Education and resources for consumers
 - Statewide paid media campaign now under way
- + ACWA Website
 - Map showing local responses – 100,000 page views since January
- + Encouraging Urban Drought Conservation



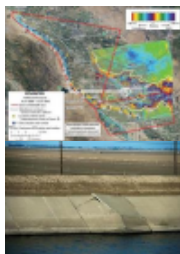
ACWA Groundwater Sustainability Task Force

- + The groundwater crisis will be with us long after the drought ends
- + March 2009 Groundwater Management Policy Principles adopted by ACWA Board
- + April 2011 Groundwater Framework adopted by ACWA Board



Groundwater Crisis

- + Unprecedented strain on groundwater today
- + Groundwater declines becoming unsustainable in some areas
- + Local subsidence, degraded water quality a concern
- + Implications for other users, key infrastructure



ACWA Groundwater Sustainability Task Force

- + ACWA Board-Level Task Force created November 2013
- + Core Instincts
 - Respect property rights
 - Protect local control
 - Promote sustainable outcomes
 - Take bold action



ACWA Groundwater Sustainability Recommendations

- + Define the problem
 - Sustainable outcomes for economy / ecosystem
- + Create management entities
 - Local flexibility
 - Interagency cooperation
- + Provide the tools they need
 - Quantified goals
 - Data collection
 - Limits on demands
 - Funding, including local fees
- + Establish a "backstop"
- + Make sure it's part of a comprehensive program



ACWA Groundwater Sustainability Recommendations

- + ACWA position = "Game Changer"
- + Historic legislation likely this year
- + Bills in progress
 - + AB 1739 (Dickinson)
 - + SB 1168 (Pavley)
 - + Administration Proposal?



"The game-changer today is that the Association of California Water Agencies ... put forward a set of recommendations..."
Sacramento Bee editorial

Statewide Water Action Plan: Investing in Our Future

Drought makes it clear: Californians must invest in a comprehensive program to achieve the coequal goals and prepare for future droughts.



Pursuing a Comprehensive Approach



We can never agree if all we talk about is the Delta



But we can agree on a statewide water action plan

ACWA's Statewide Water Action Plan

- + Developed by broad cross-section of water interests
- + Unanimous vote by ACWA Board of Directors on Sept. 27
- + SWAP creates possibility of statewide unity on key water issues
- + Provides strong support base for **statewide action** by Governor Brown



ACWA's SWAP Supporters

Nearly 100 agencies / organizations have adopted resolutions in support.



The Statewide Plan "In a Nutshell"

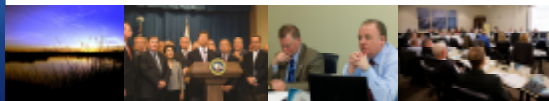
15 Action Elements

- + Be more efficient
- + Develop new storage
- + Fix the Delta
- + Invest in habitat and watersheds
- + Protect drinking water quality



And Pass A 2014 Water Bond

- + Bunsen burner has been turned up to high
- + Public financing is critical to stimulate long-term investment
- + Changes needed to existing bond to assure success



Criteria for the "Right Bond" in 2014

- + Fund storage at 2009 levels
- + Fund Delta restoration at 2009 levels
- + Eliminate earmarks
- + Substantial funding for
 - + DAC Drinking Water
 - + Local resources
 - + Groundwater cleanup
 - + Key watersheds



ACWA's Direction on the 2014 Water Bond

"...we will build for the future, not steal from it."

By the end of this year, we will have successes in these areas:

- + Passing a water bond and historic groundwater legislation
- + Moving the California Water Action Plan forward
- + Advancing BDCP as part of a statewide program
- + Implementing measures statewide to reduce drought impacts



Contact & More Information

Timothy Quinn
 ACWA Executive Director
 timq@acwa.com
 916.441.4545 • www.acwa.com