



April 26, 2018

Mr. Armando Quintero, Chair  
 California Water Commission  
 P.O. Box 942836  
 Sacramento, CA 94236-0001

**Re: Support Fully Valued Refuge Water Supply Benefits Under Proposition 1**

Dear Chair Quintero and Commissioners,

Our organizations write to provide our perspective on the value of water supplies for wildlife refuges that are at issue in the Public Benefits Ratios (PBR) appeal for the Los Vaqueros Reservoir Expansion Project proposed by Contra Costa Water District (CCWD). We place a high priority on securing reliable water supplies for wildlife refuges because they are critically important to the ecological health of the Delta, the State, and the international Pacific Flyway. We appreciate that staff accepted the physical benefits of refuge water supplies from the Los Vaqueros project during the PBR appeal process but are concerned that staff has undervalued those refuge water supplies.

In its application and during the PBR appeal process, CCWD provided significant information on the current costs and upward price trajectory for acquiring water south of the Delta, plus electric energy costs and water losses to deliver those supplies. Staff rejected all of those considerations about the true value of refuge water. These appealed issues should be decided by the Commission in favor of CCWD.

**Commission Decision Requested (Refuge Water Value)**

CCWD Appeal Value	\$607 million
Staff Value	\$490 million

Wildlife refuges provide the last remaining 5% of historic wetland habitat in the Central Valley and are designated as internationally important areas by organizations like the RAMSAR Convention on Wetlands, the Western Hemisphere Shorebird Reserve Network, and the Audubon Society. The refuges that make up the Grasslands Ecological Area in the San Joaquin Valley are recognized as among the five most important wetland systems in North America. The refuges are managed by public agencies that provide controlled applications of water to mimic historical flood patterns, with pulses of water flows during winter and spring.

The Central Valley Project Improvement Act (CVPIA) establishes baseline water requirements for 19 refuges, most of which are located south of the Delta, but the state/federal partnership created by the CVPIA has been unable to meet those baseline requirements. The Los Vaqueros Expansion Project will provide a significant enhancement of

CVPIA water deliveries, averaging 46,000 acre-feet (AF) annually, to be used for seasonal irrigation of wetland plants and the provision of winter habitat. This is especially critical south of the Delta where water supplies are scarce. The problem is so significant that some refuges are left virtually dry in drought years.

Instead of accepting CCWD’s appealed refuge water values for the year 2030, staff recommended that the Commission use the default water values set forth in the WSIP Technical Reference document, which lowers the PBR for the Los Vaqueros project and makes it less competitive. The Technical Reference water values do not reflect the true value of water in the San Joaquin Valley, where the natural flow of the San Joaquin River is no longer available and water users (including refuges) rely almost exclusively on the limited supply that can be physically imported from the Delta.

The Technical Reference document predicts that in 2030 the average value of water across all year types will be only \$274 per AF (in 2015 dollars). This estimate does not even approach the actual current value for water on the west side of the San Joaquin Valley over the past ten years of recorded water prices:

**Future Refuge Water Values Should Be Realistic (Average Prices)<sup>1</sup>**

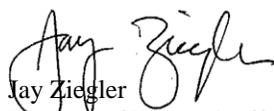
Staff Proposed Water Value (in 2030)	\$274 per AF
Actual Refuge Water Value (2009-2018)	\$292 per AF
Actual Agricultural Water Value (2009-2018)	\$369 per AF

In addition, longstanding agreements for refuge water contain fixed price increases of 3% annually. Presuming this upward trajectory will continue, the cost for water in 2030 will likely be 30% higher than current costs. We are concerned that the Commission’s valuation of refuge water supplies has devalued those ecosystem benefits without supporting evidence.

Wetlands serve as essential habitat for hundreds of winged and terrestrial species, are part of California’s commitment to national and international agreements, help recharge overdrafted aquifers, serve as filters to improve water quality flowing to the Delta, and provide numerous recreational opportunities to interact with nature. We believe these refuge water supplies will make a tremendous difference for wetland habitats. We urge the Commission to ensure the myriad benefits that wetlands provide are accurately valued by accepting the refuge water supply values that CCWD has provided as a part of its PBR appeal.

Thank you for your time and consideration.

Sincerely,



Jay Ziegler  
 Director of External Affairs & Public Policy  
 The Nature Conservancy



Jeff Volberg  
 Director of Water Law and Policy  
 California Waterfowl Association

<sup>1</sup> The average Staff Proposed Water Value is an average of prices for the five water-year types in the Technical Reference document. The average Actual Refuge Water Value and Actual Agricultural Water Value are based on actual prices paid by refuges and San Luis Water District over the last ten years, as shown in CCWD’s Appeal, Attachment C-2.



Mike Lynes  
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Grassland Water District



Rachel Zwillinger  
Water Policy Advisor  
Defenders of Wildlife

cc: California Water Commission members  
Jerry Brown, General Manager, Contra Costa Water District