

NOTES: Core Stakeholder Group Meeting 11

Meeting Held: Dec 1, 2020

Notes prepared by: Consensus Building Institute

Meeting in Brief

Replenishment Fee Proposal

The Core Group generally supports the proposed uniform replenishment fee moving forward with the following stipulations: (1) the inclusion of an advisory committee to vet the use of funds, (2) a narrow focus on the purchase of supplemental water to ensure compliance with propositions 218 and 26, (3) a sunset clause to mediate the closure of the fee once its objectives are met, and (4) language that outlines the Core Group's expectations for the management of the fee. The revised proposal is included in the appendix of this summary.

Treatment of remediated water sources and the structure of collaboration between the advisory committee and the GMA require further consideration. Broader strategy on replenishment fees going forward might focus on developing a number of initiative-specific replenishment fees to ensure alignment between fee payment and receipt of benefits.

Ramp Down: Comparing a Linear Progression to a Variable Approach

The benefits of a linear reduction are: (1) it makes the reductions "real" for folks right away to ensure motivation for replenishment fees and projects, (2) it is simpler to manage, and (3) it avoids creating additional burden for cuts later. The benefits of a variable approach with reduced cuts in the first few years of ramp down are: (1) it creates opportunity for additional funds to come in early through replenishment fees, (2) it allows time for some projects to come online and potentially factor into planning, and (3) it allows more adjustment time for growers with less flexibility (i.e. tree crops) and growers who have already implemented substantial efficiency measures and/or have less room for expanding conservation.

One Water

Generally, the Core Group understands the One Water concept to mean that groundwater, surface water deliveries, and water produced through projects would be viewed as equivalent. For example, new project water created would be considered in lieu of groundwater pumping the same way that Santa Clara River water deliveries are viewed today.

CBI Facilitation Going Forward

CBI is funded through Dec 31, 2020. The GMA is considering funding CBI into 2021, though the scope of the facilitated process would be narrowed to align with board priorities. Core Group members expressed support for continuing the facilitated process, articulating the value of an independent stakeholder-driven process.

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Replenishment Fee Proposal

The Core Group generally supports the proposed uniform replenishment fee moving forward with the following stipulations: (1) the inclusion of an advisory committee to vet the use of funds, (2) a narrow focus on the purchase of supplemental water to ensure compliance with proposition 218 and 26, (3) a sunset clause to mediate the closure of the fee program once its objectives are met, and (4) the inclusion of language that outlines the Core Group’s expectations for the management of the fee.

Summary of Core Group feedback on Replenishment Fee Proposal

The Legal Committee developed a draft uniform replenishment fee proposal intended to facilitate the purchase of supplemental surface water when available. With an eye towards presenting the proposal as a recommendation to the GMA, the Core Group provided input and suggestions to advance the replenishment fee concept.

A Core Group member who serves on the legal committee framed the discussion: the proposal should be viewed as interim solution, to make possible the purchase of water when it is available via the State Water Project (SWP) and other sources.

Core Group members provided the following feedback on the proposal:

- The replenishment fee should be managed by an advisory committee to ensure the projects funded truly provide a regional benefit. The advisory committee should include representation from all pumper groups and technical folks –both from engineering and finance—. The advisory committee’s recommendations should then be passed to the GMA.
- This replenishment fee will be a good solution for bringing in water early, however we should also plan an off-ramp process to wind down this fee when the time comes to focus on engineered projects. Those projects will need a new funding structure.
- The group should plan to parallel track the advancement of more ambitious projects while this initiative advances. For example, the group may seek the counsel of other folks who have successfully advanced engineered projects.
- Propositions 218 and 26 require project benefits be detailed explicitly, so the narrow focus on supplemental water purchases makes sense.

- The replenishment fee should be used to take advantage of all sources of supplemental water available.
- The GMA has contracted a consultant to support advancement of replenishment fees, so the development of the replenishment fee proposal is timely.
- Going forward, it may make sense to learn from the Orange County Water District example and plan to have a number of fees tied to specific projects. This approach may help ensure fees are levied equitably.

Replenishment Fee Proposal Going Forward

Remediated Water

The Core Group needs to consider how remediated water would be treated within the replenishment fee proposal and to develop a clear definition for what qualifies as remediated water. Some group members suggest that remediated water sources should be defined as water sources that truly could not be used in the absence of treatment. Camarillo’s groundwater desalter was highlighted as an example of a true remediation project. Meeting participants also expressed the importance of avoiding opening up exemptions for all entities that have desalters. As a next step, meeting participants suggested that the replenishment advisory committee might pick up remediated water as priority issue to cover.

Fee Governance/ Administration

Building off of comments about the need for a replenishment fee advisory committee, meeting participants expressed the importance that the GMA and this advisory committee work together collaboratively. Meeting participants want assurances that the GMA would follow the advisory committee’s guidance. Meeting participants also highlighted the importance of not including language in the fee proposal that would “restrain” the GMA. More generally, meeting participants would want to see more frequent and in-depth updates from the GMA around replenishment fee related matters.

Going forward, a meeting participant suggested that one path to satisfy Core Group members’ concerns and to promote transparency would be to have a protocol wherein the replenishment fee advisory committee delivers recommendations publicly to the GMA, with the expectation that the GMA would publicly explain why the advisory committee’s recommendations were or were not used.

Ramp Down: Comparing a Linear Progression to a Variable Approach

The benefits of a linear reduction are (1) it makes the reductions “real” for folks right away to ensure motivation for replenishment fees and projects, (2) it is simpler to manage, and (3) it avoids creating additional burden for cuts later. The benefits of a variable approach with reduced cuts in the early years of ramp down are (1) it creates opportunity for additional funds to come in early through replenishment fees, (2) it allows time for some projects to come online and potentially factor into planning, and (3) it allows more adjustment time for growers with less flexibility (i.e. tree crops) and growers who have less room for conservation.

Ramp Down

The Core Group evaluated the pros / cons of a linear progression set over 20 years (i.e. 50% over 20 years would be 2.5% per year) vs. variable ramp down in which the first five-years might have a smaller percentage ramp down (i.e. 50% over 20 years in which years 0-5 might be less than the 2.5% to allow projects time to come online).

Variable Ramp Down with Less Reduction Initially

Benefits of a variable ramp down approach:

- If we move forward with a replenishment fee, going slower initially allows opportunity to generate additional resources.
- Additional time in the early years will provide growers a buffer period to adjust their operations.
- A variable ramp down allows time for some projects to come online and potentially factor into planning.

Cons of a variable ramp down

- Hard to justify because the level of overdraft in the basins is urgent.
- Postpones the inevitable and makes it harder to manage the situation long-term.

Simple Linear Ramp Down

Benefits of a linear ramp down

- Will make the situation more real for folks who do not fully appreciate the difficulty of the task ahead.
- Ensures the basins are going down the correct path towards the sustainable yield.
- Generates motivation for participation in replenishment fees and projects.

Cons of a linear ramp down

- Less flexibility—if the group goes with a linear approach then other aspects of flexibility become more important, such as the ability to carry over.

Core Group members shared the following additional comments around how ramp down should be implemented and important factors for the group to keep in mind:

Ramp down for growers who are already efficient and /or have less flexibility (i.e., tree crops)

For folks who are on the most efficient irrigation technology and growing tree crops, both approaches to ramp down (linear and variable) will impose a heavy economic burden. Essentially the ramp down will mean following 2.5% per year or paying fees of around \$1,800 acre/ft. With these growers in mind, it is important to approach ramp down as a package conversation that includes minimum allocation, replenishment fees, and a plan for projects coming online.

- Growers on tree crops may need to have a different ramp down curve than folks on row crops, given the reduced flexibility in tree crops. A stair-stepped ramp down for tree crops may make sense.
- The minimum allocation will be an important factor to pick up again soon as part of ramp down discussions.

Preserving Flexibility

Multiple group members highlighted the importance of preserving flexibility as part of the ramp down strategy.

Meeting participants shared the following ideas around how to build flexibility in the ramp down:

- **Carryover**—Borrowing from next year’s allocation allows growers the flexibility to make adjustments in the following year. Potential complications that could arise with carryover are (1) managing folks leasing land and (2) hindering the water market. As a remedy, meeting participants suggest (1) water allocation be managed with landowners and (2) the group view the water market as a means not an end in and of itself (i.e. it should not be the priority).
- **Comm-codes**—The ability to pool allocation and manage ramp down across different operations is a helpful source of flexibility.

Key ramp down questions to address going forward

- How to manage ramp down for highly efficient operations and crops with low flexibility?
- How should minimum allocation intersect with the ramp down?
- How to create flexibility for pumpers to be able to manage the challenges at hand, while ensuring motivation to participate in replenishment fees and projects?

Defining One Water

Generally, the Core Group understands the One Water concept to mean that groundwater, surface water deliveries, and water produced through projects would be viewed as equivalent. For example, new project water created would be considered in lieu of groundwater pumping the same way that Santa Clara river water deliveries are viewed today.

Meeting participants shared the following additional perspective on the One Water concept:

- A key piece of One Water is tracing and tracking the origins of all the water that folks use.
- Metropolitan water should not be considered a part of the One Water framework for OPV because it is not generally available for agricultural use.
- The One Water framework can have both historical and forward-looking implications.
Historical: Historical surface water use is factored into users’ allocations.

Forward-looking: As projects come online, the gains to sustainable yield are distributed to users in the form of increased allocations. E.g., if the purchase of recycled water generates a 2% net increase in sustainable yield, that 2% gain would be dispersed among the folks with allocation.

CBI Facilitation Going Forward

Until 11/13, the California Department of Water Resources funded CBI's work with the Core Group and Projects Committee. CBI has depleted this funding. FCGMA has agreed to fund CBI's work through December 31, 2020. Core Group members shared their perspectives on the prospect of continuing the facilitated process with CBI in 2021.

Arne Anselm of the FCGMA framed the conversation with examples of some adjustments that might occur should the facilitated process with CBI continue into 2021:

- The facilitated process might be expected to align more closely with the GMA's priorities, which could narrow the scope of the group's work. The board will expect to have more input on agenda items.
- The project committee and legal committee might be folded into the GMA board's other committees.
- Generally, the board can be expected to follow the group's recommendations with regard to continuing with the facilitated process, so long as there is transparency.

In response to the framing of the decision about whether the facilitated process would continue into 2021, Core Group members shared the following perspectives:

- Multiple stakeholders are providing the funding for the legal committee, so the decision to continue with that process would be in the hands of the folks funding it.
- The framing around the process being more driven by the GMA makes it seem like it may be less of an independent, stakeholder driven process.
- It would seem that only good things can come out of the facilitated process continuing. It would benefit the GMA to have this process continue, because when key decisions are being made, the GMA would have more buy-in and fewer legal challenges.
- The amount of additional work needed through the Core Group may depend on what happens in the legal committee. The Core Group and legal committee should be viewed as parallel paths, both of which are addressing the ramp down (and are working towards the end point). If the legal committee is able to resolve some of the key issues around the ordinance based on legal arguments, there may not be need for significant more work with the Core Group.

Core Group Members Present

Arne Anselm, Jared Bouchard, Alden Broome, Dan Detmer, James Dubois, Terri L. Ferro, Rosemarie Gaglione, Jurgen Gramckow, Martin Gramckow, Miles Hogan (standing in for Jennifer Tribo), John Krist, Greg Lewis, Lucie Munoz-McGovern, E.J. Remson, Jennifer Tribo

Appendix: Proposal for Replenishment Fee with Feedback from 12/1 Core Group meeting Incorporated

Ramp Down (v11.23.2020)

DISCUSSION TOPIC SEQUENCE: Interests > Decision Criteria > Options

Problem to be Solved	<ul style="list-style-type: none">▪ How do the basins ramp down or reduce extraction to the sustainable yield by 2040? SGMA requires basins to achieve sustainability by 2040.▪ What makes a smarter ramp down?▪ What concerns do you personally or do others have associated with a ramp down?
Existing Policy	Allocation Ordinance (does not stipulate a minimum allocation or ramp down method)
Resources	Oxnard GSP and Pleasant Valley GSP OPV White Paper [Link] Example: California Emergency Drought Regulation 25% Reduction Regulation (Fact Sheet Link and Resource Page) and Governor Executive Order Example: Borrego Water District Example Stipulated Judgment Example: LPUG White Paper [Link] Core Stakeholder Group Meeting Summaries #6 (9/15/20); #7 (9/29/20) [Link]
Key Term Definitions	Ramp Down: <i>end point = sustainable yield</i> Allocation Reduction Method: <i>how you get there</i> Minimum Allocation: “Sustainable Yield means the maximum quantity of water, calculated over a base period representative of long-term conditions in the basin and including any temporary surplus, that can be withdrawn annually from a groundwater supply without causing an undesirable result.” [Water Code § 10721(w)]
Stakeholder Interests + Issues	<i>Issues identified to date.</i> <ul style="list-style-type: none">▪ GMA Board has requested a minimum threshold per acre to avoid stranding land with no water.▪ Responsive to different needs and constraints of high-water users and low-water users▪ Move away from CombCodes towards land-based management of allocation as part of reduction strategy▪ Treat surface water and groundwater together▪ Manage water rights questions to create a legally defensible, durable approach.▪ Limit cut-back requirements in short term (5 years) to allow time for project plans to materialize & inform long-term cut-back needs▪ Develop multiple ramp-down pathways based on different degrees of success with water projects and basin optimization. I.e. Best-case scenario ramp down with significant new water; middle option and worst-case

	option.
Decision Criteria	<p><i>What variables does the Core Stakeholder Group use to evaluate or weigh ramp down options?</i></p> <ul style="list-style-type: none"> ▪ Feasibility of administering the system ▪ Legally defensible / durable ▪ Burden sharing ▪ Adaptive management, tied to certainty (vs. optimism) of projects or ability to create new supply and climatic variability (scale and refinement) ▪ Predictability to plan investments and business decisions ▪ Support diversity of crop types recognizing water use efficiency ▪ Economic analysis of impacts
Options and Ideas	<ul style="list-style-type: none"> ▪ Establish linear progression (simple, easy to administer, equitable burden share). ▪ Establish linear progression to a minimum and then “safe harbor” (i.e. don’t fall below that minimum). ▪ Reduce in “steps,” i.e. 5-year increments. ▪ Delay ramp down to generate more fees from pumping, then do a cliff / dramatic reduction at 5 years or 10 years. ▪ Create variable ramp down, set in 5-year increments, with smaller percentage reduction in initial increments, to allow projects time to come online. (Example scenario: 50% total reduction required over 20 years. First 5 years, reduce 5%; at end of 10 years, hit 25% reduction. And, then accelerate percentage in last 10 years. ▪ Allow business owner to customize ramp down as long as owner hits benchmarks. ▪ Provide for climatic variability in the end point based on physical location (i.e. coastal zones vs. inland); consider 3 potential zones. End point would reflect that zone (and thus affect the slope of the ramp down for individual users). ▪ Consider establishing a floor and a ceiling (cap water use). ▪ Consider general categories of crops and customize ramp down to those pools of crop-type (vs. individual ramp down). ▪ OPV White Paper Hybrid Method: % reduction and AF/acre. ▪ Establish minimum allocation or acre-foot per acre of land. ▪ Others?
Concepts for Proposals	<p>3. <i>Topics to be addressed in ramp down / allocation</i></p> <p>3.1. Assume that ramp down and associated reductions might link Oxnard and Pleasant Valley via joint management and sharing responsibility for reducing pumping (i.e. PV may commit to additional reductions beyond what might be needed if PV were managed as a single basin).</p> <p>3.2. End Point(s): The Core Stakeholder Group has defined the end-point as 50,600AFY, the mid-point range in the GSP modeling. This assumes a sustainable yield of 39,000AFY in the Oxnard Basin and 11,600AFR in</p>

the Pleasant Valley Basin. (agreed to CSG#7 9/29/20). [includes surface water as part of modeling assumptions]

- 3.3. Integrate **5-year intervals for adaptive management** in concert with the GSP update; adjust sustainable yield and ramp down based on particular pre-defined conditions
- 3.4. Consider a **minimum allocation**, recognizing that it must be supportive of the sustainable yield over the 20-year period.
- 3.5. Characterize how **surface water** is factored in.
- 3.6. Do ramp-down elements treat **high water and low water users differently?**
- 3.7. Consider inter-play of **GSP management areas**.
- 3.8. Establish a **strategy for reducing pumping (timing and location)** that might have a greater impact to realize management objectives and achieve sustainability goals

Preliminary Recommendation *To be developed*

Agreements / Recommendations *To be developed*

Allocation

Facilitators' Note: The facilitators would like to acknowledge the history, work, and extensive conversations that have gone into developing the allocation plan, culminating with the adoption of the allocation ordinance. The facilitators acknowledge that the GMA and some stakeholders do not want to reopen the allocation ordinance. The facilitators acknowledge that the allocation plan is a primary driver for other stakeholders' participation in the facilitated process. However, given the articulated goal of avoiding adjudication and given that the ordinance left open some issues to be addressed, the Core Stakeholder Group will consider and decide which issues merit group discussion.

Problem(s) to be Solved	What are the elements of the Allocation Plan that need to be developed or merit attention or refinement? What are the key issues that the group needs to tackle to fully implement the allocation ordinance, specifically, or an allocation plan, more generally?
Existing Policy	Allocation Ordinance Groundwater Market Pilot Project in Oxnard Subbasin
Resources	Trading Sustainably: Critical Considerations for Local Groundwater Markets under SGMA, Nysten et al, Wheeler Water Institute (June 2017) Orange County Water District Replenishment Program / Allocation Annual Application Process
Key Term Definitions	Conjunctive use refers to the coordinated and planned use and management of both surface water and groundwater resources to maximize the availability and reliability of water supplies in a region to meet various management objectives. (Source: DWR) In-lieu replenishment can be defined as providing water to meet a demand that would otherwise be met from groundwater extraction. In-lieu replenishment changes a basin's groundwater budget by reducing the volume of groundwater pumping. (Source: DWR)
Stakeholder Interests + Issues	<i>Ideas expressed during stakeholder assessment process</i> <ul style="list-style-type: none"> ▪ Incentivize conjunctive use ▪ Clarifications on carryover ▪ Avoid penalizing farmers who were early adopters of conservation measures ▪ Avoid big winners and losers—everyone “feel some pain” ▪ Avoid zero allocations ▪ Address issues of poor historical data on water use ▪ Base period and initial allocation ▪ Equitable partitioning of water between M & I and Ag ▪ Move to land-based (vs. wellhead-based) system)
Decision Criteria	

NOTES: Core Stakeholder Group Meeting 9

Meeting Held: Oct 27, 2020

Notes prepared by: Consensus Building Institute

Meeting in Brief

The Core Group discussed the approaches to ramp down from the [Borrego Water District example](#) and from the [LPUG White Paper](#); advanced deliberations around ramp down criteria and proposals; and received updates on ad hoc committee progress. The legal committee is working through questions around ramp down, allocations, and replenishment fees, and the projects committee is identifying and gathering information on new projects.

Reflections on Ramp Down Examples

The Borrego Water District example is most helpful as a model for adaptive management.

Borrego has a set 5 % ramp down for the first 5 years. Then at each subsequent five-year milestone, the ramp down adjusts based on the results of technical analysis. Notable features include flexibility to make up for over-pumping in any given year, transferability of water facilitated via an internal water market, and a replenishment fee on all water pumped.

The LPUG model aimed to establish an allocation that split the difference between historical and correlative rights. Notable features include a minimum allocation that is adjusted every five years based on analysis of the sustainable yield and no differentiation in cuts between high water users and low water users (all users reduce equally).

Ramp Down Decision Criteria

The Core Group can use decision criteria to weigh ramp down options against one another. Feasibility of administration is key for ensuring the system is not overly burdensome for the GMA or producers and for promoting accuracy in reporting. Adaptive management-oriented policies should have limits on year-to-year changes. Generally, criteria should address the need for progress at the 5-year check points (and avoid only focusing on the end point).

Identifying Ramp Down Conceptual Proposals

A linear approach provides simplicity, ease of administration, flexibility to adjust based on new data, and motivates paying for projects because the cuts happen from year one. Group members generally support a minimum allocation, but it needs to be designed to ensure motivation to pay for projects. A minimum allocation might be coupled with a cap on water use (have a floor and a ceiling) and / or be guided by efficiency standards. A stair-step approach has the benefit of aligning with the timeline for GSP updates, but would need to include a carryover provision. Two routes for replenishment fees are: 1) apply a uniform fee to all acre feet of water and 2) have a tailored approach where folks can pay more for access to additional water (or pay less if willing to take a steeper ramp down). Going forward the legal committee will take the Core Group's input, develop proposals (with a focus on minimum allocations), and brief the Core Group at a subsequent meeting.

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Ad Hoc Committee Updates

Legal Ad Hoc Committee

- + Meeting regularly under Mediation Confidentiality Agreement
- + Series of presentations on legal concepts and related issues
- + Now tackling Ramp Down and Allocation Questions
- + Held preliminary conversation on Replenishment Fees
- + Preparing “outputs” and insights to share with Core Stakeholder Group

Projects Ad Hoc Committee

- + Planning Framework underway
- + Active participation among technical folks
- + Identifying projects and conducting preliminary assessment of feasibility and costs
- + Considering optimization scenarios and opportunities for creative regional solutions
- + Will be ready to present status update to Core Stakeholder Group

Reflections on Ramp Down Examples

The Core Group discussed the approaches to ramp down from the [Borrego Water District example](#) and from the [LPUG White Paper](#).

The Borrego Water District example is most helpful as a model for adaptive management. The ramp down approach in Borrego has a set 5 % ramp down for the first 5 years, then at each subsequent five-year milestone the ramp down is adjusted based on the results of technical analysis. Notable features include flexibility to make up for over-pumping in any given year, transferability of water facilitated via an internal water market, and a replenishment fee on all pumped water. The LPUG model aimed to establish an allocation that split the difference between historical and correlative rights. Notable features include a minimum allocation that is adjusted every 5 years based on analysis of the sustainable yield and no differentiation in cuts between high water users and low water users (all users reduce equally).

Borrego Water District Example Background and Q&A

Note: Background information and answers to participant questions provided by Russell McGlothlin.

The Borrego Water District example could be a helpful model for adaptive management for consideration in OPV. It will be less helpful as a model for allocations as the context is quite different. The approach in Borrego is to have a set 5 % ramp down for the first 5 years, then at each subsequent five-year milestone the ramp down is adjusted based on the results of technical analysis on the sustainable yield until the end of ramp down in 2040. In OPV, a similar approach could be implemented, adjusting the ramp down in 5-year increments based on refined understanding of the sustainable yield and progress on projects.

Q: How did transferability of water work in the Borrego example?

A: Transferability was achieved through an internal water market. The approach taken in Borrego was to provide growers time to continue making a return on their agricultural investments while also providing the structure for folks to voluntarily sell allocation to uses that are likely higher value, e.g. golf and hospitality. For the first five years users have significant flexibility: they can pump over their allocation within the first three years so long as they hit targets by year five. Also, for the duration of ramp down, folks can avoid charges so long as they make up for over pumping within 12 months.

Q: What is the carry over provision in Borrego?

A: Carryover is factored into the replenishment assessment: pumpers pay the assessment for water that is carried over at the time of use. If pumping under allocation, that water is effectively in storage for the pumper. Notably, this approach to carryover may lead to accounting difficulties in the future.

Q: Does everyone pay the replenishment assessment in Borrego?

A: Yes, the only way to avoid paying fees on water is by not pumping it and / or not carrying that water over.

Q: Were minimum allocations included as part of the strategy?

A: Yes, there are minimum allocations to less than 2 acre-feet of use.

Q: How uniform is water use in Borrego?

A: Much of the growing is citrus but there are other uses as well. Allocations were based on an assessment of an evapotranspiration (ET) factor multiplied by acres based on the [WUCOLS system](#) out of UC, which provided an ET estimate for different crops. There were conflicts around how burden would be shouldered among high and low water users, but the situation was different in that all of agriculture was represented by one group.

Q: Are allocations split in different pools between M&I and agriculture?

A: No, general allocations were reflective of historic use based on a recent base period.

Q: Is one of the differentiating factors between the Borrego example and OPV the fact that growers in Borrego have the option to sell their water to golf courses and municipal uses at a significantly higher value than their crop values, allowing folks to salvage crop loss by selling water at a high price?

A: Yes, this is a key difference.

Q: Are the transfers in Borrego outright sales or other types of agreements?

A: There are a variety of transactions: annual leases, multi-year leases, and permanent sale.

Q: How was the base period established?

A: The base period was based on recent use: data from use from five years before SGMA was established.

LPUG White Paper Background and Q&A

Note: Background information and answers to participant questions provided by John Grether and Alden Broome.

LPUG's process for developing a ramp down plan started before SGMA was adopted and included participation by the water works districts. LPUG's recommendations reflect negotiation between various interest groups that focused on establishing an allocation that split the difference between historical and correlative rights. Historical pumping established the initial starting point, followed by a 20-year ramp down. The plan recognized that Calleguas could provide supplemental water, with the water market serving as an additional buffer. The plan also contemplated a minimum allocation. The LPUG white paper also took into consideration that some lands had water rights that were unexercised and set aside reserve pools for those lands.

Q: Was there differentiation between high and low use?

A: No – cuts would be equal until the user got down to the sustainable yield per acre.

Q: What is the percent reduction required to get from current use to sustainable yield?

A: A rough estimate would be 15-20 % though estimates varied widely. It proved challenging to get information on water use per individual from the GMA so estimates are based on a limited data set.

Q: Was the assumption that if the minimum allocation did not achieve the sustainable yield then everyone would reduce more?

A: The plan was to adjust the minimum allocation every five years based on updated information around the sustainable yield.

Q: Recognizing that most folks in LPV are in citrus, what was the assumed course of action for folks growing other crops?

A: The assumption was that 20 years would be enough time for high water users to adapt their operations as needed. Information suggested that technological advances for increasing water

savings for crops like raspberries and blackberries might come to market soon to make these adjustments more manageable.

Q: What are the prospects of getting water from Metropolitan Water District (MWD) for use in Las Posas?

A: Jurisdictional challenges make it difficult to access MWD water via United. Parts of West Las Posas are not within the MWD service area. It is possible that these challenges could be overcome based on the need.

Q: Theoretically could LPV growers use water from MWD to manage shortages if folks are willing to pay?

A: LPV growers can turn to MWD water in principle (Zone Mutual receives MWD water via Calleguas) but the complicating factors are cost and infrastructure, e.g. the pipelines to access the water.

Q: Theoretically, could you do a water-market-type trade between someone with access to MWD water and a pumper in another area without access?

A: An MWD user cannot sell allocation to anyone outside the Metropolitan Water District.

After clarifying that MWD users cannot sell allocation outside MWD, a meeting participant suggested that the group should consider lobbying MWD to change the rules around the sale of MWD water. Another meeting participant responded that all MWD member agencies would have to approve the sale and reaffirmed that users have to be in an area that is annexed to MWD even to receive indirect deliveries of water from MWD. Another participant highlighted LAFCO restrictions as a potential barrier to pipeline construction for creating access to MWD water.

Ramp Down Decision Criteria

The Core Group reviewed progress to date on ramp down decision criteria and discussed additional factors to consider. The group can use criteria to weigh ramp down options from one to another. Feasibility of administration is key for ensuring the system is not overly burdensome for the GMA or producers and for promoting accuracy in reporting. Adaptive management-oriented policies should have limits on year-to-year changes. Criteria should address the need for making progress at the 5-year check points (and avoid only focusing on the end point).

Feasibility of Administration is about creating a system that is not overly burdensome to the GMA or to pumpers because of complicated reporting processes. Overcomplication can lead to a reporting system that has low accuracy.

Adaptive Management could help manage different climatic cycles. In the

Decision Criteria (discussed to date)

- Feasibility of Administration
- Legally Defensible / Durable
- Burden Sharing
- Adaptive Management, tied to certainty (vs. optimism) of projects; ability to create new supply and climatic variability
- Predictability to plan investments and business decisions
- Support diversity of crop type recognizing WUE
- Economic Analysis of Impacts

past droughts have prompted GMA executive action, not always viewed as favorable. Some basins set limits on adjustments as part of adaptive management programs to avoid “whiplash” from the combination of drought and disappointing short-term results. OPV should consider the scale of adjustments and refinement as part of any adaptive management program.

OPV needs to ensure progress at the 5-year check points and not just focus on the end point.

Progressing Ramp Down Proposals

Building off discussions at meeting 8, the Core Group continued ramp down strategy deliberations with a focus on making progress towards 2 – 3 ramp down scenarios that could be vetted and improved as other elements take shape.

Linear approach: A linear approach provides simplicity, ease of administration, flexibility to adjust based on new data, and motivation to pay for projects because the cuts happen from year 1.

Minimum allocation: Group members generally support a minimum allocation, but it needs to be designed to ensure motivation on projects. Ideas to achieve this include: 1) a low minimum allocation (e.g. 1 AF) and 2) a minimum that responds to progress on projects (e.g. slow progress = the floor lowers). A minimum allocation might be coupled with a cap on water use (a ceiling and a floor); the gap between the floor and ceiling should reduce overtime. Efficiency standards could also be a good guiding framework, e.g. align minimum allocation with lowest viable amount for growing a crop.

Stair-step approach: A stair-step approach has the benefit of aligning with the timeline for GSP updates, but including a carryover provision would be important.

Replenishment fees: Two routes for replenishment fees are: 1) apply a uniform fee to all acre feet of water and 2) have a tailored approach where folks can pay more for access to additional water (or pay less if willing to take a steeper ramp down). Prop 218 and Prop 26 requirements must be considered (unless there is a stipulated judgement), and if Prop 1 funding comes into play specific impacts to disadvantaged communities will need to be assessed.

Going forward the legal committee will take the Core Group’s input, develop proposals (with a focus on minimum allocations), and brief the Core Group at a subsequent meeting, hopefully Nov. 17.

Stakeholder Comments on Approaches

The CBI facilitation team has attempted to provide a comprehensive summary of meeting participants’ comments on the ramp down proposals below:

Linear progression

The straight-line ramp down is understandable, allows for multi-year planning and ensures that OPV will reach its goals. This approach can also accommodate adjustments to the slope as projects become real. The simplicity of this approach makes it a good option for a starting point.

OPV needs to develop the linear no-project ramp down scenario so that everyone understands the worst-case scenario that will unfold in the absence of projects. Clarity around what this scenario looks like will

motivate buy-in on the other options and we can effectively explore other ramp down approaches like the stair-stepped ramp down.

Cons of Linear Approach: The linear approach does not include a minimum allocation—if OPV just plans for a straight-line reduction from current use, there are folks who will be out of production within 10 years.

Minimum allocation and cap on water use (floor and ceiling)

The concern with having a floor is that it will reduce support for projects and a replenishment fee. OPV needs to consider how folks with a floor would be positively inclined towards projects. One option to achieve this aim is to have a floor that adjusts over time based on progress (or lack of progress) on projects. For example, OPV might establish a floor today with the understanding that it will drop if OPV doesn't make enough progress on projects.

One approach for managing the minimum allocation and cap on water use would be to have a steeper ramp down for the water use cap since folks at the higher end of water use likely have more room to reduce through efficiency.

The difference between the floor and ceiling should reduce over time, so that high and low water users are converging. Also, the end points of ramp down should vary based on local climactic conditions.

Minimum allocation considerations for equitable burden sharing & motivation for projects

- Managing for an equal end point across OPV does not constitute equitable burden sharing. All growers are using water beneficially so a singular focus on saving water for conservation's sake is insufficient. A more equitable approach—mindful of the variation in water needs—would be to have a minimum allocation that is low enough that all growers have to make meaningful cuts in the absence of projects, e.g. minimum allocation of around 1 AF.

Ramp Down Concepts (Brainstormed to Date)

- Establish linear progression
- Establish linear progression to a minimum and then "safe harbor" (i.e. don't fall below that minimum).
- Reduce in "steps," i.e. 5-year increments.
- Delay ramp down to generate more fees from pumping, then do a cliff / dramatic reduction at 5 years or 10 years.
- Create variable ramp down, set in 5-year increments, with smaller percentage reduction in initial increments to allow projects time to come online.
- Allow business owner to customize ramp down as long as owner hits benchmarks.
- Provide for climatic variability in the end point based on physical location (i.e. coastal zones vs. inland); consider 3 potential zones. End point would reflect that zone (and thus affect the slope of the ramp down for individual users).
- Consider establishing a floor and a ceiling (cap water use).
- Consider general categories of crops and customize ramp down to those pools of crop-type (vs. individual ramp down).
- OPV White Paper Hybrid Method: % reduction and AF/acre.
- Establish minimum allocation or acre-foot per acre of land.

- The ramp down's impact on crop values must be considered. E.g. If the ramp down forces all growers into lemons, the lemon market will crash.
- The minimum allocation should be tied to crop efficiency standards. A focus on efficiency will motivate water conservation, similar to the approach of municipal systems that are tied to urban water plans and guidelines from the state. A first step would be to get clarity on the conservation standards across crop types. Then it might make sense to establish the minimum as the lowest commercial water use standard for today with the expectation that it gets tightened over time.
- A general aim of ramp down could be to first start on redistributing wasteful water from high water use folks to the low water users, and then move to focusing on replenishment fees. The minimum allocation should respond to progress on projects to ensure that low water users are motivated. Everyone should face the prospect of some of their land coming out of production in the absence of progress on projects.
- Low water users and high water users could be on the same ramp down slope, with a low minimum allocation. Low water users would ramp down to 1 AF and stop. High water users would keep reducing until the entire basin is at sustainable yield. Historically, average water use has been 1.375 AF, so if everyone ramps down by an equal proportion, low water users would end up around 1 AF and high users around 1.5—everyone ends up with insufficient water to continue operating as they would like to, which creates strong motivation for projects.
- Low water users should ramp down more slowly than high water users. The focus should be on tiered conservation standards that recognize a minimum. Motivation for projects should be addressed through the approach to replenishment fees.
- Minimum allocations should be linked to land use, not viability of crops.
- To achieve burden sharing, ag pumpers may need to consider everyone fallowing some portion of their land. For instance, in Popperville Valley, folks came to a decision that everyone should fallow 7% of their land.

Stair-step approach on 5-year increments

- A 5-year milestone stair-step approach makes sense because that timing would tie into the updates for GSPs.
- A stair-step approach would need to feature a flexible carry over policy.

Focus on simplicity for effective administration

- Focusing on a ramp down that is simple and manageable to administrate will ensure that the GMA can keep all users accountable. A straight ramp down approach would work for Camarillo because it is simple. The Core Group should set strategy based on the information available: the sustainable yield of the basin. The group should make a plan that begins implementing the reductions right from the start. Then we can adjust the plan as we make real progress on projects.

Replenishment fee considerations

- Prop 218 and 26 must be considered. One of the requirements is going to be developing a report that documents the use of funds collected.

- If seeking Prop 1 funding, the GMA will have to look into how rate increases might impact disadvantaged communities.
- To reduce costs, the group should consider how conservation activities can complement projects.
- It is likely that groundwater management deliberations in OPV will culminate in a stipulated judgement or a litigated judgement. If this is the case, the courts will apply a replenishment assessment and Prop 218 and 26 would not apply.
- The group needs to consider the impacts to land values if land is stranded without water or with a very low allocation. It might make sense to consider a policy that allows folks to essentially buy additional water via a higher replenishment fee.
- The group should consider an approach where individuals can have varying ramp down scenarios. For instance, folks could choose to accept a lower allocation in lieu of paying a replenishment fee.
- The group should consider a policy that features opportunity to “make up” for over-pumping in a prior period. If you pull too much water in a given year, you would not immediately be subject to a surcharge, providing flexibility to lease water or reduce pumping in subsequent years.
- Generally, surcharge fees should not be significantly greater than the cost to bring in new water. The surcharge shouldn’t be viewed as a penalty, so much as a means to assess the cost of bringing in new water.
- The benefits that folks receive from paying the replenishment assessment should be proportional to the amount paid. A high water user paying more into the assessment should be entitled to more water from projects.
- The replenishment fee should apply to all water.
- To motivate projects, everyone could pay the same replenishment fee per acre foot.
- The water market should reflect the replenishment fee costs.
- We need to ensure there is clarity on the use of replenishment fee dollars and that users understand the benefits.

Next Steps on Ramp Down

Going forward the legal committee will take the Core Group’s input, develop proposals (with a focus on minimum allocations), and brief the Core Group at the Nov 17 meeting.

Core Group Members Present: Arne Anselm, Jared Bouchard, Alden Broome, James Dubois, Terri L. Ferro, Rosemarie Gaglione, Jurgen Gramckow, Martin Gramckow, John Lindquist (filling in for Dan Detmer), Candace Meneghin, Lucie Munoz-McGovern, E.J. Remson, Jenfer Tribo