

MESSAGE FROM THE CEO



Jason Phillips
Chief Executive Officer

Recent actions by the State Water Resources Control Board, Bureau of Reclamation, and California Department of Water Resources to adjust operations for the historic low water available in the Central Valley – including approval of the Temporary Urgency Change Permit, the Sacramento River Temperature Management Plan, and the Drought Operations Plan – are all critical in establishing an updated operations plan for 2021 to best meet multiple beneficial uses in the Central Valley and throughout California. Although the Friant Water Authority team is still evaluating certain details, the actions and decisions this week appear to be consistent with the recent operations plans and assumptions that we have discussed with Federal and State partners and other water agencies, which will preserve the current limited Class 1 allocation and prevent the potentially disastrous action of releasing water from Friant Dam this summer to meet the Exchange Contract requirements.

Especially in a year such as this, any further reductions in the Friant Division's water allocation will worsen the drought's effects in the San Joaquin Valley by reducing the amount of surface water delivered for irrigation and groundwater recharge. The Friant service area includes more than 55 disadvantaged or severely disadvantaged communities that are almost entirely reliant on groundwater wells for their supplies. Additionally, it could reduce the cold-water pool behind Friant Dam through the fall months, increasing temperature-dependent mortality of the spawning population of Spring-run chinook salmon that was established by the San Joaquin River Restoration Settlement and Program.

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CALIFORNIA WATER MANAGEMENT PROBLEM

Reprinted from Valley Ag Voice, June 30, 2021

This article was written based off an interview with Jason Phillips, CEO of the Friant Water Authority, but the opinions expressed in the article are the opinions of Jenifer VanAlstein.

California is in yet another tough water year. It seems as though we are always in a tough water year, even during wet years. That's because California does not have a water problem... what California has is a water management problem, which is the result of decades of laws, regulations, and decisions that have flipped common sense priorities on its head.

Water contractors want water, of course. But equally important, they want certainty. Decades ago, California farmers did what needed to be done to give themselves certainty. After millions of acres of rich agricultural land has been developed, the need for water has increased. Yet, for decades, leaders have been kicking the can down the road, until we find ourselves in the predicament we're in now.

Water allocations have been released. The State contractors received a 0% allocation but still must pay for 100% regardless of what they actually receive. Some federal contractors are also at 0%, while those in the Friant Division, are slated to get 20% of their Class 1 allocations, and 0% of Class 2 supplies, which is equivalent to about 6 % of their total contract supply. Class 1 and Class 2 contracts were originally designed based on the contractor's access to groundwater. By design, Class 1 contracts have limited access to groundwater (they are also generally older contracts with more senior water rights). Class 2 contracts have better access to groundwater, which also means they have the ability (generally) for groundwater recharge. So, when Class 2 contractors do not get any water during wet years, there is no ability to capture that water for the groundwater recharge that is so desperately needed.

But even that Class 1 allocation is not a guarantee. The instability in the Delta and Sacramento Valley will ultimately determine the actual amount of water that will be made available to the Friant Division Contractors. The myriad of water agencies had a plan going into May of this year, but then the reservoir inflow forecast changed drastically. We are losing snowpack near Sacramento to evaporation, meaning it is not running off into the rivers. Currently, the Friant Water Authority is working with the various agencies and interests for in an attempt to find some creative solutions that will allow more water to remain on the eastside the San Joaquin Valley. But, the problem is much more than cold water preservation in Shasta reservoir, or salinity levels in the Delta. If the San Joaquin River Exchange Contractors, near the Los Banos area, are not able to get their water deliveries from the Delta, then they will be able to get water from water stored behind Friant Dam, on the San Joaquin River. That is the same source of water that the Friant Division relies on to provide their supply. Also referred to as a "call on Friant water," it is a circumstance that is so rare, that in the history of the Exchange Contract, it had never happened until 2014 and 2015. When this happens, it creates a devastating ripple

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EVENTS AROUND THE VALLEY

JULY 19

FWA Executive Committee Meeting
Lindsay, CA

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JULY 26

FWA Finance Committee Meeting
Lindsay, CA

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JULY 29

FWA Board of Directors Meeting
Visalia, CA

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AUGUST 16

FWA Executive Committee Meeting
Lindsay, CA

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It is important to recognize that the dry hydrologic conditions this year puts us in unprecedented territory, particularly in Northern California, which adds to the uncertainty of water availability forecasts and could mean this estimated outlook for water supply could still change as the year progresses. As such, Friant Water Authority will continue working with our California water community to reduce the risk of further impacts to the Friant Division's water supply this year, and we are grateful for the close coordination occurring that facilitates a shared, transparent vision for weathering the hydrologic challenges of 2021.

Jason Phillips, CEO, Friant Water Authority

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(cfs), but is now only able to convey 1600 cfs, and dropping. A bond was put on the ballot in 2018 which would have provided \$750 million for a fix to the conveyance system. That bond (the second water bond of 2018) failed by 1%. Our biggest issue is moving water. Yes, we need storage, but more importantly, we need to be able to move water to and from storage.

The good news is that after 4 years of engineering, permitting, and securing partnerships with state, federal, and local leaders, something is being done. Later this year, the Friant Water Authority will be breaking ground on the Friant Kern Canal Middle Reach Capacity Correction Project, which when completed, will correct the capacity woes that are plaguing the system, so that the Friant Contractors can once again rely on whatever allocation they are provided. Despite the hurdles, the roadblocks, and the politics, something is being done to help move water (that has already been paid for) to Kern County farmers.

IN THE NEWS

"State budget reflects need to deal with societal problems," *The Porterville Recorder* (Jun. 30, 2021)

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"The water is running out for these Central Valley communities," *Your Central Valley* (Jun. 21, 2021)

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"Valley coalition asks Newsom to fund shovel-ready drought projects," *AgriPulse* (Jun. 30, 2021)

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"Hurtado, Salas tout \$73 million for Valley in state budget," *The Sentinel* (Jun. 29, 2021)

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"Senator Hurtado: SB 559 Rally" *YouTube* (Jun. 28, 2021)

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"It's Some of America's Richest Farmland. But What Is It Without Water?," *The New York Times* (Jun. 29, 2021)

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effect throughout the Valley, as it not only disrupts the farm economy, but also it has a terrible impact on the groundwater wells that supply drinking water for dozens of communities on the eastside.

This new reality, which is not JUST because of dry conditions, is adding significant pressure on the system, specifically for those farmers who have permanent crops. You cannot just not water your almond trees or citrus trees on years you don't get water; as opposed to row crops, which have more flexibility because of the nature of the crop. Groundwater pumping, where it's available, is limited under the Sustainable Groundwater Management Act (SGMA). Many contractors try to buy water from other contractors, particularly in the Northern Sacramento River area. The problem this year is there is no way to move or transfer that water. As much as a half of a million-acre feet of water has been paid for with no way to move that water in the summer. This includes water transfers purchased by cities and municipalities.

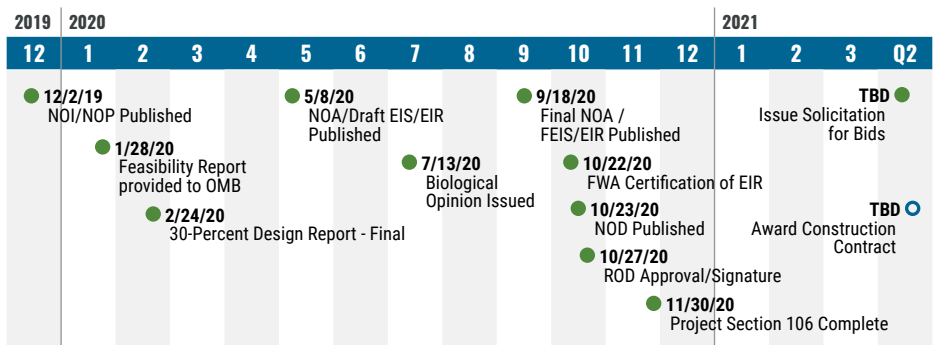
To reiterate, we do not have a water problem, we have a water management problem in this state. California has always had, and will always have, dry years. And our farming forefathers built one of the largest water systems in the world to solve the issue. The groundwater and land subsidence crisis in California is primarily the result of more and more surface water being taken away from the Valley through laws and regulations, and the lowering of groundwater is a symptom of that disease. SGMA is treating a symptom, but it is not curing the disease. The solution is more groundwater storage, more conveyance systems, and a regulatory environment that actually acknowledges the simple and historic fact that California's hydrology is famous for years of abundance, followed by years of scarcity. Not being prepared to deal with that historic reality is man's fault, not mother nature's.

Times of crises reveal the real problems. The historical drought of 2014-2015 caused many farmers and communities to realize that they could no longer even rely on groundwater. California voters approved a bond in 2014 to increase water storage. To date, no projects have been started to increase water storage. And in 2017, the Friant Water Authority discovered a major conveyance capacity issue affecting the Friant Kern Canal. The reliance on groundwater caused significant subsidence under the canal. This "pinchpoint" made it impossible to use the canal at 100% capacity; the canal was designed to convey 4,000 cubic feet per second

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UPDATE ON FKC CAPACITY CORRECTION PROJECT

The following is a summary of the design, permitting, and regulatory work completed by the FWA project team in recent months.



The following is a summary of the funding options and benchmarks that the FWA project team are pursuing to piece together a final finance plan.

SOURCE OF FUNDS	AMOUNT	STATUS
Bureau of Reclamation SJR Restoration Program	\$41.8 m	Confirmed/In-hand
Bureau of Reclamation SJR Restoration Program	\$9 m	Requested
WIIN Act FY18 and FY20 Appropriations	\$4.55 m	Awaiting Congressional Action
WIIN Act FY21 Trump Administration funding request	\$206 m	Signed by President Trump
State funding (SB 559 – Hurtado)	\$200 m	Signed By Governor Newsom, State Budget - July 2021
↳ FKC share of SB 559	\$67 m	July 2021 - June 2022
Groundwater Sustainability Agency mitigation funding	\$125 m	Agreement Finalized
Friant contractor funding	\$50 m	Confirmed/Committed