



July 26, 2022

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Dear Governor Newsom:

California's persistent drought has become a grave threat to our economy.

Last year's drought forced the agricultural industry to shrink by an estimated 8,745 jobs and shoulder \$1.2 billion in direct costs as water cutbacks forced growers to fallow farmland and pump more groundwater from wells, according to UC Merced research.

This year, the effect on agriculture will only be worse, given the unprecedented moratorium on water exports and the regulatory limitations on groundwater pumping.

Our summertime energy reliability challenges will be exacerbated by the likely absence of major portions of our traditional hydroelectric capacity.

Add to this the uncertainty and higher costs that water-dependent manufacturers, producers, builders and consumers will face as long as the drought afflicts California.

You have responded to this predicament with short-term actions that will address the most critical emergencies, including billions of dollars in last year's and this year's budgets for water conservation projects, water quality enhancement, emergency water supplies, and education. Local agencies have by necessity invested in ambitious water recycling and stormwater capture projects.

Your Administration is pressing every sector of the economy and society to immediately conserve water. We join you in this call; in the short term, conservation, recycling and wise water use are the best and most effective strategies. As Secretary Crowfoot remarked at a recent meeting with statewide business leaders, "Extreme drought is happening across the state and all throughout the West. This means we all need to work together to take immediate action to conserve water and stretch our dwindling water supplies."

Even after this drought ends – sooner rather than later, we hope – we know two things: we will in the not-too-distant future face another drought, and California is chronically short of water even in “normal” water years. With a hotter and drier climate, less predictable precipitation, and population and economic growth, Californians must be able to count on a reliable water supply with a much better margin for safety.

It is also critical that we not allow the drought to exacerbate our housing crisis. New housing is incredibly water efficient both indoors and outdoors, and even in growth areas has a minimal impact on overall water demand.

For these reasons, California must look beyond conservation and recycling, and develop new water storage and supply projects, above and below ground. We know your administration is working on many of these projects, but we urge you to mobilize your team, in partnership with federal and local partners and the private sector, to urgently develop, implement and resource a Water Supply Strategy – with the goal of securing ongoing, reliable new water sources to serve the state’s urban and agricultural uses within the decade.

This effort should feature four essential projects.

The Sites Reservoir would be a new lake in the Sacramento Valley that, when full, could hold enough water to supply three million households for one year. It does not rely on snowmelt but captures winter runoff from uncontrolled streams below the existing reservoirs in the Sacramento Valley. Because of this, it will inherently adapt to future climate conditions and will be operated to improve water supply resilience to the predicted changes in weather. Last year the California Water Commission advanced the Sites project by confirming its eligibility for some state bond funding to help meet the overall price tag for the reservoir.

This is a good start, but more needs to be done more quickly, including a commitment to securing the necessary water rights to operate the project and obtain funding, streamline permitting and fast-tracking any legitimate litigation, as well as identifying additional funds to advance the design and construction schedule.

A surprising amount of reservoir capacity is underutilized and cannot be operated at full capacity because of dam safety and seismic concerns. Since these reservoirs are already in the ground and part of the water supply system, their rehabilitation represents a cost-effective strategy to store more supplies. State and local officials should identify and fast-track funding and streamline permitting for dam safety retrofit projects that could restore substantial existing storage in a relatively short time.

Another promising approach that calls out for a focused effort and leadership is desalination. We agree with your support for the Huntington Beach desalination plant, and believe the Coastal Commission missed an opportunity to demonstrate how to approve an important and needed technology, rather than leaving desal investors to guess at what, in the words of the commission chair, constitutes “intelligent” desalination. Several other desalination plants are currently in the pipeline elsewhere in California; they deserve a better roadmap to regulatory success. As we have self-imposed limitations on developing surface and ground storage, we should in turn support creative options that utilize technology and efficient land use to deliver quality potable water for urban use.

Finally, this year marks the 40th anniversary of voter rejection of a Sacramento-San Joaquin Delta water conveyance proposal, known then as the Peripheral Canal. Four decades have passed without a new agreement on water transmission infrastructure or even operating principles. Improvement of existing Delta infrastructure is not an option, especially considering the ongoing degradation of natural habitats under the status quo, and the threat of catastrophe should Delta levees collapse from an earthquake or rising sea levels. Tens of millions of Californians depend on water conveyed through the Delta, which will require more efficient technology, infrastructure, and operations to increase water available for human consumption and commerce.

You have noted the inextricable link between the effects of climate change and the availability and reliability of our state’s water supply. As you have with climate change, we urge you to direct an administration-wide

mobilization on creating new water supply reliability – to mitigate future droughts and accommodate California’s continued economic success.

Sincerely,



Jennifer Barrera
President & CEO
California Chamber of Commerce

On behalf of the following organizations:

Emily Rooney, President
Agricultural Council of California

Pat Fong Kushida, President & CEO
CalAsian Chamber of Commerce

Denise Froemming, President & CEO
California Society of Certified Public Accountants (CalCPA)

Dan Dunmoyer, President & CEO
California Building Industry Association

Matthew Hargrove, President & CEO
California Business Properties Association

Rob Lapsley, President
California Business Roundtable

Ronald Fong, President & CEO
California Grocers Association

Julian Canete, President & CEO
California Hispanic Chambers of Commerce

Lance Hastings, President & CEO
California Manufacturers & Technology Association

John Norwood
California Pool & Spa Association

Jot Condie, President & CEO
California Restaurant Association

Rachel Michelin, President & CEO
California Retailers Association

John Kabateck, CA State Director
National Federation of Independent Business

cc: Wade Crowfoot, Secretary, California Natural Resources
Karen Ross, Secretary, California Department of Food and Agriculture

JB:ll