1 2 3 4 5 6 7	A Pro AAR KELI 500 C Sacra Telep Facsi aferg ktabe	ACH SIMMONS & DUNN ofessional Corporation ON A. FERGUSON (SBN 271427) LY M. TABER (SBN 184348) Capitol Mall, Suite 1000 amento, California 95814-2403 ohone: (916) 446-7979 mile: (916) 446-8199 uson@somachlaw.com er@somachlaw.com er@somachlaw.com	No Filing Fee Required	
8		DEFORE 7		
9	BEFORE THE			
10		CALIFORNIA STATE WATER RES	OURCES CONTROL BOARD	
11				
12		e Matter of the Petition for Reconsideration by of Stockton of:	SWRCB/OCC File	
13			CITY OF STOCKTON PETITION FOR	
14	ON C	PTION OF DRAFT ORDER WR 2022 OCTOBER 3, 2022, DENYING AND	RECONSIDERATION OF ADOPTION BY STATE WATER RESOURCES	
15 16	3053 A PE	CELING WATER RIGHT APPLICATION 1B FROM THE CITY OF STOCKTON FOR RMIT TO APPROPRIATE WATER FROM SAN JOAQUIN RIVER	CONTROL BOARD OF ORDER WR 2022 DENYING AND CANCELING APPLICATION 30531B	
17	-			
18		I. PETITION FOR R	ECONSIDERATION	
19	(1)	Petitioner:		
20		City of Stockton (City)		
21		425 North El Dorado Street Stockton, CA 95202-1997		
22	(2)	The specific Board action of which Petitione	er requests reconsideration:	
23		The State Water Resources Control Board's		
24		of draft WR Order 2022 Denying and Canceling Application 30531B of the City of Stockton for a permit to appropriate water from the San Joaquin River (Order) prepared		
25		by the Administrative Hearing Office (AHO		
26	(3)	The dates on which the orders or decisions v	vere made by the State Board:	
27		October 3, 2022.		
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1	(4)	(4) The reasons the actions were inappropriate or improper:	
2		(a) California Code of Regulations, title 23, section 840, subdivision (a), is not a basis to deny Application 30531B (A30531B) because the City has spent	
3		approximately \$25 million to construct a portion of the additional diversion facilities it must construct to ultimately divert A30531B water under that	
4		application;	
5		(b) Substantial evidence indicates that the City will proceed within a reasonable time, and therefore California Code of Regulations, title 23, Section 840, subdivision	
6 7		(b) is not a basis for denying A30531B; the City currently has both a feasible plan in place and the financial resources needed to construct additional facilities required to be constructed prior to actual diversion and use of A30531B water;	
8		(c) Water Code section 1276 is not a basis to cancel A30531B because the City has complied with requests for additional information received from the State Board to further the processing of A30531B;	
10		(d) It is inefficient and counterproductive for the State Board to cancel A30531B because of:	
<ul><li>11</li><li>12</li></ul>		i. The severe financial hardship presented by the expenditure of at least \$500,000 in municipal funds required to file a new application; and	
13		ii. The extraordinary length of lead time required for processing and approval by the State Board of a new application.	
14	(5) The specific action which Petitioner requests:		
<ul><li>15</li><li>16</li></ul>		Rescission of the approval of the Order and maintenance of A30531B with a maximum diversion volume of 33,600 acre-feet per year.	
17	(6)	A statement that copies of the petition and any accompanying materials have been sent to all interested parties:	
18 19		Copies of this Petition and accompanying materials have been sent to the State Board.	
		H. MEMORANDUM OF POINTER AND AUTHORITIES IN	
<ul><li>20</li><li>21</li></ul>		II. MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PETITION FOR RECONSIDERATION	
22	A.	Introduction	
23		In accordance with Water Code sections 1120-1124, the City files this Petition for	
24	Recor	sideration of the adoption by the State Board of the Order at issue and referenced above.	
25	For th	reasons stated herein, the City respectfully requests that the State Board rescind its	
26	approval of the Order and maintain A30531B with a reduced maximum allowable diversion		
27	volun	e of 33,600 acre-feet per year (af/yr).	
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### B. Standard of Review

The State Board may reconsider all or part of a water rights decision or order upon petition filed not later than 30 days from the date the State Board adopts the decision or order. (Wat. Code, § 1122.) The State Board may reconsider an order upon any of the following causes:

- (a) Irregularity in the proceedings, or any ruling, or abuse of discretion, by which the person was prevented from having a fair hearing;
- (b) The decision or order is not supported by substantial evidence;
- (c) There is relevant evidence which, in the exercise of reasonable diligence, could not have been produced; or
- (d) Error in law.

(Cal. Code Regs, tit. 23, § 768.)

The State Board relied on California Code of Regulations, title 23, section 840 (Section 840), and Water Code section 1276 in denying and canceling A30531B. Section 840 provides that:

An application will be denied when it appears after hearing or a proceeding in lieu of a hearing that (a) the applicant does not intend to initiate construction of the works required for the contemplated use of water within a reasonable time and thereafter diligently prosecute the construction and use of water to completion, or (b) the applicant will not be able to proceed within a reasonable time, either because of absence of a feasible plan, lack of the required financial resources, or other cause.

(Cal. Code Regs., tit. 23, § 840.) Water Code section 1276 provides that:

If, within the period provided, the applicant does not provide the information requested under Section 1275, the application shall be canceled, unless for good cause shown the board allows additional time in which to submit the requested information.

# C. Analysis

1. Section 840(a) Is Not a Basis to Deny A30531B Because Stockton Has Initiated Construction of Facilities to Use A30531B Water

The Order states that "the City has not offered sufficient evidence to show the City will initiate construction of the works required to divert and use that water within a reasonable time

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under any of the City's scenarios for using Application 30531B water." (Order, p. 21.) More specifically, the Order states that "Stockton did not offer evidence during the hearing of what facilities need to be constructed to use either source of Application 30531B water or when Stockton would initiate construction of such facilities." (Order, p. 29.)

The City provided evidence that it has constructed some of the Delta Water Supply Project (DWSP) facilities necessary to use water under A30531B at a total cost of approximately \$25 million. (Stockton-01<sup>1</sup> at 5:10-24.) Specifically, as of May 2012, the City had installed the first phase of the DWSP, including an intake structure and raw water pipeline to accommodate water use greater than that authorized by Permit 21176, which is 30 million gallons per day (mgd).<sup>2</sup> (Stockton-01 at 5:10-15.) Also, the City installed a 13-mile pipeline from the DWSP point of diversion on the San Joaquin River to the City's Drinking Water Treatment Plant (DWTP) capable of conveying 60 mgd. Also, the intake structure was designed to accommodate an 80-mgd pumping capacity, meaning that the structure and fish screens were sized to accommodate an 80-mgd pumping rate. (Stockton-01 at 5:15-19; Hearing Recording of Nov. 9, 2021 (HR), at 34:42–35:10, 1:29:01–1:29:17.) Also, the City constructed the DWTP to provide the flexibility to add treatment without taking the DWTP offline. (Stockton-01 at 5:21-22; HR at 37:14-37:23.) Mr. Robert Granberg estimated that the incremental additional cost of constructing a raw water pipeline and an intake structure capable of conveying 60 mgd versus 30 mgd was approximately \$25 million. (Stockton-02 at 9:6-23.) Importantly, the City was very intentional about sizing these facilities to accommodate diversions under A30531B. (HR 36:38– 37:12, 1:27:58–1:30:40.)

During the hearing, the City identified the additional DWSP facilities that would be necessary to divert and treat water under A30531B – i.e., more than 30 mgd. To use water under A30531B, the City would need additional pumping capacity, meaning installation of replacement and/or additional pumps capable of pumping more than 30 mgd. (HR at 56:17-

<sup>&</sup>lt;sup>1</sup> This Petition uses the same exhibit references as provided to the AHO.

<sup>&</sup>lt;sup>2</sup> The City currently holds Permit 21176, which authorizes the City to divert a maximum of 33,600 af/yr (i.e., 30 mgd). The City diverts water pursuant to this permit through the DWSP facilities.

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57:01.) With additional settling basins and membrane filtration at the DWTP, the DWTP can accommodate up to 60 mgd. (HR at 37:07–37:44, 56:17–57:01.)

These facts contravene the State Board's conclusion that "the City has not offered sufficient evidence to show [it] will initiate construction of the works required to divert and use that water within a reasonable time...." The Order does not contain evidence to the contrary, and therefore this conclusion is not supported by substantial evidence. With these facts, the State Board's approval of the Order constitutes legal error to the extent that it relies on Section 840(a) as a basis for denying A30531B.

2. The State Board's Conclusion That Denial of A30531B Is Warranted Under Section 840(b) Because the City Will Not Proceed Within a Reasonable Time Is Not Supported by Substantial Evidence

The conclusions that "Stockton has not presented adequate evidence of actual start dates for construction of necessary infrastructure or submitted the feasible plans that are required to maintain Application 30531B" (Order, p. 33) are not supported by substantial evidence. The evidence before the State Board supports the City's contention that it will use A30531B water within a reasonable time.

By ignoring the evidence demonstrating (a) the realities of the lengthy process required to undertake planning, permitting, and construction related to municipal-owned and -operated facilities, (b) the changing water supply needs of the City due to shifting water supply availability, and (c) the problems associated with groundwater overdraft and resultant need for future surface water availability, the State Board's conclusion that the City will not proceed in a reasonable time is not supported by substantial evidence.

As a basis for the City's projection of the length of the planning, permitting, design, and construction processes, the City presented water demand projections in Stockton-02, Table 1.<sup>3</sup>

<sup>&</sup>lt;sup>3</sup> The Order seems to dismiss the projections in Table 1 because they are based on a "worst case scenario." (Order, p. 19.) The Order instead gives greater weight to the supply and demand projections in the City's Urban Water Management Plan because they reflect the "reasonably available volume." (Order, p. 20.) However, Mr. Granberg explained the basis for the City's updated projections, and the Order offers no analysis refuting Mr. Granberg's expert opinion about the City's water supply planning needs. (Stockton-02, ¶¶ 14-15.)

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According to Mr. Granberg's projections, the City would need 845 acre-feet per year (af/yr) of A30531B water by 2035. As background, the City not only treats Permit 21176 water at its DWTP, but also treats Woodbridge Irrigation District (WID) contract water at the DWTP. With these two supplies combined, in 2030, the City will have a total of 37,800 af available to treat, but with the City's Stockton East Water District (SEWD) supply still available in 2030, Stockton will not yet need to expand water treatment. The City would need additional water treatment by 2035, when its WID contract water supply increases from 6,500 af/yr to 13,000 af/yr and the SEWD supply is no longer available. (Stockton-02, ¶ 14.) By this time, Stockton will need to expand treatment to serve Permit 21176, WID, and A30531B water. The City assumes that when it expands treatment capacity for WID water, it will expand treatment capacity for any foreseeable use of A30531B water. Expanding treatment capacity to 60 mgd, which is the next planned capacity increment, coupled with additional pumping capacity at the intake facility, will allow the City to use 845 af/yr of water under A30531B as early as 2035, and as demand increases and other supply sources are constrained, the entire 33,600 af/yr requested under A30531B by 2070, if aggressive groundwater protection is required.

With respect to a planning timeline, as noted, the City needs additional treatment capacity by 2035. Mr. Granberg commented to the State Board that design and construction of additional pumping and treatment capacity will require approximately three years and project-level CEQA review, which will take about two years, will need to begin in advance of detailed design. Additionally, the State Board estimates that the processing time for new water right applications can take five to seven years from the date an application is submitted.<sup>4</sup> Working backwards from 2035, and assuming some overlap in these processes, CEQA, permitting, and subsequent water rights proceedings under A30531B will need to start no later than 2027.

The City's projection that it could use up to 845 af/yr in 2035 under a permit issued on A30531B, assuming SEWD water is no longer available in 2035 and the City limits groundwater

<sup>&</sup>lt;sup>4</sup> https://www.waterboards.ca.gov/waterrights/water\_issues/programs/applications/.

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pumping to 10 percent of demand, is reasonable. (See Order, p. 30.) Again, SEWD assumes
that as of 2035, it will not deliver water to the City under the Second Amended Contract.
(Stockton-02, $\P$ 9.) Given SEWD's assumption that it will not serve the City beyond 2035, it is
reasonable for the City to make contingency plans for the loss of this supply. (Stockton-02, $\P$ 9.)
Further, the City's assumption that it may limit groundwater production to 10 percent of demand
is reasonable based on the critical condition of overdraft that exists in the Eastern San Joaquin
Subbasin. (See Stockton-02, ¶14.) The City is a member of the Eastern San Joaquin
Groundwater Authority (ESJGA), which is the entity that has prepared and will implement the
Eastern San Joaquin Groundwater Sustainability Plan (ESJGSP) for the Eastern San Joaquin
Subbasin to comply with the Sustainable Groundwater Management Act. The ESJGSP
(Stockton-17) identifies overdraft of approximately 78,000 af/yr in the basin. (Stockton-17,
pp. ES-6, 6-1.) Drastic action may be necessary to address this overdraft condition, and ESJGA
members such as the City may need to reduce groundwater pumping and increase surface water
use to meet the basin's sustainability target by the year 2040.

The City also explained its timeline for expansion of diversion capacity at the DWSP intake facility to accommodate use of increasing amounts of A30531B water for both City demands and groundwater recharge purposes. The City projects that its diversions will exceed 33,600 af/yr sometime between 2045 and 2050, assuming groundwater production is limited to 10 percent of demand. Since the DWSP Biological Opinion (BiOp) and Incidental Take Permit (ITP) currently limit pumping at the intake facility to 30 mgd, the City explained that it will obtain an amendment to the BiOp and ITP by this time that would allow for a greater daily pumping rate. As noted in the City's comments to the State Board, the City recently engaged a fish biologist to reevaluate fish conditions in anticipation of further discussions with the United States Fish and Wildlife Service and the California Department of Fish and Wildlife about modifications of the diversion restriction periods in the spring and the 30-mgd diversion limit.

With respect to the City's projection that it may need A30531B water in 2050 if its contract with WID terminates, the Order notes that such an assumption is inconsistent with the City's assumption that it plans to double use of WID water starting in 2030. (Order, p. 31.)

However, as Mr. Granberg explained, the WID contract expires in 2048, and therefore assuming this supply would no longer be available in 2050 is reasonable. (See Stockton-22 [WID Contract], § 3.) While the City may have adequate supply in 2050 to meet demand if it removes the BiOp and ITP restrictions and is able to pump 23,100 af/yr of groundwater, pumping this quantity of groundwater is not a certainty if the ESJGA decides there is a need to further limit groundwater pumping to ensure basin sustainability. The Department of Water Resources recently found that the ESJGA's groundwater sustainability plan is incomplete, and thus there is substantial uncertainty about the City's ability to rely on groundwater. As shown in Table 1 of Stockton-02, with a reduction to groundwater pumping at 10 percent of demand, A30531B water would still be necessary in 2050 even if the City were able to pump the maximum of 33,600 af/yr under Permit 21176.

The Order states that "the City argued in its closing brief that the City's projections for water use in 2035 or 2050 do not reflect 'the estimated 5,100 af/yr in potential demand for groundwater recharge." (Order, p. 30.) It further states that the City "offered no evidence of specific plans for how Application 30531B surface water would help meet this demand for groundwater recharge." (Order, p. 30.) The City's comments on the Draft Order stated that the 5,100 af/yr should be included as an additional demand line item in Table 1 of Stockton-02, thereby creating a demand for Delta water sooner than projected in Table 1. For example, by adding 5,100 af/yr to the "Demand" row, the totals in the row labeled "30531B Needed — Groundwater Limited to 10% of Demand" would increase by 5,100 af/yr. By doing so, the City would exceed the 33,600 af/yr diversion limit on Permit 21176 between 2035 and 2040 (assuming the City could remove the current BiOp and ITP pumping restrictions).

The City owns land at its DWTP that can be used for groundwater recharge, and the City is proceeding with hydrogeologic investigations to support this groundwater recharge effort.

(Stockton-14, p. 9; HR at 1:12:24–1:16:42.) Further, the City explained that it will soon release

<sup>&</sup>lt;sup>5</sup> file:///C:/Users/aferguson/Downloads/EasternSanJoaquin Subbasin GSP2022 Determination.pdf

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a request for proposals to evaluate the capability of its proposed recharge sites in 2022 and anticipates receiving a \$2 million state grant for this work. (HR at 1:15:25–1:16:47.)

Since the hearing, the City has confirmed that it will receive \$2 million in Integrated Regional Water Management (IRWM) grant program funds that have been allocated to the Greater San Joaquin IRWM funding area. The North San Joaquin Water Conservation District and San Joaquin County will receive \$2 million and \$1.5 million, respectively, of the regional IRWM grant.

The City commented that it would be submitting its IRWM grant application by the end of August 2022; the funding is assured because the regional allocations are noncompetitive. The funding is required to be spent by 2026.

The recharge basin hydrogeologic investigation is now underway, and Geosyntec Inc. (the contractor) is currently onsite at the DWTP. The project cost is \$583,000, and it should be completed by next spring.

The City also was approved for \$300,000 in SGMA Round 1 funds as part of the ESJGA's \$7.6 million grant application, in addition to the \$2 million it will receive under the IRWM program.

While the original ESJGSP Project 20 generally described potential recharge projects, this general description should not be used as evidence that the City's potential recharge project is theoretical. (Stockton-17, pp. 6-32.) As discussed above, the City offered evidence that it is not. <sup>6</sup> In the Revised ESJGSP recently adopted by the ESJGA members, the City's groundwater recharge project was updated to a Category A Project (i.e., a project that is likely to advance in the next five years and has existing water rights or agreements)<sup>7</sup>.

The Order emphasizes the City's ability to file a new application "when it is ready to provide a construction schedule and CEQA documentation, and to start diverting and

<sup>&</sup>lt;sup>6</sup> Further, the Order notes that the City has not indicated what facilities would be constructed for groundwater recharge or when the facilities would be needed. (Order, p. 30.) The City is, necessarily, first investigating the potential for the groundwater basin to accommodate recharge at the DWTP. Once the recharge capability is better understood, the City can identify any facilities it will need.

<sup>&</sup>lt;sup>7</sup> https://www.sigov.org/docs/default-source/public-works-documents/water-resources/final-esj-revisedgsp\_june2022\_clean.pdf?sfvrsn=675b059b\_5, at 6-39 - 6-43.

beneficially using the water." (Order, p. 32.) This conclusion ignores the substantial evidence and comments offered by the City demonstrating that the planning and permitting processes necessary to use A30531B water in 2035 may need to start in about four years from now. The Order does not explain why this evidence does not demonstrate that the City will proceed in a reasonable time under Section 840(b).

3. The City Timely Responded to the State Water Board's Requests for Information and Provided an Approximate Start Date for CEQA Analyses in Its Comments to the State Board

The Order provides that the Division of Water Rights:

... requested additional information from Stockton related to [A30531B] in 2007, 2008, 2013, and 2020. It appears that Stockton did not respond to the request in 2008 and either deferred a response or offered only a vague timeline for completion of the necessary CEQA work for this application in other responses. Stockton still has not provided the Board a "schedule for completion of the project-level [CEQA] document for Application 30531B," which would include a schedule for "preparation of all biological resource studies, preparation of the Draft Environmental Impact Report (EIR), [and] responses to comments and certification of the final EIR," even though the Division first requested that information in September 2007.

(Order p. 34.)

As noted in Stockton-01, ¶¶ 8-14, the City fully responded to the Division's requests for *schedules*, including CEQA schedules. (See Stockton-08 thru -13.) Additionally, while the Order faults Stockton for failing to respond to the 2008 letter, the 2008 letter simply stated that the State Board would consider any information submitted within the next 30 days. (AHO-108.) Thus, the 2008 letter did not contain a request for any specific information and should not be used as evidence in support of the State Board's conclusion that Stockton has been unresponsive. Further, the water supply schedule contained in Stockton-02, Table 1, implies a planning, permitting, and construction schedule that Stockton must follow to begin using A30531B water in 2035.

In its August 3, 2022, comment letter to the State Board, Stockton clarified that it would need to begin planning efforts as early as 2027. (August 3, 2022 Letter, p. 6.) This date was based on the assumption that it may take up to two to three years to design and construct the additional facilities, and seven years to process a water right application. (August 3, 2022 Letter,

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pp. 6, 8.) Assuming CEQA needs to start in advance of these efforts and that there is some amount of overlap among these processes, Stockton estimated that it would need to start planning as early as 2027. Stockton reiterated these timelines in its oral comments at the State Board hearing. This evidence contravenes the Order's conclusion that "Stockton still has not provided a timeline for CEQA compliance." (Order, p. 37). Thus, substantial evidence does not support the State Board's conclusion that Stockton has not provided adequate information about a schedule for the City's CEQA compliance.

Good cause otherwise exists to allow additional time for Stockton to provide the information requested. As noted in its written comments to the State Board and at the State Board hearing, it would be inefficient to cancel A30531B now when Stockton may need to refile in as little as four years. Additionally, Stockton has paid approximately \$82,000 in water rights fees to maintain A30531B. (Stockton-20.) With cancellation, the City would lose its place in the application review line, its priority date, and thereby the value of this investment. Also, if the City had to file a new water right application today for the City's proposed reduced diversion volume of 33,600 af/yr, the one-time application fee would be more than \$500,000. Avoidance of the loss and the additional investment constitutes good cause for additional time to provide information.

### III. **CONCLUSION**

For the foregoing reasons, the Order is not supported by substantial evidence and is in error. Petitioner requests that the State Board rescind its approval of the Order canceling A30531B, reinstate the A30531B, and maintain A30531B with a reduced maximum allowable diversion volume of 33,600 af/yr.

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Aaron A. Ferguson

Attorneys for Petitioner City of Stockton

# PROOF OF SERVICE 1 I am employed in the County of Sacramento; my business address is 500 Capitol Mall, 2 Suite 1000, Sacramento, California; I am over the age of 18 years and not a party to the 3 foregoing action. 4 On November 2, 2022, I served the following document(s): CITY OF STOCKTON PETITION FOR RECONSIDERATION OF ADOPTION 5 BY STATE WATER RESOURCES CONTROL BOARD OF 6 ORDER WR 2022- DENYING AND CANCELING APPLICATION 30531B 7 (by personal delivery) I caused a copy of the above-referenced document to be personally delivered to the addressees below on this date via courier by placing a true copy thereof, 8 enclosed in a sealed envelope, to each addressee below: Michael A.M. Lauffer, Chief Counsel 9 Erik Ekdahl, Deputy Director Division of Water Rights State Water Resources Control Board State Water Resources Control Board Office of Chief Counsel 10 1001 I Street 1001 I Street, 22nd Floor 11 Sacramento, CA 95814 Sacramento, CA 95814 Attn: Pamela Downing, Legal Secretary 12 -AND-13 (electronically) by electronically transmitting a true copy to the person(s) at the email 14 address(es) as set forth below: 15 Erik.Ekdahl@waterboards.ca.gov Michael.Lauffer@waterboards.ca.gov DWR@waterboards.ca.gov 16 17 I declare under penalty of periury that the foregoing is true and correct. Executed on 18 November 2, 2022, at Sacramento, California. 19 20 Jennifer Estabrook 21 22 23 24 25 26 27 28