State of California
Regional Water Quality Control Board
North Coast Region

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April 18, 2011

Executive Officer's Summary Report
9:00 a.m., May 5, 2011
Warfinger Building
#1 Marina Way
Eureka, California

ITEM: 9

SUBJECT: Update from the Humboldt Bay Municipal Water District on their initial discussions with stakeholders to consider/evaluate recommended water use options.

The following issue paper was provided by the Humboldt Bay Municipal Water District.

ISSUE

Loss of the pulp mills – HBMWD's entire industrial customer base

- Significant revenue loss which has resulted in a cost shift to HBMWD's Municipal Customers, which in turn, has triggered rate increases in all communities.
- Underutilization of water the District has been authorized (via water rights permits) to "use" by the State. HBMWD is using less than 20% of the amount permitted. If additional "beneficial use" is not achieved, District will lose rights to much of the water it is permitted to use. The amount lost would be available for any other party who applies to the State for its use.

I) GOALS

a) Protection of HBMWD's Water Rights – increase use so HBMWD maintains control of the water resource for the benefit of *our* community
b) Fiscal Sustainability – generate revenues to contribute to: a) the operation and maintenance of the regional water system, and b) upcoming capital improvement projects
c) Environmental protection, and if possible, additional enhancement

II) PROCESS TO ADDRESS: Water Resource Planning

HBMWD has just completed a thoughtful community-based planning process with stakeholders and the public. Awareness was raised of this issue and its implications for the District and community. Much input was received from stakeholder groups and the public. A broad-based Advisory Committee recommended 12 potential water use options. Details about the planning process and the recommended water use options are available from the District (HBMWD.com via Water Resource Planning button, or call 443-5108)

Following receipt of the Advisory Committee's report, the HBMWD Board tiered the recommended water use options as follows:

Top Tier – District will immediately consider/evaluate and take next steps:

a) Local commercial/industrial or agricultural water sales (Note – this one includes other water use options, like aquaculture, which were recommended by Advisory Committee)

b) Transfer water to another public agency (outside of the District) for an authorized beneficial use (e.g. municipal, industrial, environmental, etc)

c) Dedicating some portion of the available water (which for much of the year would otherwise be in storage at Ruth Reservoir) for in-stream flows. This would be done pursuant to a "1707 transfer" as defined by CA water law, which could only be done if there are defined environmental benefits. (Note - this one conditioned on securing grants or other partners to fund the necessary studies).

Second Tier – Most other water use options recommended by the Advisory Committee. The District will not actively pursue at this time; however, the District will support if an applicant/proponent wishes to advance. Examples of these include a lake in Blue Lake, using river water in lieu of well water at the hatchery, etc.
(Note: The Board eliminated two options - upstream transfer of water from the Mad River to the Van Duzen and building a large pipeline to supply water to Mendocino and/or Sonoma Counties)

III) AVAILABLE WATER SUPPLY

40 – 50 million gallons per day (MGD) year round

(equivalent to 62 – 77 cfs or 44,800- 56,000 acre-feet/year)

The exact volume available for long-term use will be established in the context of the requested use and the proposed term. The District would generally be willing to offer a larger volume for a shorter term, but would need to limit the total volume available for longer-terms (so as to protect local interests).

For consideration of options of "b" (out-of-area transport) and "c" (in-stream flows), it may make sense to consider and evaluate the opportunities and costs/impacts in discrete increments– say 10 MGD. (*Solicit input here as discussions continue*)

IV) NEXT STEPS

a. *Initial* discussions are being scheduled with local groups (agencies, tribes, stakeholders) who have a potential interest in this area and may be able to assist the District with consideration and evaluation.

- Local economic development groups/community
- Harbor District
- Blue Lake Rancheria
- Resource Agencies (e.g. NOAA, CDF&G, USF&WS, USFS)
- Others as defined

b. Development of implementation plan to guide next steps

c. Pursuit of grant funding to support necessary studies/evaluation

d. Discussions with water agencies seeking an alternate water supply

e. Ultimately, development of specific water use recommendations

f. Implementation

PRELIMINARY
STAFF RECOMMENDATION: This is an informational item only