

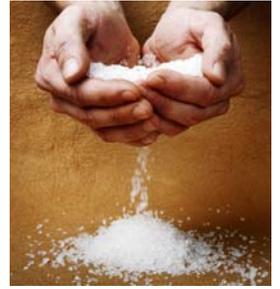
CV-SALTS Subcommittee Meeting

Funding and Fundraising Subcommittee

When: Monday, August 9, 2010 - 9:00 AM-10:00 AM

Location: Conference Call Only

Conference #: (218) 339-4600 **Participant Code:** 927571#



Agenda

1. Welcome and Introductions
2. Review Notes and Funding Plan ([attached](#))
3. Lobbying Update and Funding Plan Comments
4. Review and discuss salt tale document ([attached](#)) [Word document posted here](#)
5. Discuss other funding activities and opportunities
6. Next Steps
7. Set Next Meeting/Call

Members

Tim Johnson
Parry Klassen
Trudi Hughes
Karl Longley
Tim Schmelzer
Mona Shulman
Travis Peterson
Deniene Husted
Rudy Schnagl
Daniel Cozad

CV-SALTS Funding and Fundraising Subcommittee Notes and Funding Plan

Participants

- Trudi Hughes
- Tim Johnson
- Parry Klassen
- Tim Johnson
- Gail Cismowski
- Karl Longley
- Travis Peterson
- Daniel Cozad

Plan outline from Conference Calls on June 3 and July 9, 2010

1. Actions Decisions and Follow-up

- a. Tim Johnson appointed to chair meeting on an interim basis
- b. Materials - Vision Implementation Concept Paper What We Want to Fund and why
 - i. Longley provided draft and Cozad provided a PowerPoint summary
 - ii. Recommend engaging contract writer (volunteers have no time in next 30 days)
 - iii. Email review late in the month and review version 2 at next call

2. Approved Recommendation to the CVSC and Executive Committee

- i. Funding Approach and Plan Development (outline below to be fleshed out for review on next call) including Federal, State and Local funding
- ii. Develop initial scope of work and expectations for lobbyist
- iii. Interviews with federal lobbying firms (4 initial firms, Ag and water focused)
- iv. Solicit fundraising lobbying costs from CVSC and others preliminary budget \$250-300K per year
- v. Develop (via consultant) what needs to be funded for implementation in summary and detail, projects, research, planning and implementation
- vi. Target analysis for funding opportunities short term and longer term

Next meeting August 9 at 9:00 AM by conference call

Funding Plan Outline (details to be developed)

Funding to accomplish funding for studies and for implementation

Four Part Funding Plan

1. Local and Regional Member Contributions in accordance with approved policy
2. State funding including continued Cleanup and Abatement, Proposition 84 and Future Bond Funding
3. Federal Funding from USDA, EPA, Reclamation, and appropriations with lobbyist support
 - a. Targets include USDA, EQIP, and other funding for water and salt
 - b. Broaden Sac River Designation via Matsui
 - c. Expand support from Valley Delegation – Costa, Cardoza, Matsui, Radanovich, Boxer and Feinstein
 - d. Base plan tactics on selected Lobbyists advice and active issues in DC
4. Foundation and other support for organization and stakeholder support

Funding Support Needs

1. Continue development of Central Valley Salt and Nitrate Vision and explanatory documents
2. Develop Summary and detailed programmatic “ask list” for funding and 5 year plan
3. CVSC Members coordinate with their lobbyists to solicit funding to support lobbying
4. Continue State and Local focus on funding
 - a. CAA funding Resolution from the State Board
 - b. Lower San Joaquin Funding allocated from CAA for TMDL
 - c. Budget Request 2012 for CV-SALTS by RWQCB support from CVSC
 - d. Bond funding applications and requests
 - e. Coordinate with EPA Grant to ESJWQC for San Joaquin River Data

Additional Notes and Comments

Lobbyists that have been identified fall into 2 categories, Ag focused with USDA experience and Water and Irrigation focused. All firms discussed have extensive valley contacts and experience. This level of effort would be “full engagement” rather than a project based effort. Travis Peterson has also discussed needs with lobbyists. Selected lobbyists must represent all areas of the CV-SALTS needs Ag, urban and any other communities.

Lobbyist Scope of Work/RFP (to be developed)

Outline

Purpose and Approach

- Interim funding of research/planning and long term programmatic funding of salt and nitrate management efforts
- Local, State and Federal funding matches
- Duration and timeline for planning, implementation and federal funding 3-5 years
- Projects as part of a regional solution program

Goals and Scope Objectives

- Federal matching funding for planning and implementation projects in a regional program
- Brief explanation of project types and needs and timing
- Expectations of Lobbyist
 - Assist with Legislative and Agency Strategy and Approach
 - Legislative Meetings and Briefings supporting requests
 - Coordination with member lobbyists and governments
 - Updates on progress and legislative report

Selection Process

- Interviews and references
- Proposal
- Conflicts and Synergies
- Experience in areas
- Preferences



Water is the livelihood and lifeline of the Central Valley.

It quenches the fertile valleys that feed our nation and much of the world. It supports growing populations of families and the commerce, manufacturing and industry that come with them.

But look along some irrigation fields, vacant lots, even in the yards of some homes and you will witness patches of crystalline deposits, “white death” as it is called in this region, more commonly known as salt.

For decades, salts and nitrates have leached and become concentrated in the soil and groundwater of this basin, with no way to get out. The deposits come from pesticides and fertilizers used on crops; food processors that prepare produce, dairy and livestock for market; animal feeding operations; detergents, soft water conditioners and wastewater from homes and businesses; and runoff from area streets.

More than 15.5 tons of salt are deposited in the Central Valley each year at an estimated annual cost of \$544 million to residents and industry, according to a 2009 study by U.C. Davis, “Economic Impacts of Central Valley Salinity.” If nothing is done to address the situation, the study forecasts direct costs associated with salinity tripling to \$1.5 billion a year statewide by 2030.

This is collective problem that needs a collaborative solution. Our focus is on planning, not regulation.

About CV-SALTS

Central Valley-Salinity Alternatives for Long-Term Sustainability (CV-SALTS) is a collaborative, stakeholder-led initiative resulting from a comprehensive effort by state and regional water boards. Its mission is to identify developing scientific and policy approaches in order to set reasonable yet effective water quality regulations and solutions for salts and nitrates within the Central Valley.

A project of the Central Valley Salinity Coalition, CV-SALTS began in 2006 as vehicle for identifying a collaborative approach to address the growing problem.

There are many ways to address the problem. Outlined below are three basic approaches reflecting the general attitudes of the constituents of this basin and the impacts each approach may have.

OPTION ONE: Status Quo

What would happen if we did nothing additional to address the problems of salinity in the Central Valley?

Already, the increased salinity is having an impact on environmental, social and economic factors in the valley.

Environmental: Elevated concentrations of salt and nitrates contaminate the soil and groundwater, often acting as a poison to certain plants and the animal species that depend on them. In extreme cases, increased salinity can create a moonscape appearance similar to that of the Dead Sea, the most saline water body on Earth with concentrations of salt reaching 10 times that of the ocean in its depths. There are no animals living in the waters, only bacteria and algae survive there.

In the Central Valley, concentrations of salt and nitrates have posed problems for certain crops. Salinity also contaminates the groundwater, requiring water districts to charge higher rates in order to take on more expensive treatment processes that sometimes still leave the liquid coming out of the tap unfit to drink.

Social: Increased salinity can require lifestyle changes for the people who live or do business in the Central Valley. Restrictions on water softeners, certain detergents, even the amount of food you run down your garbage disposal have been

proposed. Industries such as food processors are being watched to determine the impacts of how they discharge their wastewater. Agriculture is being forced to new irrigation techniques or crop rotations in order to meet the growing demand for food in our world.

Economic: All this adds up to a cumulative effect that stretches beyond the borders of the Valley. "Failure to control salinity will result in the continued decline of Central Valley water quality and an increase in costs to all water users, eventually creating even greater hardship for the environment, agriculture, industry, municipal utilities, and the economy of the Valley and the State," U.C. Davis researchers stated.

Photo here of an example of the problem or solutions outlined on this page.

Photo here of an example of the problem or solutions outlined on this page.

The research team put the direct annual costs of these problems at as much as \$1.5 billion a year by 2030. Residual impacts to the Central Valley could reach \$2.2 billion annually, with loss-of-income impacts on the entire State of California hitting as much as \$3 billion a year, the university found.

That's not the end of it. Projected impacts to the Central Valley, coupled with the loss-of-income effect on the state would lead to a reduction in the manufacture of goods and services: as high as \$8.7 billion a year for the state. California's computer and electronic manufacturing industry would take the biggest blow, the study found, losing up to \$1 billion annually from the ripple effect of too much salt in the Central Valley.

It's an option that regulatory agencies will prevent from happening long before the consequences play out. Doing nothing will result in the Regional Board having to create additional regulation to reduce salt based on the existing science and policy or risk challenges from the US EPA, the State Board or third parties.

Ripple Effect: California's manufacturing sector could lose up to \$8.7 billion annually.

* * *

OPTION TWO: Manage salinity at its source

What if Central Valley residents, businesses and industry adopted practices that reduced the amount of salts and nitrates going into the basin?

The more water consumed in the Central Valley, the higher the concentrations of salt and nitrates generally become. This formula becomes especially problematic as the region grows in population and industry and agriculture work harder to boost productivity to meet a growing international demand for food.

Current and developing technology and practices offer solutions to keep the salt and nitrates out of the soil and groundwater. Some of these even present opportunities to generate revenue for the region through the sale of highly concentrated salt water, called brine, for industrial and other uses. Some of these approaches include:

Lifestyle Shifts: Simple steps taken at home, such as using drier sheets instead of fabric softener, disconnecting your water softener or limiting your use of the garbage disposal can

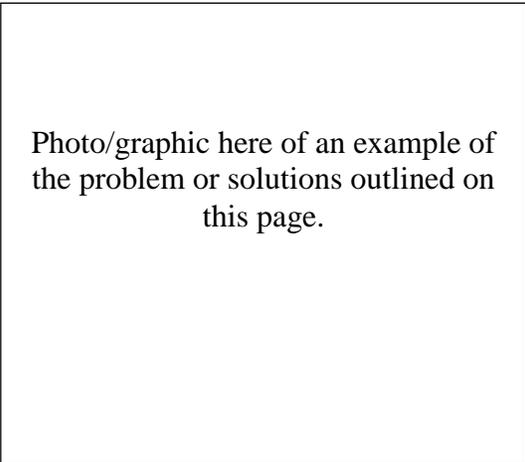
Photo or graphic describing problem or solution on this page

have a collective impact on the reduction of salts in the water. Pesticides and fertilizers at home and in agricultural use can be limited as well for a more significant impact.

Salinity Management: There are a number of techniques available to managing salinity through collection and evaporation. Many of these approaches create barriers that block nitrates and salts from entering the soil and groundwater below. The water is collected and can either be allowed to evaporate, or be used for beneficial purposes such as irrigation for salt-tolerant crops like those grown for biofuels or aquaculture.

Effluent Treatment: Wastewater and runoff, called effluent, contributes to the region's high salinity levels by washing detergents, pesticides, and other high-salt contents into the water supply. When the salt and nitrate levels become high, water agencies can either treat the water or allow it to evaporate in detention basins, leaving concentrated deposits behind.

Brine Storage and Recovery: Concentrated brine could be a marketable commodity in the future, and storage may be a desirable medium-term option. Brine could be stored in deep oil well zones and in areas where the groundwater is already highly saline, such as in the Tulare Lake Basin. Storing the brine would preserve a potentially valuable commodity for the region as new technologies increase demand for the product.



Explore developing technology: Innovation is producing new and effective ways to treat effluent, including membrane processes that allow for the conversion of brine into marketable products that are extracted from the brine, leaving fresh water in its place.

Commercial-grade zinc and other minerals can be mined from brine, and the water itself can be used as a cooling liquid for energy generation projects. In California's Imperial Valley, a mineral recovery project creates jobs and increases revenue for eight geothermal power plants operating along the Salton Sea.

Separating salts, nitrates and other minerals from brine could spark new industry for the Central Valley region. Many consider salinity management, as outlined above, a critical step to protecting the future of the valley, and to addressing California's dire water needs.

By taking some steps today, the Central Valley will begin to address the problem, and establish opportunities for innovative approaches that can be carried into the future.

Marketing elements from brine creates new industry and enhances the fresh water supply.

* * *

OPTION THREE: Manage salinity at its source, collect and export brine

What if brine effluent and its byproducts were collected, separated and transported for sale or disposal as far off as the ocean?

A third option takes the concepts of managing salinity and seeks beneficial solutions that can either generate revenue or lead to the successful export of salts and nitrates from the Valley.

Because of the collective nature of the problem, a collaborative approach involving communities, industry and agriculture would achieve solutions through regional systems that reduce the economic impacts to any single user. Government, nonprofits and businesses would work together in partnership to develop and implement these programs that manage, reclaim and may ultimately dispose of brine to the ocean.

Discharge Stations: One or several discharge stations could be set up throughout the Central Valley to treat the brine and separate marketable materials from it.

Transport: Treated effluent could be sold for irrigation of salt-tolerant crops, for industrial purposes, or it could be processed even further for ocean discharge cleaner than wastewater currently piped to the same ocean outfalls.

- The transport of brine or saltwater is cheaper than the conveyance of fresh water because it can be moved using less energy through smaller pumps, pipes and infrastructure.
- Existing pipelines and rights-of-way may reduce the cost of this option significantly. Use of existing underutilized wastewater outfalls (ocean disposal pipelines) can further reduce costs and even improve the ocean discharge outfall itself through better cleaning flows and lower concentrations of marine contaminants.

Materials Recovery: Salts, minerals and brine recovered from the separation process at discharge stations could result in a marketable commodity for the Central Valley Region.

In other regions of California, these programs have had the effect of bringing together communities, businesses and industry stakeholders together in developing together regions uses for the byproducts expands on the concepts of managing salinity, and includes the idea of shipping effluent to discharge stations for disposal, treatment or export out of the region. In these examples, fresh water could be extracted from brine, leaving behind mineral and liquid concentrations that are anticipated to become marketable commodities for the future.

Discharge stations set up throughout the Central Valley would create new economic opportunity for the region.

* * *

Collaboration is the key to resolving this collective challenge.

We need your help in providing a voice for your industry.

Membership in the Central Valley Salinity Coalition (CVSC) is open to public or private entities that use waters of the Central Valley or are engaged in the management of salinity in the region. Primary membership is from water and wastewater agencies and associations, irrigation and water districts, and business associations that use water or are sources of salts.

Input and participation from a variety of stakeholders is essential to developing solutions that will provide the greatest benefit at the least cost to those impacted by the problem. Contributions for membership are based on the size of the entity, and fees are negotiable subject to Board approval.

Contributions generally range from \$10,000 to \$100,000. Contributions of \$25,000 or more qualify donors for one of the 18 Board of Directors positions.

Future year costs are not expected to rise due to membership growth and grants.

Benefits of Membership: Members work directly to develop the regulation, policy and implementation plans for salinity management for the Central Valley. They decide on future management programs and develop relationships with other critical water and resource management entities in the region.

- Members will oversee the allocation of \$5 million in grant funds from the State Water Resources Control Board for the project. CVSC Members and CV-SALTS participants will provide data, in-kind services and local information that will enable planning to address scientific and sociological aspects and needs of any given project.
- All partners will be expected to contribute funding for implementation projects.
- A dedicated source of matching funds is needed to secure State funding from grants, bonds and loans for salt management projects, anticipated to exceed \$100 million. Interim funding and a new funding initiative from the federal government will be required for planning and implementation.

We invite you to become a part of the solution. For more information, visit www.xxxxxx.com or call NAME HERE at XXX-XXX-XXXX.

* * *