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8 9	(dualitional counsel on following pages)			
10	THE SUPERIOR COURT OF T	THE STATE OF CALIFORNIA		
11	IN AND FOR THE COUNTY OF SACRAMENTO			
12				
13	CALIFORNIA DEPARTMENT OF WATER	Case No.: 34-2020-00283112-CU-MC-GDS		
14	RESOURCES,	VERIFIED ANSWER OF DEFENDANTS		
15	Plaintiff,	SIERRA CLUB, CENTER FOR BIOLOGICAL DIVERSITY, RESTORE		
16	vs.	THE DELTA, PLANNING AND		
17	ALL PERSONS INTERESTED IN THE	CONSERVATION LEAGUE, and FRIENDS OF STONE LAKES NATIONAL		
18	MATTER of the Authorization of Delta Program Revenue Bonds, the Issuance, Sale and Delivery	WILDLIFE REFUGE TO COMPLAINT FOR VALIDATION		
19	of Delta Program Revenue Bonds Series A,			
	Series B, and Subsequent Series, the Adoption of the Delta Program Revenue Bond General Bond	DEPT.: 31 JUDGE: Hon. Gerrit W. Wood		
20	Resolution and the Supplemental Resolutions	JODGE. Holl. Gellit W. Wood		
21	Providing for the Issuance of Delta Program Revenue Bonds, and the Proceedings Related	Action Filed: August 6, 2020		
22	Thereto,			
23	Defendants.			
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1	Additional Counsel:					
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	Case No. 34-2020-00283112 Answer to Complaint in Validation by Sierra Club et al.					

Case No. 34-2020-00283112

Answer to Complaint in Validation by Sierra Club et al.

- 14. Defendants admit the allegations in paragraph 14.
- 15. No response is required to paragraph 15 because it calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statutes speak for themselves.
- 16. No response is required to paragraph's 16 because it calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statutes speak for themselves.
 - 17. Defendants admit the allegations in paragraph 17.
 - 18. Defendants admit the allegations in paragraph 18.
 - 19. Defendants admit the allegations in paragraph 19.
- 20. No response is required to paragraph 20 because it calls for legal conclusions: to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statute speaks for itself.
- 21. No response is required to paragraph 21 because this paragraph calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statute and court decision speak for themselves.
- 22. No response is required to paragraph 22 because this paragraph calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statute speaks for itself.
- 23. No response is required to paragraph 23 because this paragraph calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced Act speaks for itself.
- 24. Defendants lack sufficient information or belief to be able to answer the allegations in paragraph 24 and deny them on that basis.
 - 25. Defendants admit the allegations in paragraph 25.
- 26. Defendants admit the allegations in the first sentence of paragraph 26. Defendants lack sufficient information or belief to be able to answer the allegations in the second and third sentences of paragraph 26 and deny them on that basis. No response is required to the last sentence in paragraph 26

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because this paragraph calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statute speaks for itself

- 27. Defendants admit the allegations in the first sentence of paragraph 27. Defendants lack sufficient information or belief to be able to answer the allegations in the second sentence of paragraph 27 and deny them on that basis.
- 28. Defendants lack sufficient information or belief to be able to answer the allegations in paragraph 28 and deny them on that basis.
 - 29. Defendants deny the allegations in paragraph 29.
- 30. Defendants lack sufficient information or belief to be able to answer the allegations in paragraph 30 and deny them on that basis.
- 31. Defendants lack sufficient information or belief to be able to answer the allegations in paragraph 31 and deny them on that basis.
- 32. Defendants lack sufficient information or belief to be able to answer the allegations in paragraph 32 and deny them on that basis.
 - 33. Defendants deny the allegations in paragraph 33.
 - 34. Defendants deny the allegations in paragraph 34.
 - 35. Defendants deny the allegations in paragraph 35.

Statutory Authority for the Financing of the Delta Program

A. The Department has Broad Authority with Respect to Project Facilities

- 36. Defendants deny the allegations in paragraph 36.
- 37. No response is required to paragraph 37 because this paragraph calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statutes speak for themselves.
- 38. Defendants deny the allegations in the first sentence of paragraph 38. No response is required to the remainder of paragraph 38 because it calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statute speaks for itself.

- 39. No response is required to paragraph 39 because this paragraph calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statute and court decision speak for themselves.
- 40. No response is required to paragraph 40 because this paragraph calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statute speaks for itself.
- 41. No response is required to paragraph 41 because this paragraph calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced Act speaks for itself.

B. The Department has Broad Authority to Issue Revenue Bonds to Finance Planning and Construction of Project Facilities.

- 42. Defendants deny the allegations in paragraph 42.
- 43. No response is required to the first sentence in paragraph 43 because this sentence calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein. Defendants deny the allegations in the second sentence in paragraph 43.
- 44. No response is required to paragraph 44 because it calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statute speaks for itself.
- 45. No response is required to paragraph 45 because it calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statutes speak for themselves.

The Delta Program Revenue Bond Financing

A. The Delta Program General Bond Resolution and Delta Program Revenue Bonds

- 46. Defendants admit the allegations in paragraph 46.
- 47. No response is required to paragraph 47, which purports to characterize the contents of the Department's Resolution which speaks for itself and is the best evidence of its content. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.
- 48. No response is required to paragraph 48, which purports to characterize the contents of the Department's Resolution which speaks for itself and is the best evidence of its content. To the

extent any facts are stated, Defendants deny each and every allegation set forth therein.

- 49. No response is required to paragraph 49, which calls for legal conclusions and purports to characterize the contents of the Department's Resolution, which Resolution speaks for itself and is the best evidence of its content. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.
- 50. No response is required to paragraph 50, which purports to characterize the contents of the Department's Resolution, which speaks for itself and is the best evidence of its content. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.
- 51. No response is required to paragraph 51, which purports to characterize the contents of the Department's Resolution, which speaks for itself and is the best evidence of its content. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.
- 52. No response is required to paragraph 52, which purports to characterize the contents of the Department's Resolution, which speaks for itself and is the best evidence of its content. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.
- 53. No response is required to paragraph 53, which purports to characterize the contents of the Department's Resolution, which speaks for itself and is the best evidence of its content. To the extent any facts are stated, defendants deny each and every allegation set forth therein.
- 54. No response is required to paragraph 54, which purports to characterize the contents of the Department's Resolution, which speaks for itself and is the best evidence of its content. To the extent any facts are stated, defendants deny each and every allegation set forth therein.

B. The First and Second Supplemental Resolutions

- 55. Defendants admit the allegations in paragraph 55.
- 56. No response is required to paragraph 56, which purports to characterize the contents of the Department's First Supplemental Resolution, which Resolution speaks for itself and is the best evidence of its content. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.
- 57. No response is required to paragraph 57, which purports to characterize the contents of the Department's First Supplemental Resolution, which Resolution speaks for itself and is the best

evidence of its content. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.

- 58. No response is required to paragraph 58 because this paragraph calls for legal conclusions and purports to characterize the contents of the Department's Resolution and First Supplemental Resolution which speak for themselves and are the best evidence of their contents. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.
- 59. No response is required to paragraph 59, which purports to characterize the contents of the Department's Resolution and Second Supplemental Resolution, which Resolutions speaks for themselves and are the best evidence of their contents. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.
- 60. No response is required to paragraph 60, which purports to characterize the contents of the Department's Second Supplemental Resolution, which Resolution speaks for itself and is the best evidence of its contents. To the extent any facts are stated, Defendants deny each and every allegation set forth therein
- 61. No response is required to paragraph 61, which purports to characterize the contents of the Department's Second Supplemental Resolution, which Resolution speaks for itself and is the best evidence of its contents. To the extent any facts are stated, Defendants deny each and every allegation set forth therein.

Statutory Authorization to Bring this Validation Action

- 62. Defendants admit the allegations in paragraph 62.
- 63. Defendants admit the allegations in paragraph 63.
- 64. Defendants admit the allegations in paragraph 64.
- 65. No response is required to paragraph 65 because it calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statutes speak for themselves.
- 66. No response is required to paragraph 66 because it calls for legal conclusions; to the extent any facts are stated, Defendants deny each and every allegation set forth therein and further respond that the referenced statutes speak for themselves.

- 1 1		
	83.	Defendants deny the allegations in paragraph 83.
	84.	Defendants deny the allegations in paragraph 84.
	85.	Defendants deny the allegations in paragraph 85.
	86.	Defendants deny the allegations in paragraph 86.
	87.	Defendants deny the allegations in paragraph 87.
	88.	Defendants deny the allegations in paragraph 88.
		AFFIRMATIVE DEFENSES
		First Affirmative Defense
	89.	The Complaint for Validation fails to state facts sufficient to state a cause of action.
		Second Affirmative Defense
	90.	The Department's claims are premature and not ripe for judicial resolution.
		Third Affirmative Defense
	91.	The Delta Reform Act was enacted into law becoming effective in 2010. The Delta
	Reform Act a	s codified in Water Code § 85089 mandates that:
	Construction of a new Delta conveyance facility shall not be initiated until the persons or	
	entities that contract to receive water from the State Water Project and the federal Central Valley Project or joint powers authority representing those entities have made arrangements or entered into contracts to pay for both of the following:	
	ino 21 ma	the costs of the environmental review, planning, design, construction, and mitigation, cluding mitigation required pursuant to Division 13 (commencing with Section 000 of the Public Resources Code) required for the construction, operation, and aintenance of any new Delta water conveyance facility. Il mitigation of property tax or assessments levied by local governments or special
	dis	stricts for land used in the construction, location, mitigation, or operation of new elta conveyance facilities.
	92.	The issuance of revenue bonds by the Department to finance the capital costs of the
	Delta Progran	n Project, and other actions by the Department which the Department seeks to Validate in
	this action, ar	e contrary to law because the Delta Reform Act requires that the persons or entities
	contracting to	receive water from the water projects pay all costs of environmental review, planning,
	design, constr	ruction, and mitigation required for the construction, operation, and maintenance of any
	new Delta wa	ter conveyance facility.
	93.	This Validation action and the Department actions sought to be validated are part of
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		2020-00283112 implaint in Validation by Sierra Club et al.

ongoing efforts to unlawfully subsidize the "Delta Program Project" which Project the Department alleges it defines in ¶ 26 of the complaint.

- 94. The Delta Program Project is unlawful under other provisions of the Delta Reform Act in addition to Water Code § 85089, including but not limited to, sections 85021, 85023, 85053, 85054, and 85320.
- 95. The Department cannot obtain any relief in this action prior to this court determining whether the Department actions sought to be validated are lawful under the Delta Reform Act.

Fourth Affirmative Defense

- 96. The California Environmental Quality Act (CEQA) is codified at Public Resources Code Sections 21000 et seq. Guidelines for implementation of CEQA are codified at 14 Cal. Code Regs sections 15000 et seq. The California Supreme Court has held, "The foremost principle under CEQA is that the Legislature intended the act 'to be interpreted in such manner as to afford the fullest possible protection to the environment within the reasonable scope of the statutory language." *Laurel Heights Improvement Assn. v. Regents of University of California* (1988) 47 Cal.3d 376, 390.
 - 97. CEQA, mandates in Public Resources Code § 21102,

No state agency, board, or commission shall request funds, nor shall any state agency, board, or commission which authorizes expenditures of funds, other than funds appropriated in the Budget Act, authorize funds for expenditure for any project, other than a project involving only feasibility or planning studies for possible future actions which the agency, board, or commission has not approved, adopted or funded, which may have a significant effect on the environment unless such request or authorization is accompanied by an environmental impact report.

Feasibility and planning studies exempted by this section from the preparation of an environmental impact report shall nevertheless include consideration of environmental factors.

98. The Department's Bond Resolutions authorize expenditures of funds for more "than a project involving only feasibility or planning studies for possible future actions." The Bond Resolutions include, in addition to "Delta Program Planning Costs," "Delta Program Capital Costs." Delta Program Capital Costs are defined to mean "the cost and expense of environmental review, planning, engineering, design, and, if and when determined by the Department to be appropriate, acquisition and construction of units for the conveyance of water in and about the Sacramento-San Joaquin Delta." The inclusion of engineering, design, acquisition, and construction in the Bond Resolutions is alleged in ¶¶

- 1, 3, 5, 27, 28, 30, 41, 42, 53, 59, and 83 of the complaint; set forth in the General Bond Resolution which is Exhibit 1 to the complaint at pp. 1, 2, 3, and section 804 at p. 25; and set forth in the Second Supplemental Resolution which is Exhibit 3 to the complaint at p. 3.
- 99. The Department's Bond Resolutions also authorize expenditures of funds for "operating expenses" meaning the cost of operation and maintenance of the Delta Program Project. Operating expenses are included in the General Bond Resolution which is Exhibit 1 to the complaint at pp. 1, 2, 3, 4, 5, 21 section 503, 23 section 605, 25 sections 804 and 805; and in the Second Supplemental Resolution which is Exhibit 3 to the complaint at p. 2.
- 100. The Delta Program Project may, and will, have a significant effect on the environment. The Department alleges it issued its Notice of Preparation (NOP) initiating CEQA review of the single tunnel Delta conveyance facility on January 15, 2020. (Complaint ¶¶2, 26.) The NOP listed 24 probable significant environmental effects of the Project. (NOP at pp. 9-10.) Several of the probable significant effects listed by the Department include: Water Supply: changes in water deliveries; Surface Water: changes in river flows in the Delta; Water Quality: changes to water quality constituents and/or concentrations from operation of facilities; Fish and aquatic Resources: effects to fish and aquatic resources from construction and operation of the water conveyance facilities. (NOP at p. 9.)
- 101. The Department failed to proceed in the manner required by CEQA, and violated CEQA, including the plain language of Public Resources Code § 21102, when it adopted the General Bond Resolution and the First and Second Supplemental Resolutions on August 6, 2020, without having first prepared an environmental impact report (EIR.)
- 102. Pursuant to CEQA, the CEQA Guidelines, and California case law, agencies may not take any actions that could limit the choice of alternatives or mitigation measures, or give impetus to a planned project in a manner that forecloses alternatives or mitigation measures that would ordinarily be part of CEQA review of that public project.
- 103. The Department's adoption and approval of the General Bond Resolution, First Supplemental Resolution, and Second Supplemental Resolution and other actions the Department seeks to validate give impetus to the project in a manner foreclosing alternatives and mitigation measures contrary to CEQA.

104. The Delta Program Project, referred to as the "Delta Program facilities," "may include, but are not limited to, water diversion intake structures located on the Sacramento River and a tunnel to convey water to Banks Pumping Plant." (Complaint ¶ 47; General Bond Resolution, Exhibit 1 to Complaint at p.3.)

105. The Department defines the Project with greater specificity in the NOP. "The proposed project would construct and operate new conveyance facilities in the Delta that would add to existing SWP [State Water Project] infrastructure. New intake facilities as points of diversion would be located in the north Delta along the Sacramento River between Freeport and the confluence with Sutter Slough. The new conveyance facilities would include a tunnel to convey water from the new intakes to the existing Banks Pumping Plant and potentially the federal Jones Pumping Plant in the south Delta." (NOP at p. 2.)

New facilities proposed for the Delta Conveyance Project include, but are not limited to, the following:

- Intake facilities on the Sacramento River
- Tunnel reaches and Tunnel shafts
- Forebays
- Pumping Plant
- South Delta Conveyance Facilities (NOP at p. 3.)

The NOP includes a map, "Figure 1," which shows the areas under consideration for the facilities. (NOP at p. 4.) "Other ancillary facilities may be constructed to support construction of the conveyance facilities including, but not limited to, access roads, barge unloading facilities, concrete batch plants, fuel stations, mitigation areas, and power transmission and/or distribution lines." (NOP at p. 3.) "Under the proposed project, the new north Delta facilities would be sized to convey up to 6000 cfs of water from the Sacramento River to the SWP facilities in the south Delta (with alternatives of different flow rates, as described in the 'Alternatives' section below)." (NOP at p. 3.)

The proposed project would include two intakes with the maximum diversion capacity of about 3,000 cfs each. The size of each intake location could range from 75 to 150 acres, depending upon fish screens selection, along the Sacramento River and include a state-of-the-art fish screen, sedimentation basins, tunnel shaft, and ancillary facilities. An additional 40 to 60 acres at each intake location would be temporarily disturbed for staging of construction facilities, material storage, and a concrete batch plans, if needed. (NOP at p. 5.) The proposed single main tunnel and connecting tunnel reaches would be constructed underground with the bottom of the tunnel at approximately 190 feet below the ground surface. (NOP at p. 5.)

More Project details are included in the NOP.

106. The Department's creation of the funding mechanisms and fiscal activities adopting and approving the Bond resolutions involve commitment to a specific project which may, indeed will, result in a potentially significant physical impact on the environment. The Resolutions and the Bonds are not within the exemption from what is a "project" pursuant to CEQA, set forth in the CEQA Guidelines, 14 Cal. Code Regs § 15378(b)(4.)

107. The Department cannot obtain any relief in this action because the Department has failed to prepare and certify the EIR required by CEQA to accompany the authorizations of the Bond Resolutions adopted by the Department as of August 6, 2020.

Fifth Affirmative Defense

- 108. The Department lacks authority to issue revenue bonds for its proposed Delta conveyance without an affirmative vote by California voters.
- 109. The Department's Bond Resolutions violate Proposition 9, passed by California voters in 1982. Proposition 9 revoked any and all authority the Department had to fund a Delta conveyance project pursuant to the Central Valley Project Act. (Water Code §§ 11100, *et seq.*) The Burns-Porter Act (Water Code §§ 12930 *et seq.*) does not provide any independent authority for funding a Delta conveyance.

Sixth Affirmative Defense

- 110. The Department's Bond Resolutions are invalid because they authorize the issuance of revenue bonds that are dependent on fees and taxes to be collected by the State Water Contractors that require voter approval under Proposition 13 and/or Proposition 26.
- 111. Under the long-term contracts between the Department and the State Water Contractors, the State Water Contractors are contractually obligated to raise property taxes to pay their obligations to the Department if they are unable to raise sufficient funds through service fees. (See, for example, Paragraph 34 of the long-term contract between the Department and the Metropolitan Water District of Southern California.)
- 112. The size and scale of the proposed Delta conveyance will necessarily require State Water Contractors to raise revenues in ways that will require affirmative approval by two-thirds of the

Case No. 34-2020-00283112

Answer to Complaint in Validation by Sierra Club et al.

1	DATED: October 27, 2020	CENTER FOR BIOLOGICAL DIVERSITY
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3		By: John Buse
4		Attorney for Defendant Center for Biological Diversity
5		and Friends of Stone Lakes National Wildlife Refuge
6	DATED: October 27, 2020	LAW OFFICE OF ADAM KEATS, PC
7	,	
8		By: Alm Keats
9		Adam Keats Attorney for Defendants Restore the Delta and Planning
10		And Conservation League
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Verification

I, Adam Keats, am counsel of record for Defendants Planning and Conservation

League and Restore the Delta. I am signing this verification due to Defendants' absence

from the county of San Francisco, and because facts in the petition are within my

knowledge. I have read the foregoing Answer to Complaint for Validation and know the

contents thereof. The same is true of my own knowledge, except as to those matter that are

alleged on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 27th day of October, 2020, in San Francisco, California.

Adam Keats

Alm Keats

1	[x] STATE: I declare under penalty of perjury under the law of California that the foregoing is true
2	and correct.
3	Executed on October 27, 2020 at Oakland, California.
4	Cheresa Kethyhon
5	Theresa Rettinghouse
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