



September 26, 2019

J. Lohr Vineyards and Wines
6169 Airport Rd.
Paso Robles, CA 93446

Paso Robles Groundwater Subbasin Cooperative Committee
Paso Robles Groundwater Sustainability Agency
1055 Monterey St.
San Luis Obispo, CA 93408

Dear Committee,

We at J. Lohr Vineyards and Wines (JLV&W) want to thank SLO County and the three other GSA's for all their efforts thus far. Our goal in this letter is to suggest improvements in the Groundwater Sustainability Plan (GSP) that will increase its effectiveness, increase the likelihood that the Department of Water Resources (DWR) will approve the GSP, and reduce the risk of a groundwater adjudication.

JLV&W started purchasing bulk wine and grapes from the Paso Robles area in 1981. We planted vineyards in 1986 and built our winery in 1987. We now farm almost 3,000 net vine count (nvc) acres of vineyards and purchase grapes from an additional ~3,000 nvc acres of vineyards. For 25+ years we have had our sales staff, deployed around the United States and Canada, work very hard to build awareness of Red and Rhone wines from Paso Robles. We are a major local employer. My children are all fully immersed in the business.

We recognize that the Paso Robles Groundwater Basin (PRGB) is in overdraft and that it should be the responsibility of all users, including agricultural pumpers, to help eliminate the overdraft and ensure long-term groundwater sustainability. We would like this to happen as soon as possible!

Three major efforts we are pushing to reduce groundwater pumping in the basin are:

- A. Best Management Practices (BMPs)
- B. Fallowing Policy
- C. Investigation of a Blended Water Project (BWP)

We think the PRGB is best managed *locally* by the groundwater users and their local representatives. The GSP needs to be rigorous enough to satisfy DWR review. We are concerned that the current GSP lacks key features needed to satisfy that review such as:

- 1) A sense of urgency.
- 2) A timetable to involve local groundwater users in the complex decision of pumping allocations.
- 3) Incentives to increase supplies or decrease water use.
- 4) A predictable and stable set of rules developed as soon as possible to allow growers to make rational decisions.

To further expand on the sense of urgency concern, consider the following:

- a. At the end of harvest, growers review their yields, grape quality, and costs for the past year and plan for the next year. On July 10, 2019, we at JLV&W held a half day meeting on efficient water use for our own people and many of our outside growers. 45 people were in attendance. Three outside consultants presented their research, we tasted wines of different quality levels, and we discussed the reasons to limit nitrogen to have a higher probability of harvesting before frost. ***The simple BMP message was that we used less irrigation water, achieved better grape and subsequent wine quality, and had increased yields.*** We immediately applied some of these successful irrigation practices working with some of our growers who were in attendance. Results will show up in their 2019 harvest! These and other BMP's could be implemented immediately across entire vineyards or on large experimental blocks in grower vineyards. It is our 10th year of using these methods. At JLV&W we clearly think that ***on average***, all growers could save at least 2" of irrigation water. On 36,000 acres, this is 6,000 acre feet of irrigated water saved per year. Rather than waiting a year, as the draft GSP suggests, we would like the GSP to immediately promote and actively encourage growers to participate in exploring BMP's to reduce their pumping now.
- b. Another immediate opportunity is to include a policy for fallowing. This would include several concepts, that would ***not make it initially necessary to pay growers to fallow***. There are a number of vineyards in the area which are older, diseased or haven't found a market for their grapes in 2018 or 2019 and may not in 2020. If regulations were promptly passed to allow growers to keep their pumping rights, without a minimum of pumping each year, more growers would fallow sooner. They could then take some time to learn more about the market for grapes, which grapes grow best in their climate and soil, and current BPMs for pre-plant soil preparation, root stock choice, vine spacing, trellis methods, etc. These fallowing concepts could save 2,000 to 4,000 acre feet of irrigation water per year and reductions in groundwater pumping and could go into effect immediately.
- c. We at JLV&W, several of our neighboring growers, and the City of Paso Robles have been working for several years on a ***Blended Water Project (BWP)*** which started with the concept of using treated waste water from the City of Paso Robles for irrigation to reduce pumping. Even though Paso Robles is using some Nacimiento water to supply its residents, the resultant treated water is still somewhat "salty" for long term use in irrigation. The Nacimiento pipeline is only a mile from our proposed treated water blending point. In further development of this concept, we growers realized we could build a "backbone" pipeline from the blending point to north and east of the airport and Jardine area. This is a very powerful opportunity to allow several growers in the new heart of the "red zone" to irrigate with a variable high percentage of blended water and other area growers to pay "in lieu" pumping fees. This saves the "in lieu" pumpers from needing to build reservoirs and filters and connect into their own systems. We think this system could be built for less than \$10,000,000 compared to three possible systems listed in Chapter 9 which in total could cost \$102,000,000. We already have the "backbone" project designed. The GSP should include reference to this project because it demonstrates progress and could be a crucial element of balancing local water needs.

In addressing the ***time table*** concern:

- a. We believe it is necessary to help all growers understand we all need to pump less water. Their water use for the 2019 crop year must be reported by the GSP to the State by April 30, 2020. For those who don't have meters, an estimate will be used. This data should be quickly assembled and analyzed for trends and major indications. Individual growers should be able to compare their pumping data to overall basin pumping data.
- b. The eventual assigning of pumping allocations is going to be exceedingly complex. It will not be possible to be done without extensive grower participation or the use of adjudication will loom large. We at JLV&W would like to minimize the risk of a full-fledged adjudication, because unless handled very differently from previous adjudications, it could be very costly and delay progress.
- c. We suggest that the GSP provide for a facilitated process to establish pumping allocations. To accommodate busy schedules, the facilitated meetings could be held on a bi-weekly basis to give as many persons as possible a chance to attend, analyze data, go back and confer with others, talk among themselves etc. This effort needs legal input every step of the way and ***cannot be dictated but needs to be negotiated***. Because this process is urgent but will take time, it should start immediately after adoption of the GSP with a goal of finishing within two years.

In so far as ***incentives***:

Each of the actions discussed earlier--A (BMPs), B (Following), C (BWP)-- needs a different set of incentives.

- a. BMPs are something that all growers need to be aware of and growers shouldn't need to be paid to adopt. Growers do, however, need to know that they will need to live within groundwater restrictions.
- b. Following also does not need payments to growers. As described above, however, growers need to know that, if following is done in the normal course of business, it will not affect their allocations in the future.
- c. The BWP requires building a pipeline, amortizing its cost and paying an annual fee for management, maintenance and power. Similar projects exist all over California. In order to decide, and at what level, to participate, growers need to fully understand these costs as well as their pumping allocations. The plans, permits, contracts for supply, etc., therefore need to move forward in parallel with the process of setting pumping allocations and implementing other management actions. This will allow growers to make a business decision as to which, or all, of the BMPs, following or BWP they want to use. If the BWP pipeline project is ready to be built by the time allocations are made, growers who are willing to pay a fee to participate in the BWP will not need to wait any unnecessary, additional time for the project to be built.

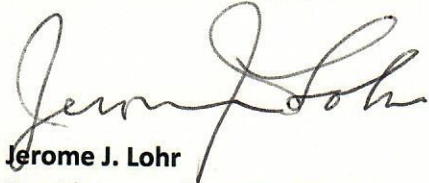
Addressing the concern around the ***set of rules as soon as possible***:

Growers need to know as soon as possible the rules by which groundwater will be managed in the Paso Robles basin. BMPs, following, and groundwater allocations are all part of the solution, and work, therefore, should begin on all of these actions immediately and in parallel. There should be no doubt in

anyone's mind that we have a major problem of pumping beyond the sustainable yield in the Paso Robles groundwater basin. We don't need to continue to study this problem for years. We need to immediately begin to take action. DWR expects a more aggressive plan than proposed at present.

In moving forward, there needs to be much greater participation by growers who are the major pumpers and this ***includes having irrigated agriculture as a full member of the process.***

Thus, let's get on very quickly with the work that needs to be done by including ***representation from all partners.*** We all care about the health of the groundwater basin and the local economy as well as the health of our own employees and the community.

A handwritten signature in black ink, appearing to read "Jerome J. Lohr". The signature is fluid and cursive, with the first name "Jerome" and last name "Lohr" clearly distinguishable.

Jerome J. Lohr
President, J. Lohr Vineyards, Inc.
Founder, J. Lohr Winery