

APPROVED
by the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JUL 11 1995

David E. Hoff
EXECUTIVE SECRETARY

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Office of the General Manager

July 3, 1995

To: Board of Directors (Committee on Legislation--Action)
(Water Planning and Resources Committee--Information)

From: General Manager

Subject: Principles Guiding Development of an Urban Position on Amendment of the
Central Valley Project Improvement Act (P.L. 102-575)

Recommendation:

It is recommended that your Board: (1) review and approve the proposed principles for developing an urban position on amendment of the Central Valley Project Improvement Act (CVPIA); (2) authorize the General Manager to continue discussions with urban, environmental, and agricultural interests to develop an urban position based on these principles; and (3) authorize the General Manager to pursue administrative and legislative actions to the extent they are consistent with these principles.

John R. Wodraska
General Manager

Submitted by:

Debra C. Man

Debra C. Man, Chief
Planning & Resources

Concur:

John R. Wodraska

John R. Wodraska
General Manager

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Executive Summary:

On June 21, 1995, a bi-partisan group of members from the House of Representatives representing agricultural districts in the Central Valley introduced H. R. 1906, the Central Valley Project Reform Act of 1995. H.R. 1906 seeks to amend the Central Valley Project Improvement Act (CVPIA) passed by Congress and signed into law in October 1992. The CVPIA expanded the Central Valley Project's (CVP) obligation to protect, restore, and enhance fish, wildlife, and associated habitat in the Central Valley and for the first time allowed CVP water to be transferred outside the CVP service area. H. R. 1906 is generally consistent with proposed amendments to the CVPIA previously provided by the CVPWA and reviewed with the Committee on Legislation at its June meeting.

H.R. 1906 proposes to amend the CVPIA at a critical time for the Bay/Delta. Water user and environmental interests are moving ahead with the consensus process to implement the December Bay/Delta Accord and develop a long-term agreement to solve Bay/Delta water supply and environmental issues. It is critical that any efforts to reform the CVPIA not disrupt the stability that has been achieved through the Bay/Delta consensus process. For that reason, staff is working with a coalition of northern and southern urban water supply agencies to develop an urban consensus position on CVPIA amendment legislation. The urban position is intended to preserve the stability of the Bay/Delta consensus process by asserting a moderate position reaffirming the purposes and goals of the CVPIA while solving problems experienced with its implementation.

The coalition has developed a set of principles for addressing CVPIA amendment legislation that will be used for developing a detailed position. A tentative urban position has been developed by the urban coalition and will be reviewed by your Board's Committee on Legislation in July. Staff recommends that your Board approve the attached principles on CVPIA amendment legislation. The principles and urban position will be discussed with environmental and agricultural interests.

On July 20, 1995 the House Subcommittee on Water and Power Resources chaired by Representative Doolittle (R-Rocklin) will hold hearings on H.R. 1906 in Washington D.C. It is expected that the tentative urban position will serve as the basis for testimony by the urban coalition at that hearing.

Detailed Report:

In October 1992, Congress passed and President Bush signed, the Central Valley Project Improvement Act (CVPIA). The CVPIA broadened the purposes of the CVP by adding provisions intended to: protect, restore, and enhance fish, wildlife, and associated habitats in the Central Valley and Trinity River basins; increase water-related benefits provided by the CVP to California by expanded use of voluntary water transfers and improved water conservation; and contribute to California's interim and long-term efforts to protect the San Francisco Bay/Sacramento-San Joaquin Delta Estuary. The Secretary of the Interior is charged with implementing the CVPIA and has implemented that responsibility jointly through the U.S. Bureau of Reclamation (Reclamation) and the U. S. Fish and Wildlife Service (Service). Reclamation and the Service began implementing the CVPIA's provisions in November 1992.

During the last two and a half years, water users within the CVP as well as environmental and urban interests have expressed concern and dissatisfaction with how the CVPIA has been implemented. In January 1995, the Central Valley Project Water Association (CVPWA) initiated discussions with environmental and other water interests regarding its proposed legislative changes to the CVPIA. Metropolitan staff reviewed the proposed legislative changes and prepared legislative principles for review by your Board's Committee on Legislation. Staff has used those principles as a basis for discussions with the urban coalition, CVPWA, and other interests regarding amendment of the CVPIA. Through a process of internal CVPWA discussions and meetings with other interests, the CVPWA revised its proposal in May 1995 to identify those provisions of the CVPIA for which they intended to seek administrative remedies and those which would remain targeted legislative changes. On June 21, 1995, H.R. 1906 (Central Valley Project Reform Act) was introduced in the House by Representative Doolittle (R-Rocklin) and co-sponsored by Representatives Radanovich (R-Fresno), Condit (D-Merced), Thomas (R-Bakersfield), Herger (R-Redding), Fazio (R-Woodland), Pombo (R-Stockton), and Dooley (D-Hanford).

Provisions contained in H. R. 1906 would change the existing law in the following areas:

- Eliminate the CVPIA's Anadromous Fish Doubling Program and require the Secretary of Interior to assist the State in pursuing its goal of doubling anadromous fish in Central Valley rivers and streams.
- Eliminate the CVPIA's requirement to prepare a comprehensive San Joaquin River Restoration Plan and instead require the Secretary of the Interior to cooperate with the State to implement its San Joaquin River Management Plan.

- Clarify that CVP water required for meeting Bay/Delta standards and Endangered Species Act requirements is credited against CVPIA's obligation to dedicate 800,000 acre-feet (AF) to environmental purposes.
- Allow consumptive use of water credited to the 800,000 AF dedication by CVP contractors after its use for environmental purposes.
- Clarify that the 800,000 AF dedication is a cap for accomplishing the environmental provisions of the CVPIA and that any additional water beyond 800,000 AF must be purchased.
- Require successive renewals of existing long-term water supply contracts for 25 years at the request of the contracting district.
- Require district approval for water transfers, subject to specific criteria.
- Require the Secretary to reduce deliveries to wildlife refuges by up to 25 percent consistent with reductions imposed on agricultural water service contractors in the same CVP division.
- Delete provision directing the Secretary to increase Restoration Fund charges sufficient to collect \$50 million in 1998 and each following fiscal year.
- Delete tiered-pricing and other contract requirements of the CVPIA some of which reduce money for the Restoration Fund for environmental improvements.
- Require an Act of Congress or Secretarial decision subject to a public process to increase Trinity River flow reservations above 340,000 AF.

Because the provisions of H.R. 1906 as written could threaten the stability achieved over the last year through the Bay/Delta consensus process, it is necessary to develop an urban position addressing how CVPIA amendment legislation should be modified to protect and advance the consensus process. The attached principles have been developed by the urban coalition to ensure the CVPIA's purposes and goals are maintained while providing for needed improvements in its implementation.

The principles are a further refinement of the legislative principles reviewed with your Board's Committee on Legislation and serve as the basis for developing an urban position on CVPIA amendments that provides an appropriate balance of administrative and legislative modification to maximize environmental benefits while minimizing impacts on CVP contractors. The urban position will be discussed with environmental and agricultural interests and may be refined based on input from those discussions. Staff will continue to keep your Board informed on developments concerning the urban coalition position on amendments to the CVPIA.

**SUMMARY OF PRINCIPLES DEVELOPED BY THE URBAN COALITION TO ADDRESS THE
CENTRAL VALLEY PROJECT REFORM ACT OF 1995 (H.R. 1906)**

July 3, 1995

1. **STATE-FEDERAL PROCESS** - A State-federal implementation process involving formal stakeholder involvement should be used in determining reasonable, prudent and feasible methods and priorities necessary to accomplish the environmental objectives of the CVPIA.
2. **ENVIRONMENTAL WATER** - Use of the 800,000 acre-feet of environmental water provided under the CVPIA should be governed by the following principles:
 - Environmental restoration should be the primary purpose of the 800,000 acre-feet.
 - Consumptive use of the 800,000 acre-feet should be permitted only after its primary environmental purpose is served.
 - Water required for meeting the State Bay/Delta Water Quality Control Plan (Water Quality Plan), federal Endangered Species Act (ESA) requirements, or other federal regulatory actions should be credited toward the 800,000 acre-foot obligation.
 - Except for separate requirements for refuges and Trinity River reserved flows, the 800,000 acre-feet is a cap on the CVP's obligation to provide water for the CVPIA's environmental provisions.
 - The 800,000 acre-feet is not a cap on CVP water obligations established by the Water Quality Plan, ESA, or other regulatory actions.
3. **ANADROMOUS FISH DOUBLING PLAN** - An anadromous fish restoration program should be developed and implemented through a State-federal implementation process. Water for the anadromous fish restoration program should not be required in excess of the 800,000 acre-foot cap unless it is purchased from willing sellers using the Restoration Fund or other non-reimbursable funds.
4. **RESTORATION FUND** - The Restoration Fund should be protected in a manner sufficient to remove funding uncertainties and accomplish the environmental objectives of the CVPIA. The Restoration Fund should be combined with the State restoration fund and administered through the State-federal implementation process.

5. **TRINITY RIVER** - Trinity River flow reservations should be maintained at 340,000 AF until the Trinity River Flow Evaluation Study and the EIS are complete. After completion of the studies, flow reservations may be increased above 340,000 AF only through a full public process with formal stakeholder involvement.
6. **SAN JOAQUIN RIVER** - Direct releases from Friant Dam should not be required for purposes of the CVPIA. The Friant environmental surcharge should be maintained over time at a level sufficient to meet the Friant Unit's environmental obligations on the San Joaquin River. There should be an aggressive program to implement habitat restoration measure for the San Joaquin River watershed. The Friant Unit's environmental obligations are subject to all State and federal laws.
7. **WATER TRANSFERS** - Water transfers inside and outside the CVP service area should be promoted. District approval of transfers must be based on specific criteria identified in a transfer program to be developed by the district at the request of a landowner.
8. **CONTRACTS** - Successive 25 year contract renewals should be provided to increase supply certainty to water users with contract terms and conditions subject to modification to reflect environmental and other changed circumstances when the contract is renewed.
9. **URBAN RELIABILITY** - Improved supply reliability for municipal and industrial purposes should be provided.