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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

October 3, 1995

To: Board of Directors (Committee on Legislation--Information)
From: General Manager
Subject: Update on SB900 (Costa) Water Resources and Delta Restoration Act of 1996

Recommendation:

For information only.

John R. Wodraska
General Manager

Submitted by:

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Attachments

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Executive Summary:

Chairman Foley, the General Manager, and Deputy General Manager Quinn, met recently with Senator Jim Costa and Secretary of State Bill Jones to discuss SB 900, which would place on the November 1996 statewide ballot a measure to approve state bond financing for various improvements to California's water infrastructure including a comprehensive Delta solution. The Chairman and staff discussed with the Senator and Secretary, among other things, the political and strategic implications of seeking voter approval in November 1996 and whether such a timetable would support or possibly hinder progress toward broad-based consensus in the current CALFED/Stakeholders process.

The Chairman and staff reiterated Metropolitan's support (in concept) of SB 900 and explained the circumstances under which Metropolitan would most likely support a 1996 ballot measure.

Detailed Report:**Background**

In February 1995, Senator Jim Costa introduced SB 900, which would place before the voters in November 1996 a measure to approve state bond financing for the "Water Resources and Delta Restoration Fund." The bill would authorize and fund:

- Projects necessary to implement a comprehensive plan for the Bay-Delta;
- Implementation of fish and wildlife restoration measures requiring State financing under the federal Central Valley Project Improvement Act;
- Projects to meet safe drinking water standards;
- Small community wastewater treatment works;
- Water recycling, water conservation, and groundwater enhancement projects; and
- Various other programs.

The bill would not authorize any specific project, and at this time does not specify the amount of funding authorized for the entire bond measure or for particular programs. Senator Costa would resolve those specifics during subsequent discussions with the Administration and other interested parties.

Senator Costa has called implementation of the long-term Bay-Delta solution, which SB 900 would finance, the "cornerstone" of the bill and the "key to solving our state's water supply problems" (*California Water Law & Policy Reporter*, May 1995, page 171, Attachment A).

In May 1995, Metropolitan staff recommended adoption of policy principles regarding comprehensive Bay-Delta solutions and support in concept for SB 900 (see Board letter 8-8; May 30, 1995, pages 4-5, Attachment B).

Recent Development

On September 12, 1995, Chairman Foley, the General Manager, and Deputy General Manager Quinn met with Senator Costa and Secretary of State Bill Jones to discuss SB 900. The Chairman and staff agreed with the Senator on the probable need for obtaining voter-approved bond financing for a Delta solution. They also discussed whether placing a bond measure on the November 1996 ballot would support or possibly hinder progress toward broad-based consensus in the CALFED/Stakeholder process.

Metropolitan reiterated its support of Senator Costa's efforts to realize funding sources for water infrastructure and pledged to assist him in his efforts. Metropolitan stated that it would most likely support a 1996 ballot measure under the following circumstances:

1. The measure is consistent with policy principles adopted by Metropolitan's Board regarding comprehensive Bay-Delta solutions;
2. The 1996 ballot measure has widespread support from both the Northern and Southern California business communities;
3. The measure has broad support within the water community;
4. The measure promotes solutions resulting from the conclusions reached in the CALFED/Stakeholder process;
5. All aspects of the measure would be consistent with the principles contained in the December 1994 Bay-Delta Accord;
6. Pursuing the measure would not significantly divide the North/South coalition that formed around the December Accord and that currently is engaged in productive deliberations through the CALFED/Stakeholder process.

Staff will continue to update your Board on other developments regarding this pending legislation.

SENATOR COSTA INTRODUCES BILL TO FUND WATER AND ENVIRONMENTAL FACILITIES

A bill introduced February 23, 1995 by Senator Jim Costa would establish a "Water Resources and Delta Restoration Fund" for authorized water and environmental projects. The fund would receive proceeds from the issuance of bonds, subject to voter approval in November, 1996.

Among the projects which would be authorized and funded are:

- projects to meet safe drinking water standards, flood control and flood prevention, and agricultural drainage and other non-point source pollution problems;
- small community wastewater treatment works;
- water recycling, water conservation and groundwater enhancement projects;
- implementation of fish and wildlife restoration measures required by the Central Valley Project Improvement Act, construction of fish screens, fishery recovery and enhancement of inland fisheries in northern California;

- acquisition of property for implementation of the San Joaquin Valley Drainage Relief Program; and

- projects necessary to implement a comprehensive plan for the Sacramento-San Joaquin Delta.

Senator Costa called implementation of the long-term Delta solution, which SB 900 would fund, the "cornerstone" of the proposal and the "key to solving our state's water supply problems." The bill would also provide funding for the state's water infrastructure, which Costa characterized as "badly neglected."

"What California needs in order to plan wisely for the future," he stated, "is the kind of public investments we made during the 1960's when we built our great higher education system, the State Water Project, and our highway system."

SB 900 does not authorize any specific project, and the amount of funding to be authorized by bonds is not specified at this time, either for categories of projects or for the bill as a whole. It is expected that these details will be worked out as the bill progresses through the legislative process. (JKG)

- **1994** - Assembly members Bill Jones and Jim Costa introduced AB 1514 which would have submitted a bond act to the voters to provide funding for Delta facilities. In addition, it would have provided funding for the State's share set forth in the Central Valley Project Improvement Act (1992). The bill died in the legislature.

Metropolitan did support AB 346 (Ayala) in 1977 and SB 200 (Ayala) in 1979. Metropolitan did not take a position on AB 1514 (Jones and Costa) in 1994.

Current CALFED Process

The stakeholder groups are committed to developing a long-term agreement to avoid the policy "vacuum" that will exist after the current, three-year December Agreement expires. The stakeholder groups consist of environmental interests, export agricultural interests, upstream agricultural interests, urban interests, and fishing interests. Possible additions would be waterfowl interests, Delta agricultural interests and more direct participation by the State's business community. Metropolitan is taking a leadership role as a member of the stakeholder's "Matrix Team" which will be presented on June 1 to the stakeholders, proposed "Purposes and Objectives" of a long-term agreement. The proposed strategy anticipates: (1) stakeholders developing "project" alternatives by July 1995; (2) stakeholders presenting their conclusions to CALFED through the public input process; (3) CALFED, in cooperation with the stakeholders, issuing recommendations for the preferred alternative and necessary institutional and water management alternatives; and (4) completing the long-term agreement, including financing mechanisms.

Recommended Principles

Metropolitan does not currently have any adopted Principles regarding Bay-Delta comprehensive environmental and water supply improvements. Staff recommends that Metropolitan continue supporting the CALFED process and adopt the following principles directing staff to:

1. Continue to play a leadership role.
2. Maintain, and seek to expand, the broad coalition that developed and supported the December 15 Agreement.
3. Seek solutions that provide both strong environmental protections and high levels of water supply reliability and water quality.
4. Rely to the maximum extent possible on consensus solutions developed among the stakeholders affected.

5. Include the following essential elements into the agreement that is developed:
 - a. Ecosystem approach to environmental restoration;
 - b. Guarantees to ensure the continuance of environmental solutions;
 - c. Ecologically compatible Delta transfer facilities and possibly additional offstream storage;
 - d. Fair resolution of upstream responsibility;
 - e. Long-term certainty for regulatory measures which impact water supply reliability;
 - f. Adaptive management approaches to allow for adjustments when warranted;
 - g. Institutional reform, as necessary, to assure sustainability of environmental and water supply benefits;
 - h. Appropriate financing mechanisms;
 - i. Integration of existing State and federal restoration funding and environmental initiatives; and
 - j. Statewide comprehensive water management (conservation, reclamation, etc.).
6. Coordinate all legislative and other activities to assure consistency with the goals of the long-term consensus effort.

The above Principles were presented in a informational letter to the Legislative Committee on February 14, 1995.

Current Legislative Efforts

Two legislative measures of interest have been introduced. Assembly Joint Resolution 30 (AJR 30) was introduced by Assemblymen Cortese, Frusetta and Katz. Senator Costa introduced Senate Bill 900 (SB 900). AJR 30 provides that the Assembly and Senate of the State of California would jointly memorialize President Clinton and Governor Wilson to commit to the CALFED program the necessary support to ensure the program's success in achieving a comprehensive solution to the problems in the Delta, and further that the manager of the CALFED program submit a semiannual report to legislature on the progress of CALFED. Staff believes that these actions are consistent with the previously discussed principles and