

FILED
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 - 9 1996

9-16

Debra C. Man
for EXECUTIVE SECRETARY June 25, 1996

To: Board of Directors (Committee on Legislation--Information)
(Executive Committee--Information)

From: General Manager

Submitted by: Debra C. Man, Chief
Planning and Resources

Subject: Status Update on Senate Bill 900 (Costa)

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

Senate Bill 900 (Costa-Fresno), the Clean, Safe, Reliable Water Supply for Cities, Farms, and the Environment Act of 1996, has been the subject of intensive negotiations between various stakeholder groups. Representatives of environmental, agricultural and urban organizations recently reached agreement on general principles for amendments to SB 900 that would provide some State funding to implement Bay/Delta environmental restoration as part of CALFED's Bay/Delta program. Language incorporating any agreement reached by the negotiators will be submitted for consideration and approval, first by the SB 900 conference committee, and then by the full Senate and Assembly. The first meeting of the SB 900 conference committee is scheduled for Wednesday, June 26. Upon its passage and approval by the Governor, SB 900 would qualify as a ballot initiative for the November 1996 election.

DETAILED REPORT

On February 13, 1996, your Board adopted a position supporting Senate Bill 900 (Costa), the Clean, Safe, Reliable Water Supply for Cities, Farms, and the Environment Act of 1996, if amended consistent with Board-approved policy principles. Since that time, the content of SB 900 has been the subject of intensive negotiations between Senator Costa's office and a stakeholders group composed of representatives from northern and southern California urban water agencies, upstream and export agricultural water users, and environmental organizations active in Bay/Delta issues. As of the week of June 17, urban, agricultural and environmental negotiators reached agreement on general principles for amendments to SB 900 that would

provide some State funding to implement Bay/Delta environmental restoration as part of CALFED's Bay/Delta program.

The package of recommended principles and subsequent amendments to SB 900 prepared by the urban, agricultural and environmental negotiators includes the following elements:

- 1) Increase the total funding in SB 900 to at least \$900 million.
- 2) Divide the total funding in SB 900 equally between "Section 1" (i.e., the elements of the May 6, 1996 amendment to SB 900) and "Section 2" (i.e., CALFED-targeted environmental restoration funding).
- 3) In Section 1 of the bill, modify the existing provisions of SB 900 to include the following:
 - Increase Category III funding to \$60 million;
 - Increase Central Valley Project Improvement Act (Miller/Bradley) State cost-share funding to \$100 million;
 - Eliminate all "triggers" on Section 1 funds, making them fully available upon enactment.
- 4) The scope of the Section 2 funds would include the following:
 - Use Section 2 funds for the sole purpose of financing public benefit environmental restoration actions contained in the CALFED Bay/Delta program;
 - Exclude usage of Section 2 funds to offset adverse environmental impacts attributable to operation of existing and future water supply projects.
- 5) Link availability of Section 2 funds to the following:
 - Approval of the Bay/Delta program by the CALFED State and federal agencies and finalization of the programmatic environmental documentation by the CALFED agencies for the preferred alternative.
 - Execution of a cost-sharing agreement between the State and federal governments for financing the CALFED Bay/Delta program.
- 6) Follow a CALFED schedule of SB 900 expenditures for environmental restoration, water supply, water quality and other elements necessary to implement the long-term solution to Bay/Delta problems identified by CALFED.

- 7) Assure balanced benefits for environmental restoration, water supply, water quality and other elements through an annual review of CALFED's implementation schedule.

At this time, negotiators are resolving some outstanding concerns on the exact structure of the linkage requirements described above in items No. 6 and 7. Staff is negotiating resolution of this issue consistent with previously-adopted Board policy and will advise your Board on the final outcome of these discussions.

The negotiators are currently drafting language that would incorporate these recommended principles into SB 900, and this language will likely be considered by the SB 900 conference committee, starting with their first meeting scheduled for Wednesday, June 26. The conferees to the SB 900 conference committee include Assembly Members Olberg (R-Victorville), Rainey (R-Walnut Creek) and Bustamante (D-Fresno), and Senators Costa (D-Fresno), Johnston (D-Stockton) and Kelley (R-Idyllwild). At this time, the SB 900 conference committee is scheduled to meet through July 10. The June 27 deadline for qualifying bond measures for the November 1996 ballot will be extended by the Secretary of State. Upon approval by the conference committee, SB 900 would proceed to the Assembly and Senate floors, where it must be approved by a two-thirds vote of both chambers. Upon approval by the Governor, SB 900 would qualify as a ballot measure for the November 1996 election.

LAS:rbs

lassb900/board