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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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

From: General Manager Edward S. Meyer III

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Planning and Resources

Subject: Update on Bay-Delta Ag/Urban Water User Facilitation Process

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

California's major urban and agricultural water agencies have agreed to formally work together to develop a coordinated approach to the CALFED process with the primary purpose of ensuring CALFED's success. Collaborators in this effort will include members and/or representatives of California Urban Water Agencies, Association of California Water Agencies, State Water Contractors, Central Valley Project Association, Northern California Water Association and San Joaquin Tributary Association. Three committees have been established, including a policy committee, a technical committee and an outreach committee which will inform environmental interests about the Ag/Urban effort.

Utilizing a facilitated process, the group plans to accomplish the following objectives over the next six months: 1) develop a recommended water-user CALFED proposal; 2) develop a strategy for renewing the December 1994 Accord; and 3) address outlying issues, including Central Valley Project Improvement Act implementation.

DETAILED REPORT

Background

The CALFED Bay-Delta Program is scheduled to complete the final Programmatic Environmental Impact Report/Statement (PEIR/S) for its preferred alternative by fall 1998. The draft of this PEIR/S should be available by November 1997. CALFED's success in fulfilling these

goals rests, in large part, on the timely and coordinated input provided by stakeholders. To this end, urban and agricultural water-users have created a policy group to develop a solution package to present to CALFED and other stakeholders as a foundation for discussion.

Participants and Budget

To date, members in this effort include the following urban and agricultural water-users: members and representatives from California Urban Water Agencies (CUWA), State Water Contractors (SWC), Association of California Water Agencies (ACWA), Friant Water Authority, San Joaquin River Tributary Association, Northern California Water Association, and Central Valley Project Water Association. A committee has been created to develop an outreach strategy for informing other stakeholder groups, including environmental and Delta farming interests, about the Ag/Urban effort. A policy committee will guide the group's progress, as outlined below.

Members have estimated that this effort will require approximately \$600,000 and have agreed to provide an initial installment of \$197,500 for the first phase (see facilitation discussion below) of the effort. Metropolitan will contribute approximately \$14,500 by way of the annual membership dues it provides to ACWA, SWC, and CUWA. Metropolitan staff is working with other members of the Ag/Urban Policy Group (Policy Group) to minimize costs where possible and develop an equitable long-term cost allocation plan for the effort.

Management and Staffing

The Policy Group has selected James C. Waldo (with the law firm of Gordon, Thomas, Honeywell, Malanca, Peterson & Daheim in Seattle) to serve as facilitator. A technical committee composed of participating agency staff, has been formed to support the policy discussions through development of technical information and alternatives. Stephen Arakawa, Assistant Chief of Planning and Resources, will serve as the Interim Coordinator of the technical committee. The Policy Group may designate an administrator of the overall project once the organizational structure of the group has been more defined.

Facilitation Process

The proposed facilitation process will occur in two phases. The first phase is expected to begin in early March and run thirty to sixty days. At the end of the first phase, the Policy Group and individual participating agencies will have an opportunity to decide whether they wish to continue with the facilitation process in Phase II. During Phase I, the facilitation process will focus on the following objectives:

1. Assess the interests of all participants and ensure all concerns are heard;

2. Establish the goals of the process and its relationship to the CALFED process, other processes and interest groups, including the environmental community; and
3. Determine what issues are on the table, who will be at the table, and the work plan and budget for the second phase of the negotiations.

The above objectives will be accomplished through meetings between the facilitator and individual participants and facilitated meetings of the full Policy Group. The duration of Phase I will depend on the availability of both the participants and the facilitation team, the number of individual meetings needed, and the number of Policy Group meetings needed to reach closure.

In Phase II, the Policy Group will develop a package proposal for input to CALFED describing physical facilities/operations, an ecosystem restoration program, an assurance/governance package and a finance/repayment plan (see work plan discussion below).

Ag/Urban Policy Group Work Plan

The Ag/Urban Policy Group has formed a Technical Subcommittee, which plans to develop a solution package over the next six months under the facilitated guidance of the Policy Group. Throughout the facilitation process, the Policy Group plans to provide the following work products to CALFED. These products will be provided to CALFED no later than August 1997:

1. **Description of Physical Facilities** - Develop a description and location of new physical facilities, including conveyance, fish screens, pumps, levees, surface storage, groundwater storage, recreation features, flood control facilities, etc. Develop a breakdown and schedule of the estimated planning, design, construction, and operating costs of these new facilities.
2. **Description of Operational Rules & Water Quality/Supply Benefits** - Develop a set of operational rules sufficient to describe impacts and benefits for river flows, water quality, water supply reliability, diversion rates/times, flood control, and the ecosystem.
3. **Description of Ecosystem Restoration Program & Benefits** - Develop a description of the ecosystem restoration program, its benefits, integration of existing restoration efforts, and priorities for restoration.
4. **Description of Finance & Repayment Plan** - Develop a plan that includes a description of the following: 1) current baseline funding levels; 2) a breakdown of the benefits and costs of new facilities, operational rules, ecosystem restoration, and other improvements; 3) a range of funding from the state/federal governments,

water users, and other beneficiaries; 4) a variable repayment plan; and 5) an avoided cost plan.

5. **Description of Assurance/Governance Package & Conforming Regulatory Laws** - Provide a high certainty of attainment of program benefits through the development of a suitable assurance/governance package. This package could include new/modified institutions, legislation, contracts, habitat conservation plans, and contracts to implement the program, as appropriate. This might also include a description of the powers and duties, authorities, and responsibilities for implementing the CALFED solution package.

In addition to the above work products, the Ag/Urban Policy Group intends to identify a strategy for resolving some of the more contentious policy and technical issues surrounding the Bay-Delta, including Central Valley Project Improvement Act (CVPIA) implementation and continuance of the 1994 Bay-Delta Accord. Specifically, certain provisions of the Accord must be reconciled with dedicated environmental water requirements imposed by the CVPIA. In addition, the potential expiration of the Accord at the end of 1997 may reduce regulatory certainty regarding Endangered Species Act listings and their effects on water export operations. The Policy Group believes these issues must be resolved to ensure CALFED's success.

Staff will continue to keep your Board apprised of the Ag/Urban Policy Group's progress in the next six months as it develops its solution package and outreach strategy.

KLL:cl

Attachment

CALFED & Ag/Urban Coalition TIMELINE

