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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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March 24, 1998

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

From: *for* General Manager

Submitted by: Robert J. Gomperz
Acting Director Public Affairs

Subject: Update on Implementation of Metropolitan's Bay-Delta Outreach Strategy

RECOMMENDATION

For information only.

EXECUTIVE SUMMARY

The CALFED Bay-Delta Program released their Draft Programmatic Environmental Impact Report/ Environmental Impact Statement (PEIR/EIS) on March 16, 1998. The document outlines the work to date on solutions to Bay-Delta problems, including detailed analysis on a focused list of three alternatives. A preferred alternative is expected to be identified by the summer of 1998, with a final EIR/EIS by Fall of 1998.

Metropolitan is currently working with Southern California interests to implement a Bay-Delta outreach strategy that ensures our regional message is understood -- in Southern California, Sacramento, and Washington, DC. The goal of this effort is to develop a common message through regional partnerships with the Southern California business community, environmental community, member water agencies, and local elected officials. This common message will be used to ensure Southern California is fully informed about the CALFED Final PEIR/EIS and future state and federal funding alternatives.

Metropolitan is currently working with the Southern California Water Committee and other groups to schedule regional business leader luncheons and member agency workshops on the CALFED Bay-Delta program. Staff will keep your Board apprised of upcoming events.

DETAILED REPORT

Update on CALFED Program

The CALFED Bay-Delta Program released their Draft Programmatic Environmental Impact Report/ Environmental Impact Statement (PEIR/EIS) on March 16, 1998.

This document outlines the work to date on solutions to Bay-Delta problems including detailed analysis on a focused list of three alternatives. The document identifies how each alternative provides technical resource management advantages relative to each other. A preferred alternative is expected to be identified by late summer of 1998, with the Final PEIR/EIS due for publication by the end of the year.

In April and May 1998, CALFED is scheduled to hold 10 to 12 public meetings throughout California on the Draft PEIR/EIS. Four of the 12 hearings will be in Southern California, at the following locations. All hearings will begin at 7:00 p.m.

- Tuesday, April 21 -- Ontario (Holiday Inn)
- Tuesday, April 28 -- Burbank (Fire Training Center)
- Tuesday, May 5 -- Irvine (University High School)
- Tuesday, May 12 -- San Diego (Encinitas City Council Chambers)

Regional Outreach Strategy

The next year will be a critical decision-making period for CALFED and all Bay-Delta related activities. The challenge will be to craft a solution that allows the major interests to move forward together. At a statewide level, the key will be to address environmental, water supply, and water quality problems together, through collaborative stakeholder consensus discussions provided by the CALFED and stakeholder-facilitated processes. In Southern California, Metropolitan's staff is striving to develop a common message through regional partnerships with the Southern California business community, environmental community, member water agencies, and local elected officials. This common message will be used to ensure Southern California is fully informed about the CALFED Final PEIR/EIS and future State and Federal funding alternatives.

In developing this regional message, staff has worked with the member agencies in assembling a Member Agency Strategic Planning Council and is currently investigating adding an advisory group made up of Southern California business leaders. Metropolitan and its member agencies will be working with both of these groups to develop and implement an effective CALFED Bay-Delta public outreach plan. Staff is also working closely with the CALFED Public Affairs Advisory Committee and the California Water Clearinghouse to support the CALFED process. On the local level, Metropolitan in partnership with the member agencies is embarking on an intense public education campaign which will include speaking engagements for business,

service and community groups as well as broad-based media opportunities. Our goal is to increase public awareness of the critical need for a Bay-Delta solution and to ensure that the final solution addresses Southern California's needs for increased water supply, improved water quality, system reliability and affordability.

Staff has also developed a number of educational materials including a two-page Southern California perspective on the CALFED Bay-Delta Program; a four-page brochure from urban water agencies focusing on drinking water quality needs; an outline of talking points for prospective speakers on CALFED Bay-Delta issues; and a "most commonly asked questions" fact sheet. In addition, staff will be publishing the second edition of Metropolitan's *Waterscape* newsletter in which we will summarize the alternatives and encourage members of the public to attend the four CALFED public meetings to be held in Southern California.

Special attention is also being given to educating the media. A Bay-Delta inspection trip was conducted on March 5 for representatives of the Southern California newspapers. Editorial Board meetings were also scheduled.

Staff will continue to keep your Board apprised of upcoming events.

BG/MAD/jc

Attachment(s)

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CALFED



Reinvesting in California's FUTURE

Southern California

Supports CALFED

*Finding a long-term solution to the problems of the Bay-Delta is crucial to our region and our state. We are prepared to reinvest in California's future by supporting the CALFED process. However, three essential elements are fundamental to meeting Southern California's needs and must be addressed if the CALFED solution is to be successful—**improved water quality and supply reliability at an affordable cost.***

Southern California must negotiate for our future. We believe there is an equitable solution for the environment, agriculture and urban water users. Southern California representatives will be at the table protecting your interests, but your support for and participation in the CALFED process are paramount.

What is CALFED and why will it work?

The CALFED Bay-Delta Program is a partnership of state and federal agencies charged with developing a solution to the long-term problems of the San Francisco Bay/Sacramento-San Joaquin Delta. In seeking a comprehensive solution to water supply, water quality and ecosystem issues, CALFED has brought together statewide water interests—urban, agricultural and environmental—to identify their concerns and reach a consensus-based solution. This process represents a turning point in the perennial California water wars because for the first time we are working together.

What does CALFED mean to Southern California?

More than 16 million Southern Californians rely on drinking water supplies from State Water Project sources that originate in the Bay-Delta watershed. Success in the CALFED effort to restore the estuary is the first step to securing future water quality and supply reliability for our region.

Water Quality

Any CALFED solution must improve water quality. Reducing salts and other natural organic materials in our source water will help maintain the health and safety of our drinking water for years to come and may eliminate or substantially reduce the need to build costly water treatment facilities.

Water Reliability

Southern California is counting on a reliable supply of water from the Bay-Delta. Regional water managers are helping to meet the need for increased supplies through water recycling, conservation and storage as our population grows by about 200,000 residents each year.

Jobs and the Southern California Economy

Water issues are critical to the long-term success of business and commerce in any region. If we fail to secure the quality and reliability of Southern California's water supply, business leaders may reconsider expansion in the region and may even relocate. Our economic future depends on a reliable supply of high-quality water. We cannot support a vibrant economy without it.

Environmental Restoration

The Bay-Delta provides the largest wetland habitat in the West, encompassing a key nursery ground and migration corridor for more than 120 species of fish and wildlife. Protecting this national treasure should be a top priority for all Californians.

The CALFED Timeline

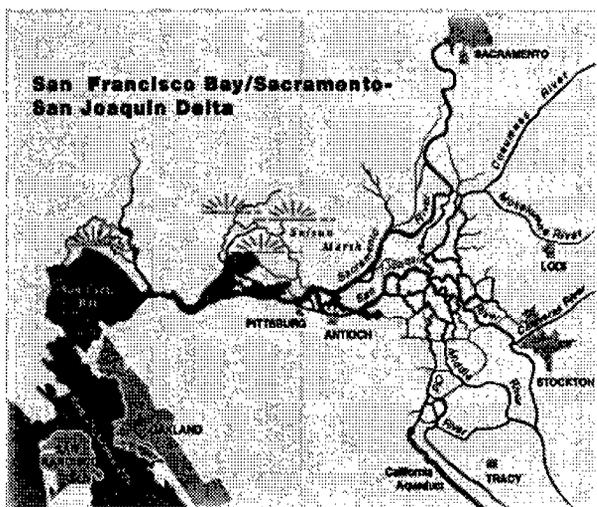
The time for decision-making is upon us. CALFED has developed three alternative action plans, all of which include additional storage:

- Alternative I: *Re-operation of the current system.*
- Alternative II: *Expanded through-Delta conveyance.*
- Alternative III: *Dual-intake system.*

These alternatives are expected to be released in a draft environmental document in March 1998, followed by a series of public meetings and workshops. The final alternative is expected to be approved by the end of the year. Then the work of implementation will begin for all of us.

What will a CALFED solution cost?

The CALFED solution is likely to involve large-scale ecosystem restoration, storage, and facilities to improve the environment, water quality, and supply reliability. CALFED estimates the cost between \$4 and \$9 billion over 30 years.



The Bay-Delta is a 738,000 acre estuary where the San Francisco Bay meets the Sacramento and San Joaquin Rivers.

As water users benefiting from a Bay-Delta solution, Southern Californians are prepared to shoulder their fair share of the financial responsibility. Long-term regional water rate projections reveal that a total cost in the range of \$5 to \$6 billion for a Bay-Delta fix may be affordable if equitably shared by state and federal governments as well as water users.

Meeting the goals of the IRP

For the past several years, Southern California's water community has engaged in an Integrated Resources Planning process (IRP) to establish water management guidelines for the next 25 years. The IRP is a dynamic process, allowing the region to re-evaluate its resource needs on an on-going basis. The plan depends on both imported water from the Bay-Delta via the State Water Project and from the Colorado River, as well as local resources such as conservation, water recycling, groundwater and surface storage. A Bay-Delta solution will help the region meet the water management goals of the IRP.

CALFED



This information is brought to you by:

The Metropolitan Water District of Southern California and its 27 member agencies

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CALFED BAY-DELTA SPEAKER'S BACKGROUND INFORMATION

I. History

- A. December 1994 Bay-Delta Accord initiated CALFED, a partnership of state and federal agencies, established to develop a long-term solution to water quality, supply and environmental problems in the Delta.
- B. For the past three years, stakeholders from throughout the state, representing Northern, Central and Southern California as well as urban, agricultural and environmental interests, have been working together to develop a series of alternatives with which to ultimately solve the problems of the Bay-Delta.
- C. In November 1996 election, Californians passed Proposition 204, a \$995 million bond measure which includes nearly \$600 for Bay-Delta ecosystem restoration projects. We view this as a down payment for improvements to water supply reliability and water quality.
- D. Congress authorized \$430 million over three years for Bay-Delta restoration, with \$85 million appropriated for 1998.
- E. Governor Wilson has proposed a \$1.3 billion bond measure for funding CALFED's common programs in ecosystem restoration, water quality, water conservation and recycling and levee stability.

II. Bay-Delta Issues

- A. The Delta is in serious ecological trouble because of decades of land use, water use and resource and fisheries management practices. Many species of fish and wild life have been listed as endangered. Levees are weakened and are in serious need of repair.
- B. Water supplies from the Bay-Delta are often unreliable because of not only hydrologic variations but also endangered species and other environmental concerns. (When the fish are endangered, the pumps are shut down.)
- C. Regulatory standards on drinking water quality are getting increasingly stringent because of public health concerns. Water agencies have to rely on higher quality source water to be able to meet the future public healthy standards and to continue providing the high quality water that Californians demand.

III. The CALFED Bay-Delta Program is the best opportunity to fix the Delta.

- A. Stakeholder-driven process has brought about consensus for the first time on many essential issues. Everyone agrees that the CALFED process will succeed only if **everyone gets better together.**
- B. Water interests agree that ecosystem restoration is the first step in finding a long-term solution to “fixing” the Delta.

IV. Southern California’s Stake in the CALFED Bay-Delta Program

- A. ***Water quality*** - THMs, bromides, safe-drinking water standards. Improved source water postpones need to invest in costly treatment facilities.
- B. ***Water supply reliability*** - CALFED’s program addresses ecosystem restoration and infrastructure investments. These improvements alone will not solve all of the long-term water supply issues facing the southland. They will, however, facilitate other means for ultimately closing the gap between water supply and demand in Southern California. These other means include wet year storage, groundwater conjunctive use, water conservation and recycling, etc.
- C. ***Post-IRP water supply requirements*** - Because we’re in a post-IRP era, our demands for increased supply are relatively minor, i.e., we are able to meet our supply needs through local resources such as water recycling, conservation, groundwater conjunctive use, groundwater and reservoir storage, water transfers, etc. Therefore, we believe that Southern California’s water supply needs are achievable through the CALFED solution.
- D. ***Bulletin 160 (State Water Plan)*** - The large “gap” between supply and demand referred to in bulletin 160 includes a great portion for environmental water requirements that can be met through other means. The figures also seem to be based on an extraordinarily dry year situation. These numbers must be further analyzed and studied to determine their validity as well as how the requirements they represent may be met through alternative means.
- E. ***Affordable cost*** - (\$5-\$6 billion shared by state/fed gov’t. & water users)
- F. ***Jobs, economic stability*** for region as well as state.
- G. ***Ecosystem restoration & environmental protection.***

V. CALFED’s Projected Costs

- A. CALFED estimates \$4 billion to \$9 billion. The majority of the cost differential is based on the amount of storage provided in each alternatives. The Southern California position supports limited storage rather than excess capacity. Southern California supports a total cost in

the range of \$5 to \$6 billion, including funding from state and federal government as well as water users.

- B. Prop 204 (about \$600 million); Federal funding (\$430 million over 3 years with \$85 million appropriated for FY 1998); Governor Wilson's proposed \$1.3 billion water bond measure includes some additional funding for CALFED projects. Category III funding for non-flow related ecosystem restoration.

VI. The Region's Integrated Resources Plan

- A. A long-term (25-year) plan for regional water management that includes imported supplies from the SWP and the Colorado River as well as local resources such as conservation, water recycling, groundwater and surface storage.
- B. Long-term regional water rates reveal that \$5 billion for a Bay-Delta fix is affordable.
- C. Southern California water users will assume their fair share of financial responsibility, but **we will not pay one thin dime more than our share!**
- D. The preferred resource mix for Southern California depends on fixing the Delta and ensuring high quality, reliable water supplies at an affordable cost.
- E. Because of the IRP, we don't want or need our full contractual entitlement (2.2 MAF) of SWP supplies. However, we must plan for the future and ensure the availability of high quality supplies as needed by the region within the framework of the IRP.

VII. CALFED Timeline

- A. Draft programmatic EIR/S will be released on March 16, 1998.
- B. 75 days of public comment
- C. Summer public workshops
- D. Preferred alternative to be released by end of summer.
- E. Final EIR/S to be released by end of year 1998.

CALFED BAY-DELTA PROGRAM

Most Frequently Asked Questions

1. What's in it for Southern California?

Southern California is looking for several key benefits from a long-term CALFED solution to the problems of the Bay-Delta. These benefits include the following:

Improved water quality: Reducing salts and other natural organic materials in our source water from the Bay-Delta watershed will help maintain the health and safety of our drinking water for years to come and may eliminate or substantially reduce the need to build costly water treatment facilities.

Increased supply reliability: Through the Integrated Resources Planning¹ process (IRP), Southern California water managers developed a long-range plan for managing both imported and local resources. The implementation of this plan substantially reduced the need for increased imported supplies. This means that Metropolitan will not expect nor need its full State Water Project (SWP) contractual allotment of 2.2 MAF/year. However, a successful CALFED solution will include better wet year water management and will allow Southern California sufficient SWP supplies to meet the long-term projections developed through the IRP.

Affordable cost: Long-term water rate projections include a substantial investment in Bay-Delta restoration. These projections reveal that a total cost in the range of \$5 to \$6 billion for a Bay-Delta fix may be affordable if equitably shared by state and federal governments as well as water users.

Environmental protection/restoration: The Bay-Delta provides the largest wetland habitat in the West, encompassing a key nursery ground and migration corridor for more than 120 species of fish and wildlife. This is a national treasure that benefits all of us who live in California as well as the nation.

2. How much will it cost?

CALFED estimates the cost for all of the elements in three alternatives to be between \$8 and \$12 billion over 30 years. The variations in cost will depend on the alternative

¹ The Integrated Resources Plan (IRP) is an on-going process in which Metropolitan and its member and subagencies, working together with groundwater agencies and other interested stakeholders, developed a preferred resource mix for long-term regional water management through the year 2020. The preferred resource mix includes imported supplies from the State Water Project and the Colorado River as well as local resources such as conservation, water recycling, groundwater and reservoir storage, and transfers.

chosen and the amount of storage included in the preferred alternative. Some of the funding has already been secured, including \$600 million provided by the passage in 1996 of Proposition 204 and \$430 million in authorized federal funding, of which \$85 million was appropriated in 1998.

Southern California remains firm in its commitment to keep costs affordable, in keeping with long-term regional water rate projections, and to pay only their fair share for any Bay-Delta fix. We are looking at streamlining a solution to an affordable size—somewhere between \$5 and \$6 billion.

3. Who's going to pay for it?

The cost of any CALFED solution will be shared by: 1) state and federal governments through general obligation bond funds, and 2) water users through assessments covered by rates. Metropolitan has already budgeted for a CALFED solution in its current rate projections, and depending upon the cost of the solution, it may cost as little as \$1 per month per household more. *(This increase has already been factored into Metropolitan's long-term wholesale water rate projections, which are expected to increase less than the rate of inflation.)*

4. Where did the Proposition 204 money go?

Proposition 204 was a \$995 million bond measure passed by California voters in 1996. Approximately \$600 million of these funds was allocated for Bay-Delta ecosystem restoration projects. The remaining \$395 million was set aside for local projects including flood control, conservation and water recycling. When this bond issue was first introduced, it was understood that this would be but a down-payment on environmental restoration necessary to begin the long-term process of restoring the Bay-Delta.

5. Why Isn't Demand Management Enough?

Demand management does not address the critical issue of water quality. Drinking water from the Bay-Delta is of significantly inferior quality. As state and federal regulations become more stringent in terms of water quality standards, we must find a solution to improving the quality of our source water.

Southern California already leads the state, and the nation, in conservation, water recycling and other demand management programs. Of course, we must continue to support and expand these programs to ensure the most efficient use of our local resources. But no single component can solve the problems of the Bay-Delta alone. With the growing population of the region (approximately 225,000 more residents each year), demand management is simply not enough to ensure adequate and reliable supplies for the future.

Some people have argued that we should implement more retiring of agricultural lands. It is important to remember, however, that retiring ag land does not automatically provide any new water supply and can even result in severe redirected impacts.

6. Isn't the Peripheral Canal still the Option of Choice?

No. Extensive technical analyses and statistical modeling have identified Alternative 3, the dual conveyance system, as having substantially higher technical resource benefits. This dual conveyance system addresses issues within the Delta's channels and proposes a smaller canal that transports some water around the Delta. Many within the water community were opposed to the larger 1982 peripheral canal proposal and would be again. The dual conveyance is just one element of the total package needed.

7. Isn't CALFED Using the Water Quality Issue to Sell the PC?

Water utilities are required by law to meet federal and state mandated water quality standards. CALFED is not inventing the issue and hasn't come out in favor of any one alternative.

8. Will we get more water? If so, how much?

Yes. The region's supply reliability will be improved through better wet year management (and storage) for use in dry years. Again, we will not require our full contractual entitlement of 2.2 MAF/year, but we will be provided with sufficient supplies to meet the IRP goals. These imported supplies will be supplemented by increased use of conservation, water recycling, groundwater conjunctive use and reservoir storage.

9. Do We Really Need More Water Storage?

If we've learned anything from the last two months of rains, the answer is yes. Where has all that water gone? WE need a way to store water for when it is needed most. The environment will be a beneficiary of greater storage, along with other water users.

10. How do SWP supplies affect our allotment from the Colorado River?

Both the SWP and the Colorado River are part of Metropolitan's integrated delivery system. These imported supplies are complemented by local resources such as conservation, water recycling, groundwater conjunctive use, reservoir storage and water transfers. By using an integrated water management system, we are providing flexibility and diversity to our resource mix as well as the opportunity to rely on alternative sources of water during dry years.