

December 22, 1998

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

**From:** General Manager \_\_\_\_\_

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

**Subject:** Development of CALFED's Preferred Alternative

## RECOMMENDATION

For information only.

## EXECUTIVE SUMMARY

CALFED's Revised CALFED Phase II Report reflects important progress made through stakeholder and agency discussions led by Secretary of Interior Bruce Babbitt and George Dunn, Chief of Staff for Governor Wilson on key CALFED issues. Key areas of progress toward meeting Metropolitan's objectives include commitments to continuous improvement in source water quality with established targets, actions to ensure supply reliability, and assurance mechanisms for balanced implementation. The Detailed Report below outlines priority areas for further work to ensure achievement of Metropolitan's CALFED objectives. Staff will focus work in these priority areas in 1999. This work will be accomplished within the Board's September 1998 policy with emphasis on actions to be completed before the start of Stage 1 in year 2000.

## DETAILED REPORT

On December 18, 1998, Interior Secretary Bruce Babbitt and Governor Pete Wilson held a joint press conference to announce the release of the Revised CALFED Phase II Report. This announcement follows a series of intensive stakeholder discussions led by Secretary Babbitt and Governor Wilson's Chief of Staff George Dunn to address key issues related to the development of the CALFED Preferred Alternative.

The Revised Phase II Report reflects the important progress made in the stakeholder and agency discussions in reaching agreement in key issue areas and establishing a critical policy framework for a CALFED solution. The policy framework, which is incorporated into the Revised Phase II Report, establishes the foundation to achieve continuous improvements in four interrelated problem areas: ecosystem health, water quality, levee system integrity and water supply reliability.

CALFED is planning public workshops in early 1999 in all regions of the State to solicit further public comment on the Revised Phase II Report. The CALFED revised Draft Programmatic Environmental Impact Statement/Environmental Impact Report (PEIS/EIR) is scheduled to be

released for public comment by May 1999. A Final PEIS/EIR is projected for release by the end of 1999.

The CALFED policy framework represents significant progress toward meeting Metropolitan's objectives, and will guide further specific actions in the areas of water quality improvement for public health protection, salinity management, supply reliability and assurances. Key areas of progress towards meeting Metropolitan's objectives are highlighted below.

**Ensure Healthy and Safe Drinking Water.** The Revised Phase II Report includes a commitment to improve source water quality for Delta drinking water supplies in order to meet current and future regulatory requirements and to protect public health. Specifically, the document includes:

- Commitment to continuous improvement in source water quality for drinking water supplies.
- Long-term source water quality improvement targets of 50 µg/l bromide and 3 mg/l total organic carbon (TOC).
- Commitment to establish Stage I milestones through a CALFED/urban water user process. These milestones would be set before the Record of Decision is finalized in 1999 and would be used in decisions as performance indicators to measure continuous improvement for source water quality.
- Creation of a Delta Drinking Water Council to assess progress on meeting drinking water quality goals with annual reports to CALFED, the Legislature and Congress.
- All options for conveyance to meet drinking water quality needs, including a new diversion point, are included as viable alternatives for consideration to advance CALFED's commitment to continuous water quality and fisheries improvement. Work will proceed at the beginning of Stage I to evaluate operational, drinking water quality and fishery aspects of conveyance alternatives including Dual Conveyance. A new screened diversion from the Sacramento River at Hood to the Mokelumne River will be evaluated for fishery, in-Delta water quality and export water quality benefits. The report indicates that construction of the Hood to Mokelumne River diversion could occur in Stage I (year 2000 through 2006).

**Provide Source Water Low in Salinity.** The Revised Phase II Report includes a commitment to reduce salinity levels in Delta water supplies through source control and water management actions, in order to facilitate implementation of local water recycling and groundwater programs (for demand management) and to minimize economic impacts on residential and industrial users. Specifically, the document includes:

- Long-term source water quality improvement target of 50 µg/l bromide which would meet or exceed 150 ppm total dissolved solids (TDS).
- Source control and water management actions to reduce TDS levels in Delta water supplies.

**Ensure Supply Reliability.** The Revised Phase II Report includes numerous programs and strategies to ensure the reliability of Delta water supplies. Specifically, the document includes:

- A strong program and strategy for managing and restoring the ecosystem, which would protect water supply uses and California's economy.
- Creation of an Environmental Water Account as a means for achieving substantial fishery recovery while providing for continuous improvement in water supply reliability and water quality.
- Commitment to provide Endangered Species Act (ESA) and other regulatory assurances to water users through Stage I.
- Commitment to develop and construct a mix of surface water and groundwater storage as appropriate to meet CALFED Program goals, and to improve system capability to manage and balance between water supply and environmental uses.
- An integrated approach to provide continuous improvement in supply reliability through a mixture of water management actions including conservation, recycling, conjunctive use, transfers and storage.
- Expansion of pumping capability at Banks Pumping Plant to full export capacity and permit joint operation between the Banks and federal Tracy pumping plants.
- Streamlined approval to promote an effective water transfer market.
- Funding assistance for local water management programs with statewide benefit (conservation, recycling, groundwater storage).

**Assurances.** The Revised Phase II Report includes a commitment to develop implementation plans and agreements and define program linkages to provide additional assurances for balanced implementation. Specifically, the document includes:

- Commitment to define linkages between program actions ("bundling") before Stage I in order to provide balanced benefits and achieve each of CALFED's objectives.

Commitment to complete a programmatic environmental permit for needed facilities before the completion of the Record of Decision.

**Priority Areas for Further Work.** Further work is needed in the above areas to ensure achievement of Metropolitan's objectives for the development of a CALFED solution. This work will be accomplished within the Board's September 1998 policy. As a priority over the next six months to one year, staff will emphasize work in the following key areas:

- Develop detailed description of the process and participants for the Delta Drinking Water Council and how decisions regarding improved conveyance and other water quality improvement actions will be completed.
- Develop further specificity by end of 1999 regarding actions and performance milestones to achieve continuous water quality improvement for public health and salinity management during Stage I.
- Develop detailed operational plan and agreement regarding the Environmental Water Account to provide Stage I assurances of no further water supply losses. Develop and

implement a pilot-project Environmental Water Account for the 1998-99 water year. Secure ESA and other regulatory assurance agreements for water users before Stage I begins through implementation of the Environmental Water Account.

- Develop an implementation agreement and complete programmatic findings for needed facilities before the completion of the Record of Decision, to ensure CALFED actions move forward in a balanced manner.
- Develop a Stage I cost allocation strategy and an overall financial strategy by the end of 1999.
- Continue working with the business community and the Bay-Delta Urban Coalition to communicate urban water user needs, including Metropolitan's interests, with increased emphasis on those areas where further work is needed.

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