

January 26, 1999

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

From: General Manager _____

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

Subject: Policy Principles for Implementation of CALFED's Preferred Alternative

RECOMMENDATION(S)

Staff recommends the Board review and consider adoption of the policy principles described in the Detailed Report to guide staff in discussions related to the development of CALFED's Preferred Alternative and Final Programmatic Environmental Impact Report/Environmental Impact Statement (PEIR/EIS) scheduled to be released in December 1999.

EXECUTIVE SUMMARY

Metropolitan has been an active participant in the CALFED Bay/Delta program, whose task is to develop a long-term solution for the San Francisco Bay/Delta Estuary (Bay/Delta). In December 1998, CALFED released a Revised Phase II Report that outlined a draft Preferred Alternative for the Bay/Delta. The Report reflects a significant stride forward on a policy framework for the Bay/Delta. The focal point in developing consensus on policy issues was a series of stakeholder discussions led by Secretary of Interior Bruce Babbitt and Governor Wilson's Chief of Staff George Dunn. **A key agreement that emerged from these discussions was a CALFED commitment to achieve *continuous improvements* in the three areas of water supply, water quality, and fisheries along with a commitment to evaluate performance using established measures of success throughout implementation.**

In 1999, Metropolitan staff will be participating in CALFED's process with other stakeholder interests to further develop the details of a draft Preferred Alternative and define a supportable plan of action for CALFED's Stage 1 implementation. The Detailed Report below includes proposed policy principles for the Board's consideration and adoption to guide staff in these efforts. It is staff's objective to have these policy principles reflected in the Preferred Alternative and Record of Decision (ROD). These policy principles are fully consistent with Metropolitan's Policy Position Statement on CALFED adopted in September 1998.

DETAILED REPORT

BACKGROUND. In December 1998, a joint effort of 14 state and federal resource agencies, known as the CALFED Bay/Delta Program, released a *Revised Phase II Report* that outlined a draft Preferred Alternative for the Bay/Delta. The draft alternative was developed as part of

nearly four years of work and consensus building by CALFED. In November and December 1998, a series of stakeholder meetings was led by Secretary of Interior Bruce Babbitt and Governor Wilson's Chief of Staff George Dunn. Substantial areas of agreement on key policy issues emerged from these meetings and were incorporated into the Revised Phase II Report. The Revised Phase II Report reflects significant progress by CALFED toward developing policy commitments that move toward Metropolitan's objectives. Further stakeholder and CALFED work is needed, however, to develop the details of a preferred alternative consistent with the Revised Phase II Report and the policy it contains.

PROPOSED POLICY PRINCIPLES FOR USE IN CALFED DISCUSSIONS IN 1999. In 1999, Metropolitan staff will be participating in CALFED's process with other stakeholder interests to further develop the details of a Preferred Alternative and define a supportable plan of action for CALFED's Stage 1 implementation. Staff recommends the Board review and consider adoption of the policy principles described below to guide staff during these discussions. It is staff's objective to have these principles reflected in the Preferred Alternative and ROD. The proposed principles are consistent with Metropolitan's Policy Position on CALFED adopted in September 1998.

1. **Interim Drinking Water Quality & Salinity Improvement Benchmarks:** CALFED's implementation schedule must provide for the timely achievement of long-term targets of 50 ug/l for bromide and 3 mg/l for total organic carbon that are incorporated into the Revised Phase II Report. Although meeting the bromide target would provide salinity levels at or better than 150 ppm of total dissolved solids, CALFED must establish a separate target for salinity improvement to maximize opportunities for local and regional water management.
 - Support establishment of interim drinking water quality and salinity improvement benchmarks prior to the ROD to assure the timely achievement of CALFED's long-term water quality targets. Ensure these interim benchmarks are consistent with forthcoming state and federal drinking water standards.
 - Source water quality improvements must be implemented to meet interim benchmarks in a financially feasible manner, for urban diverters and in-Delta users.
2. **Delta Drinking Water Council:** A Delta Drinking Water Council (Council) must be appointed prior to the ROD and comprised of balanced representation from urban interests that rely on the Delta for drinking water and from in-Delta interests.
 - An annual report assessing the ability of CALFED's actions to meet interim drinking water quality benchmarks and long-term targets should be submitted by the Council to CALFED, the State legislature, and Congress.
 - The Council should interface with the State legislature and state and federal administrations to report on progress.

3. **Environmental Water Account (EWA):** The EWA program should be integrated into an overall Bay/Delta operations agreement that allows for improvement of environmental conditions in a manner consistent with CALFED's continuous improvement policy, including improvement in water quality and water supply. Regulatory stability must be provided for water users through an agreement similar to the Bay/Delta Accord which ensures no loss in water supply.
 - An EWA pilot-program should be implemented in 1999 and an agreement on a long-term EWA program, including financing, should be developed by the ROD.
 - The appropriate mix of existing and potentially new groundwater and surface storage facilities must be part of an integrated water management program, for Stage 1 and the long-term, to provide operational flexibility to meet the multiple objectives of water quality, water supply, and environmental protection.

4. **Commitment To a Timely Decision on a Conveyance System by 2003:** A clearly defined evaluation and decision process with a schedule must be established for inclusion into the Final PEIR/EIS and ROD to ensure a timely decision on a conveyance system by 2003.
 - CALFED's decision process on conveyance must be sufficient to ensure urban users will be capable of meeting forthcoming state and federal drinking water standards. Concurrent evaluation of state and federal drinking water standards, health effect studies, advanced treatment technology, and alternative sources of high quality water is required for timely decisions.
 - Work should proceed in Stage 1 on feasibility studies, environmental documentation, and permits to support all possible future decisions on a conveyance system.

5. **Financial/Cost Allocation Strategy:** CALFED actions and the preferred alternative must demonstrate a beneficial value for those who pay, commensurate with their proportional cost share.
 - A cost allocation strategy must be developed prior to the ROD which is mutually agreeable to those parties expected to pay. California's citizens should be given an opportunity to vote on financing CALFED's program to the extent that the finance package includes general tax revenues.
 - CALFED must take every action possible to minimize the cost of the program while maximizing benefits in all program areas.

6. **Governance Structures:** Governance structures should be established which more effectively implement program objectives and facilitate balanced stakeholder representation and integrated decision-making.
 - Ongoing Bay/Delta ecosystem restoration programs and responsibilities must be integrated into CALFED to provide for comprehensive and effective management of the Bay/Delta's environmental and financial resources.
 - CALFED should move forward with developing consensus on creating a Delta Environmental Restoration Entity and other possible new institutions to implement portions of the CALFED Program.

7. **Implementation and Permit Compliance Assurances: CALFED must develop an Implementation Agreement prior to the ROD that provides balance amongst each of CALFED's objectives and explicitly links financial resource commitments to actions and benefits.**
- CALFED must develop a Permit Compliance Strategy for incorporation into the PEIR/EIS that will provide programmatic approvals and expedite review and approval of program actions.
 - CALFED's must provide programmatic approvals and assurances for an integrated water management strategy that includes a range of storage and conveyance facilities prior to the ROD.

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