

May 21, 1999

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

From: General Manager _____

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

Subject: Consider and Adopt Policy Statement Regarding Implementation of CALFED's Preferred Alternative

RECOMMENDATION

It is recommended that the Board review and consider adoption of the proposed policy statement related to implementation of CALFED's Preferred Alternative for the Bay/Delta; and direct staff to work with other urban water agencies, regulatory agencies, and other water quality interests to pursue the merits of developing a water quality index as a communication strategy to promote greater public understanding of water quality issues and costs associated with the Bay/Delta.

DETAILED REPORT

On September 15, 1998, Metropolitan adopted a CALFED Bay/Delta Program Policy Position to state our objectives in the critical areas of public health protection, salinity management, supply reliability, and assurances. At that time, we stated that CALFED must consider all feasible alternatives including a dual-conveyance facility in the Delta. Instead, CALFED delayed making difficult but crucial decisions and opted for a phased decision-making approach.

In December 1998, CALFED released its Revised Phase II Report that outlined a draft Preferred Alternative for the Bay/Delta. A number of important commitments were expressed by CALFED in the Phase II Report, representing progress on a critical policy framework. Since that time, however, CALFED has stepped back from many of the key commitments and elements in that report.

Southern California environmental and tourism interests have been successful in promoting public awareness of coastal water quality through such mechanisms as “beach report cards”. Coastal water quality standards were recently passed by Congress largely because of the public’s awareness of coastal water quality as expressed by an established index of A (high quality) through F (low quality). A discussion of source water quality in easy to understand terms may be an effective tool in spurring public discourse that could lead to improved source water quality and contained costs for consumers in southern California.

The attached proposed policy statement was developed to articulate a number of specific elements that will need to be included in the CALFED program prior to finalizing the Programmatic Environmental Impact Report/Environmental Impact Statement and the Record of Decision. Staff believes these elements are essential to provide benefits toward meeting the water quality and supply needs of Metropolitan's service area.

EDW/RDN:bvf

Attachment 9-6A

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POLICY STATEMENT FOR THE CALFED BAY\DELTA PROGRAM

The Metropolitan Water District of Southern California

Preamble

On September 15, 1998, Metropolitan adopted a CALFED Bay/Delta Program Policy Position to state our objectives in the critical areas of public health protection, salinity management, supply reliability, and assurances. At that time, we stated that CALFED must consider a full range of alternatives capable of meeting the program's objectives, including a dual-conveyance facility in the Delta. Instead, CALFED delayed making difficult but crucial decisions and opted for a phased decision-making approach.

In December 1998, CALFED released its Revised Phase II Report, which outlined a draft Preferred Alternative for the Bay/Delta. A number of important commitments were expressed by CALFED in the Phase II Report, representing progress on a critical policy framework. Since that time, however, there has been significant backsliding on many of the key commitments and elements in that report. Key among them was CALFED's commitment to achieving improvements in **all** areas -- environment, water supply and water quality. Metropolitan has steadfastly supported this principle; however, recent actions, as well as statements from CALFED officials, significantly heighten the concern that CALFED is not proceeding on a path that will achieve a balanced solution. In particular, we believe CALFED has advanced very few program elements that have the potential of achieving substantial improvement in the source water quality and supply reliability for the over 20 million urban Californians dependent upon the Delta, 16 million of whom reside in Metropolitan's service area. The Phase II report also contains important CALFED commitments to an expedited decision and implementation process. We are concerned that there has been no movement from CALFED agencies toward realizing these important commitments.

Metropolitan is communicating this policy statement to reemphasize our concerns and to articulate a number of specific elements that will need to be included in the program prior to finalizing the Programmatic Environmental Impact Report/Environmental Impact Statement (PEIR/EIS) and the Record of Decision (ROD), consistent with the commitments expressed in the Phase II report. To secure broad support for the program, including the support of Southern California and much of urban California, CALFED must move quickly to make the Phase II commitments real, and demonstrate that Stage I and long-term actions provide a beneficial value for those who will be asked to pay, commensurate with their proportional cost share. The elements outlined below are consistent with these commitments and represent key decisions and actions that are critical to the needs of Metropolitan's service area.

What CALFED Must Provide

- ***Drinking Water Quality and Salinity Targets.*** Metropolitan requires a safe drinking water supply from the Bay/Delta to meet current and future regulatory requirements and to protect public health, achieved through reduced levels of total organic carbon (TOC), bromide, pathogens and other unknown contaminants. In addition, Metropolitan requires source water from the Bay/Delta that is consistently low in salinity to implement local water recycling and groundwater programs (for demand management) and to minimize economic impacts on residential and industrial users.

CALFED's final programmatic EIR/EIS and ROD must:

- Establish a numerical target of 150 mg/l for total dissolved solids and include CALFED targets of 50 µg/l for bromide and 3.0 mg/l for total organic carbon (TOC).
 - Establish a specific schedule for achievement of long-term water quality and salinity targets, and set up linkages to other program elements.
 - Identify and commit to Stage 1 projects tied to establishment of water quality performance milestones to assure attainment of the long-term targets for TOC, bromide and salinity.
 - Identify the necessary funding from state and federal sources to implement water quality and salinity improvement projects.
 - Ensure water quality improvement actions are cost effective compared to other alternatives.
- ***Decision Process on Delta Conveyance.*** CALFED studies previously identified the dual-conveyance alternative, with an isolated facility, as a technically superior alternative for achieving CALFED's multiple objectives. However, CALFED is moving forward with a phased decision-making approach without a clear commitment on how to improve export water quality. To ensure improved water quality for Southern California, the dual-conveyance alternative must remain a viable option in the CALFED Program with a clearly defined decision process that ensures a date certain for the conveyance decision.

CALFED's final programmatic EIR/EIS and ROD must:

- Accurately weigh the benefits and costs of export water quality improvement actions in the Delta versus actions outside the Delta. Compare the performance of all conveyance alternatives, including CALFED's Dual Alternative, with regard to the ability to achieve export water quality objectives.
 - Proceed with the necessary studies/evaluation and commit to a decision on a technically superior and affordable Delta conveyance solution by 2003 that will meet the water quality targets.
 - Initiate all necessary planning, including environmental documentation and feasibility studies on the dual-intake system during Stage 1, such that no time is lost if this alternative is selected.
 - Implement new fish-test screens and diversion at Hood during Stage 1.
- ***Water Supply Improvement and Regulatory Stability.*** Ensuring the reliability of Metropolitan's State Water Project (SWP) supplies is essential to Southern California's \$500 billion economy, quality of life and environment. Metropolitan's water management strategy is to greatly reduce its current and future dry-year dependence on Delta water. This is being accomplished through cumulative investments by Metropolitan and its member agencies of approximately \$8 billion by year 2020 in the management and development of Southern California's local supplies, including conservation, recycling, and storage (ground and surface). However, this strategy of maximizing our local supplies is contingent upon a successful CALFED solution that provides substantially improved source water quality from the Delta, regulatory stability, greater SWP operational flexibility and access to wet year supplies, increased reliability against system failure, and financial incentives for additional local programs.

CALFED's final programmatic EIR/EIS and ROD must:

- Extend and strengthen the Bay/Delta Accord through Stage 1, including a commitment to an Endangered Species Act no-surprises policy.
 - Include an operating agreement and provisions for expanding the Banks Pumping Plant to full export capacity, with allowance for interchangeable operation between SWP and Central Valley Project (CVP) facilities.
 - Include a water management improvement strategy with new surface and groundwater storage facilities, along with funding to improve local programs such as groundwater conjunctive use, conservation, recycling, and salinity management.
 - Provide for an additional 200,000 acre-feet/year in the near-term, increasing to an additional 400,000 acre-feet/year by the end of Stage 1 of combined SWP and CVP delivery capability, consistent with the Ag/Urban Caucus objectives.
 - Define actions to streamline the approval process of an effective water transfer market.
 - Establish and implement an Environmental Water Account (EWA) that is coupled with an overall operations agreement to achieve "no surprises" regulatory assurances for water users against further erosion of supplies. The EWA must be sufficiently funded and equipped with assets such as new storage, purchase options, efficiency measures, and the ability to apply flexible operations. The EWA must allow for sharing of the gains for environmental, water quality, and water supply purposes.
 - Implement actions to increase reliability against system failure (e.g. floods or earthquakes) that threaten the water supplies to millions of Californians.
- ***Governance Structures.*** Successful implementation of a CALFED solution will only be possible through an effective governance structure. Overall, CALFED must be operated as one program to preserve its overarching, balanced objectives as opposed to a collection of autonomous committees and agencies. Stakeholder representation needs to be integrated into the decision-making.

CALFED's final programmatic EIR/EIS and ROD must:

- Include an overall governance structure that ensures integrated decision making and timely implementation.
- Provide equitable representation for Southern California.
- Integrate ongoing Bay/Delta ecosystem restoration programs (e.g. CVPIA).
- Establish a Delta Drinking Water Council, consistent with an overall CALFED governance structure, with annual reports to the State Legislature/Congress assessing the ability to meet drinking water quality targets.
- Establish a Delta Ecosystem Restoration Entity, consistent with an overall CALFED governance structure, to provide direct incentives for environmental managers to efficiently manage environmental resources.

- ***Assurances and Implementation.*** Metropolitan must be assured that all of CALFED's stated purposes will be met and all components of the Bay/Delta solution will be implemented to provide regional and statewide benefit. An implementation agreement must be developed to ensure efforts to achieve CALFED's objectives move in parallel and on a balanced schedule. Funding and implementation of ecosystem restoration, in-stream quality improvements, and levee repairs should not proceed unless commensurate funding and implementation of actions benefiting safe drinking water quality, salinity control, and supply reliability also occur.

CALFED's final programmatic EIR/EIS and ROD must:

- Develop an Implementation Agreement that is agreeable with those expected to pay.
 - Ensure balanced implementation of ecosystem and non-ecosystem actions.
 - Include a programmatic disclosure/findings sufficient to move forward with needed storage, and conveyance facilities.
 - Include a comprehensive species and habitat conservation strategy and a programmatic compliance strategy such that all necessary state and federal regulatory/permitting requirements are fulfilled in a coordinated manner.
 - Approve a schedule of Stage 1 projects and actions that includes: South Delta facilities, flexible operations, real-time monitoring, water quality and source control projects, Hood test screen/diversion, conveyance decision process, Bay/Delta Accord extension, levees, local water management, Environmental Water Account, and other actions.
 - Bundle Stage 1 projects into manageable substages, linked with funding sources.
 - Disclose the technical performance of all the conveyance alternatives.
 - Include strong assurances for water quality improvements.
- ***Finance and Cost Allocation.*** To date, CALFED has made little progress on an overall finance and cost allocation plan. To be successful, a plan that is agreeable to those parties expected to pay, including possible voter approval, needs to be developed prior to the ROD. CALFED should take every action possible to minimize the cost of the program while maximizing benefits in all program areas.

CALFED's final programmatic EIR/EIS and ROD must:

- Demonstrate that Stage 1 and long-term actions provide a beneficial value for those who will be asked to pay, commensurate with their proportional cost share.
- Establish a process to properly manage and administer program funds.