



● **Board of Directors**
Water Planning and Resources Committee

July 23, 1999

9-3

Subject

Metropolitan Statement of Needs Regarding CALFED Bay-Delta Program

Description

CALFED released its revised Programmatic Environmental Impact Statement/Report (PEIS/R) and revised Phase II Report outlining a draft preferred alternative for the Bay-Delta on June 25, 1999, with a 90-day review period. By April 2000, CALFED is scheduled to release a final PEIS/R. A Record of Decision and initiation of Stage I implementation is expected by June 2000.

The Board has held a series of workshops and Bay-Delta workgroup meetings to examine existing policy and consider a range of alternative courses of action toward protecting our State Water Project (SWP) resources and securing needed Bay-Delta improvements. Key discussion has centered on the following questions:

1. Should Metropolitan continue to participate in the CALFED process?
2. Are there elements that should be added or refined in CALFED's Phase II Report on a Bay-Delta solution?
3. Given the uncertainty at this time regarding the results of a CALFED solution, what actions should be taken that do not rely on Metropolitan's currently assumed CALFED result?

On July 13, 1999, Metropolitan's Board adopted a policy direction framework (**Attachment 1**) that addresses these questions and provides direction to staff on the main items needed from the CALFED Bay-Delta Program, as well as direction regarding future Metropolitan planning studies. In addition to the policy direction framework, several associated elements were identified as critical components of a successful CALFED solution that would be communicated when commenting on the PEIS/R. Therefore, this Board letter supplements the July 13, 1999 policy. A proposed Metropolitan Statement of Needs for the CALFED Bay-Delta Program (**Attachment 2**), which identifies the specific associated elements that must be included prior to finalizing the PEIS/R and the Record of Decision is presented for the Board's consideration and adoption.

Policy

CALFED Bay-Delta; State Water Project

Board Options/Fiscal Impacts

Option #1

Adopt the Statement of Needs for the CALFED Bay-Delta Program as proposed.

Option #2

No Action

Option #3

Adopt the Statement of Needs for the CALFED Bay-Delta Program with specific revisions.

Staff Recommendation

Option #1

Stephen N. Arakawa, Acting Chief
Planning and Resources Division

Date

General Manager

Date

Attachment 1

Attachment 2

**Metropolitan Water District of Southern California
Policy Direction Regarding CALFED Bay-Delta Program**

Adopted July 13, 1999

CALFED's decision to proceed with a phased approach and the lack of a clear decision-making process regarding conveyance improvements raises concerns that source water quality improvements are not on a schedule to meet future drinking water regulations and other water management needs. Therefore, Metropolitan's Board of Directors provides the following focused direction as a matter of policy:

CALFED Participation:

- Metropolitan's continued participation in CALFED will be to ensure that the final PEIS/EIR and Record of Decision includes the following key items and associated elements:
 - ◇ Elements in the CALFED program that can help Metropolitan toward achieving its source water quality needs for protection of public health and water management purposes.
 - ◇ Enhanced water system capability through expanded pumping at the Banks plant (10,300 cfs) and solutions from the Integrated Storage Investigation to provide for economic and environmental needs.
 - ◇ An additional 200,000 acre-feet per year of dry-year yield to Metropolitan from the Delta, over existing available supplies, by the year 2020.
 - ◇ State and federal funding of the environmental and recreational costs associated with the Bay-Delta.
- Ensure that CALFED's final PEIS/EIR fully discloses the consequences of CALFED not meeting the water quality and reliability objectives outlined above. This should include estimated expenditures for enhanced treatment facilities and alternative water supply sources, and an evaluation of the feasibility/effectiveness of these alternatives versus a Delta solution. CALFED must also evaluate and disclose the economic ramifications and financing arrangements associated with inducing such alternative expenditures.

Direction Regarding Future Metropolitan Planning Studies:

- Conduct future planning studies including scenarios in which CALFED does not provide source water quality in the Delta consistent with Metropolitan's objectives;
- Develop a range of options to meet future water quality and reliability needs for the service area.

STATEMENT OF NEEDS 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. Instead, CALFED delayed making difficult but crucial decisions and opted for a phased decision-making approach. CALFED's decision to proceed with a phased approach and the lack of a clear decision-making process regarding conveyance improvements raises concerns that source-water quality improvements are not on a schedule to meet future drinking water regulations and other water management needs.

Because of these and other concerns, Metropolitan's Board held a series of workshops and Bay-Delta workgroup meetings to examine existing policy and consider a range of alternative courses of action toward protecting our State Water Project (SWP) resources and securing needed Bay-Delta improvements. On July 13, 1999, Metropolitan adopted a policy direction framework (**Attachment 1**) that provides direction to staff on the main items needed from the CALFED Bay-Delta Program as well as direction regarding future Metropolitan planning studies. In addition to the policy direction framework, several associated elements were identified as critical components of a successful CALFED solution.

Metropolitan is communicating this Statement of Needs for the CALFED Bay-Delta Program to articulate a number of specific elements that will need to be included in the program prior to finalizing the Programmatic Environmental Impact Statement/Environmental Impact Report (PEIS/R) and the Record of Decision (ROD). To secure broad support for the program, including the support of Southern California and much of urban California, CALFED must move quickly to 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 CALFED's primary objective of securing a balanced and comprehensive Bay-Delta solution, and represent the critical 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 for public health protection, 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 PEIS/R and ROD must:

- Ensure the ability to meet anticipated more stringent regulations on disinfection by-product and pathogens to protect public health through water quality improvements of Delta water supplies, or through a cost effective combination of alternative source waters, source improvement, and treatment facilities. Water quality

- improvements need to be implemented in a timely manner to allow sufficient time to meet the effective date of the regulations.
- ❑ Identify and commit to Stage 1 projects tied to establishment of water quality performance milestones to assure compliance with existing and anticipated future regulations.
 - ❑ Ensure the ability to meet Metropolitan's 500 mg/L salinity blending objective in a cost-effective manner while minimizing resource losses, and ensure the viability of recycling and groundwater management programs.
 - ❑ Establish a Water Quality Account, including state and federal funding sources, to implement water quality improvement projects for salinity management and public health requirements.
 - ❑ Ensure water quality improvement actions are cost effective compared to other alternatives.
- ***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 minimize 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 PEIS/R and ROD must:

- ❑ Commit to a "no-surprises" regulatory policy to eliminate the current regulatory-induced uncertainties and ensure no further losses of water supply compared with current available supplies. Ensure that regulatory decisions are science-based, with an appropriate review process to promote informed decision-making.
- ❑ By the year 2020, provide Metropolitan with minimum SWP supplies of 650,000 acre-feet during a repeat of critical drought years such as 1977 or 1991 and an average annual delivery of 1.5 million acre-feet over all years. This reduction of dry-year demand on Metropolitan's 2.0 million acre-feet SWP entitlement can only be accomplished if Metropolitan has access to SWP supplies up to its full entitlement amount during wet years to replenish surface and groundwater storage.
- ❑ Enhance the water system capability through expanded pumping at the Banks Plant (10,300 cfs), interchangeable operation between SWP and Central Valley Project (CVP) facilities, and solutions from the Integrated Storage Investigation (ISI) to provide for economic and environmental needs.

- ❑ 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 equipped with assets from the ISI 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 commensurate with sources of funding.
 - ❑ Define actions to streamline the approval process of an effective water transfer market.
 - ❑ Implement actions to increase reliability against system failure (e.g. floods or earthquakes) that threaten the water supplies to millions of Californians.
- **Full Disclosure of Alternatives.** CALFED’s environmental documentation must fully disclose the consequences of CALFED not meeting Metropolitan’s water quality and supply reliability objectives.

CALFED’s final PEIS/R and ROD must:

- ❑ Fully disclose the costs, feasibility, and effectiveness for out-of-Delta solutions such as enhanced treatment facilities and alternative water supply sources, and provide a comparison of the performance of these alternatives versus a Delta solution.
 - ❑ Evaluate and disclose the economic ramifications and financing arrangements associated with inducing out-of-Delta expenditures.
 - ❑ Disclose the technical performance of all the Delta conveyance alternatives against meeting CALFED’s water quality, ecosystem, supply reliability, and system reliability objectives.
- **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 PEIS/R and ROD must:

- ❑ Include an overall governance structure that ensures integrated decision-making and timely implementation.
 - ❑ Provide equitable representation for Southern California.
 - ❑ Integrate on-going Bay-Delta ecosystem restoration programs (e.g. CVPIA) into the CALFED Ecosystem Plan. An integrated program is necessary to maximize the value from existing programs and minimize additional costs.
- **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 PEIS/R and ROD must:

- ❑ Identify State and federal funding sources for the environmental and recreational costs associated with the Bay-Delta.
 - ❑ Develop an Implementation Agreement that is agreeable with those expected to pay.
 - ❑ Ensure balanced implementation of ecosystem and non-ecosystem actions.
 - ❑ Include programmatic disclosure/findings sufficient to move forward with needed 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.
 - ❑ Bundle Stage 1 projects into manageable substages, linked with funding sources.
- ***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 PEIS/R 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.