

- Board of Directors  
*Water Planning and Resources Committee*  
*Communications and Legislation Committee*

March 14, 2000 Board Meeting

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**8-1**

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## **Subject**

Watershed Management—Additional Legislative Policy Principles Addressing Funding Mechanisms and Accountability

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## **Description**

In 1999, the state Legislature considered legislation concerning the development of a statewide framework for watershed management, funding mechanisms for watershed management and planning programs, and authorities for developing, approving and implementing watershed management programs. Discussions regarding watershed management legislation are expected to continue in 2000 (see [Attachment 1](#) for the Detailed Report).

Metropolitan's Board of Directors adopted legislative policy principles for watershed management on January 10, 1995 ([Attachment 2](#)). These principles provide direction to staff on the development of watershed management plans, the need to recognize local authorities and conditions in the watershed planning process, and the incorporation of source protection objectives in watershed management programs. Metropolitan's Board also previously adopted source water quality protection policy principles ([Attachment 3](#)) that include support for cooperative and incentive-based approaches to source water quality protection for drinking water supplies. Due to the issues raised in recent legislative proposals, staff has identified the need for additional legislative policy principles.

In December 1999 and January 2000, the Communications and Legislation Committee considered an issue paper and proposed policy principles on watershed management, and staff revised the principles based on committee discussion. The recommended policy principles address the appropriateness of public financing, allocation of costs, opposition to mandatory fees, and accountability for expenditures.

### Recommended Policy Principles

- Support public financing for watershed management projects that provide broad public benefits, including environmental and water quality improvements.
- Support funding mechanisms for watershed management projects that allocate costs to project beneficiaries only if: (1) costs are also fairly allocated among entities responsible for water quality degradation, (2) the level of benefits project beneficiaries are expected to receive is commensurate with costs allocated to them, (3) the determination of watershed management program benefits is based on proven scientific information, and (4) the project beneficiaries agree with the cost allocation.
- Oppose watershed management funding mechanisms that impose mandatory water user fees or target water supply exporters, without agreements from those users.
- Watershed management programs should provide accountability to those entities, including the public, that provide funding. Accountable watershed management funding programs should include justification that funding levels represent actual needs, well-defined criteria for the distribution of funds, oversight for the funding program, and specific monitoring and reporting requirements for those entities receiving funding.

**Policy**

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Consistent with “Action Principles for the CALFED Bay-Delta Program” developed jointly with the Regional Council of Rural Counties, Santa Clara Water District, Southern California Water Committee and Urban Water Institute, and adopted by Metropolitan (Board Letter 9-10 dated January 11, 2000).

Consistent with legislative policy principles for watershed management (M.I. 41221 – January 10, 1995) and for source water quality protection (M.I. 39929 – November 10, 1992; M.I. 40878 – June 14, 1994; M.I. 41222 – January 10, 1995; and M.I. 42820 – February, 1998).

**Board Options/Fiscal Impacts**

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**Option #1**

Adopt the additional policy principles for watershed management as proposed.

**Fiscal Impact:** For watershed management funding mechanisms that are based on user fees, reduces potential for arbitrarily high or inequitable fees.

**Option #2**

Adopt the proposed watershed management policy principles with specific revisions.

**Fiscal Impact:** Unknown at this time.

**Option #3**

No action.

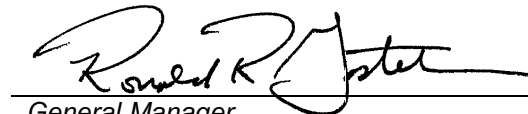
**Fiscal Impact:** Unknown, potentially significant increased costs associated with funding watershed management.

**Staff Recommendation**

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Option #1

 2/14/2000  
Stephen N. Arakawa Date  
Acting Manager Water Resource Management

 2/18/2000  
General Manager Date

[Attachment 1 – Detailed Report](#)

[Attachment 2 – Existing Watershed Management Policy Principles](#)

[Attachment 3 – Existing Source Water Quality Protection Policy Principles](#)

## Detailed Report

### ***Background***

In recent years, the watershed management approach has been incorporated into programs at the federal, state and local level for the purposes of achieving water quality improvement, ecosystem restoration, water management, flood management and other objectives. Examples of such programs include the federal Clean Water Action Plan, initiated in 1998, and the State Water Resources Control Board's Watershed Management Initiative, initiated in 1996, for the purpose of integrating water quality programs on a watershed basis. The CALFED Bay-Delta Program also includes a Watershed Management Program to provide technical and financial support for the implementation of watershed projects that are consistent with CALFED's goals and objectives. In addition, many local watershed groups have formed throughout the state in an attempt to address watershed restoration needs in a comprehensive and collaborative manner.

Currently there is no comprehensive statewide legislative framework specifically authorizing or mandating the development of watershed management programs, although existing laws and regulations do not preclude the implementation of the watershed approach. As many watershed planning and management activities move forward, there is increased interest in establishing a statewide legislative framework for watershed management. Recent legislation considered by the State Legislature has addressed the establishment of a statewide watershed management framework, funding for watershed management and authorities for implementing watershed management plans.

### ***Recent Legislation***

The Water Bond, AB 1584 by Assemblyman Machado (D-Linden) and Senator Costa (D-Fresno), if approved by the voters in March 2000, will provide substantial funding for watershed management projects. Specifically, the water bond will provide \$468 million for watershed protection activities, including statewide funding for the development and implementation of watershed management plans, watershed education, river protection and habitat restoration, and funding for specific watershed projects throughout the state, such as the Southern California Integrated Watershed Program for the Santa Ana Watershed. In addition, the Non-point Source Pollution Control Program will provide \$100 million for non-point source control projects, including projects that are consistent with local watershed management plans.

Two bills were introduced last year in the State Legislature that address statewide watershed management issues. AB 730 (Dickerson, R-Redding), sponsored by the Regional Council of Rural Counties (RCRC), would require the Secretary of the Resources Agency to carry out a watershed management and rehabilitation program. In discussions of potential amendments to AB 730, RCRC and the Sierra Nevada Alliance developed draft language proposing water user fees and hydroelectric surcharges to provide funds for watershed management. SB 1088 (Poochigian, R-Fresno), sponsored by the California Farm Bureau Federation, would enact the California Watershed Planning Act and establish a process for the development and adoption of watershed management plans by local and/or state agencies. These two bills are no longer viable, however, discussions regarding the development of a statewide legislative framework for watershed management are expected to continue in 2000.

### ***Existing Policy Principles***

Metropolitan's Board of Directors adopted legislative policy principles for watershed management on January 10, 1995 (Attachment 2). The existing principles address the development of watershed management plans, the need to recognize local authorities and conditions in the watershed planning process, and the incorporation of source protection objectives in watershed management programs. Metropolitan also has Board-adopted policy principles for source water quality protection (Attachment 3) that address cooperative and incentive-based approaches to source protection for drinking water supplies, MTBE impacts on surface water, and clean-up of contaminated drinking water supplies. Due to the issues raised in recent legislative proposals for watershed management, staff has identified the need for additional policy principles.

### **Existing Watershed Management Policy Principles**

Metropolitan's Board of Directors adopted the following legislative policy principles addressing watershed management issues on January 10, 1995:

1. Support federal and state legislative and regulatory proposals to establish watershed management programs that are consistent with the following principles:
  - State-level implementation of watershed management laws and regulations;
  - Development of watershed management programs which recognize local primacy in basin management and land-use controls, and which facilitate cooperative working relationships among all watershed stakeholders;
  - Development of watershed management plans based on site-specific conditions, needs and objectives;
  - Development of watershed management plans which consider all water resources management objectives for the watershed, including source water quality protection and/or improvement, water supply availability, water supply storage, flood and erosion control, and aquatic ecosystem protection objectives;
  - Inclusion of public drinking water suppliers in the group of stakeholders involved in the development of watershed management plans;
  - Development of watershed management plans which address all discharges within a particular watershed, and consider their relative impacts on the watershed in the implementation of control measures; and
  - Development of watershed management plans which ensure no interference with the authority of the state to manage allocation of water supplies within their jurisdiction.
2. Support Metropolitan's involvement as a stakeholder in watershed management planning efforts for imported sources of supply (i.e., the Bay-Delta watershed and the multi-state Colorado River watershed), in order to work in cooperation with other interests throughout the watersheds, and ensure consideration of drinking water quality and water supply availability objectives.
3. Support Metropolitan's involvement as a stakeholder working cooperatively with others on watershed management planning efforts impacting the District's locally stored water supplies.
4. Support Metropolitan's coordination with Member Agencies to cooperatively participate in watershed management planning efforts impacting local sources of water supply, and to provide assistance to local primacy agencies.

### **Existing Source Water Quality Protection Policy Principles**

1. Support Clean Water Act amendments to explicitly include protection of public drinking water supplies as a goal of the Clean Water Act. (Adopted 11/10/92)
2. Support legislation establishing partnership-based and/or regulatory-based source water protection programs, that are implemented in addition to existing water quality control requirements for point source and nonpoint source discharges, in order to facilitate resolution of source water quality problems. Support for cooperative source protection programs does not preclude support for regulatory-based programs in cases where cooperative programs are unsuccessful. (Adopted 6/14/94)
3. Support federal and state legislative and regulatory proposals to establish source water quality protection programs that are consistent with the following principles:  
(Adopted 1/10/95)
  - Provide water quality protection for surface water bodies and groundwater basins designated as public drinking water supplies, most importantly protection from sources of drinking water pollutants;
  - Protect potential future uses of water bodies as drinking water supplies;
  - Allow innovative approaches to source water quality protection, including incentive-based partnerships and other cooperative approaches to source protection; and
  - Allow flexibility in the implementation of source water quality protection programs to allow achievement of both water quality and water management objectives, and recognize that such programs will vary from site-to-site.
4. Support federal legislation for better regulation of interstate pipelines to prevent contamination of drinking water sources by MTBE and other gasoline additives. (Adopted 2/98)
5. Support legislation that provides for the necessary controls on motorized recreational watercraft and fueling operations that may contribute to surface water contamination by MTBE and other gasoline additives. (Adopted 2/98)
6. Support legislation to assure effective remediation and clean-up of perchlorate, MTBE, other gasoline additives or other contaminants that have impacted groundwater and surface water. (Adopted 2/98)
7. Support legislation to provide the necessary funding for research on the occurrence, treatment, health effects and environmental clean-up related to contamination of drinking water sources by MTBE, other gasoline additives, or perchlorate. (Adopted 2/98)
8. Support legislation that incorporates sound scientific principles in adopting drinking water standards for drinking water contaminants. (Adopted 2/98)