MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

INFORMATION

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

July 11, 2000 Board Meeting

10-4

Subject

Staff Analysis of the CALFED Framework for Action

Description

On June 9, 2000, Governor Gray Davis and Secretary of the Interior Bruce Babbitt unveiled a Framework for Action (Framework) for the Bay-Delta. The Framework is intended to conclude the CALFED planning process and provide the foundation for a new entity to implement a far-reaching program in the Bay-Delta watershed designed to restore the environment, improve water quality, and increase supply reliability.

The Framework contains language linking the achievement of environmental benefits with water quality and water supply improvements and, consistent with Proposition 204, requires an annual review to assure that all interests are realizing benefits. The Framework is consistent with most, but not all, of the Board's Bay-Delta policy principles. Overall, the Framework appears to provide a workable approach for moving forward on solutions to long-standing, critical Bay-Delta issues that meet the Board's principles. Many tough issues that were not addressed in the June 1999 Draft EIS/EIR are being addressed in the Framework. However, even where consistent with Metropolitan's goals, the Framework action elements will require environmental approvals and other actions or agreements before they are realized.

Attachment 1 presents staff's analysis of the Framework and suggests specific clarifications and refinements that should be included in the Final EIR/EIS and Record of Decision. Metropolitan staff will be working with other water users and the environmental community to fully engage the CALFED implementation process and help secure a defensible Record of Decision consistent with the Board's adopted position regarding the CALFED program, as stated in Board letter 9-3, July 23, 1999.

Policy

State Water Project, CALFED.

Fiscal Impact

Information only.

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Attachment 1

MWD Analysis and Recommendations regarding the CALFED Framework for Action
July 10, 2000

On June 9, 2000, Governor Gray Davis and Secretary of the Interior Bruce Babbitt unveiled a Framework for Action (Framework) for the Bay-Delta. The Framework is intended to conclude the CALFED planning process and provide the foundation for a new entity to implement a far-reaching program in the Bay-Delta watershed designed to restore the environment, improve water quality, and increase supply reliability.

The Framework contains language linking the achievement of environmental benefits with water quality and water supply improvements and, consistent with Proposition 204, requires an annual review to assure that all interests are realizing benefits. The Framework is consistent with most, but not all, of the Board's Bay-Delta policy principles. Overall, the Framework appears to provide a workable approach for moving forward on solutions to long-standing, critical Bay-Delta issues that meet the Board's principles. Many tough issues that were not addressed in the June 1999 Draft EIS/EIR are being addressed in the Framework. However, even where consistent with Metropolitan's goals, the Framework action elements will require environmental approvals and other actions or agreements before they are realized.

As such, Metropolitan must be prepared to fully engage the implementation process. This attachment presents staff's analysis of the Framework and suggests specific clarifications and refinements that should be included in the Final EIR/EIS and Record of Decision and Notice of Determination to help assure that the Framework vision accomplishes its objectives.

Water Quality

The Framework commits to a mix of strategies to improve water quality, including actions to allow the capture of water during periods of higher quality, source control of salinity and other contaminants, treatment technologies and water quality exchanges/blending. Specific actions include:

- Facilitate water quality exchanges to provide Sierra water to Southern California with implementation, including construction of necessary infrastructure, to begin no later than 2004

- Develop a Bay Area regional water quality program with construction of key features to begin by 2005

- Implement programs to manage salt loadings in the San Joaquin Valley (including retirement of 35,000 acres of drainage-impacted land) by 2003

- Implement source control programs to reduce contaminants from Delta and upstream sources by 2006

- Invest in water treatment technology demonstration projects for UV disinfection and desalination by 2002

- Control runoff into the California Aqueduct with construction of necessary physical improvements to begin by 2005.

To implement these drinking water actions, the Framework proposes expenditures of $675 million in Stage I (the first seven years of CALFED's implementation phase) and commits $400 million from state and federal sources, with the remainder from local contributions.

Comments:

Short of providing for a dual facility (not under consideration in Stage I), the Framework contains an aggressive mix of water quality improvement actions. The main concern is to assure timely implementation of program elements that will maximize water quality benefits and support Metropolitan's efforts to fully comply with future drinking water standards at the lowest possible cost.

- The Water Quality Program strategy includes direct support for a combination of actions to be implemented in conjunction with storage and conveyance improvements to achieve CALFED water quality improvement goals.

- Metropolitan must work to ensure that those elements of the CALFED Program that are most effective for achieving Metropolitan's water quality needs are initiated and implemented as soon as is feasible (i.e., water quality exchanges/blending programs, treatment technology demonstrations, balanced operations rules, and storage and conveyance improvements).

- The commitment to establish a comprehensive state drinking water policy for the Delta and upstream tributaries is important to ensure no further degradation of water quality as land use changes and development in the Bay-Delta watershed increases.

- The Framework includes CALFED's long term goals for drinking water quality improvement. The Record of Decision (ROD) and Notice of Determination (NOD) needs to include commitments to develop Stage I water quality performance measures and indicators for evaluating the success of water quality measures, and implement a comprehensive water quality monitoring program early in Stage I.

- The ROD and NOD should clarify the role of the Delta Drinking Water Council in the evaluation of Water Quality Program progress and decision making.

- The Water Quality Program strategy needs to include a specific action addressing operational improvements that would enable capture of more drinking water during periods of good Delta water quality.

- The Framework includes a commitment to fund a demonstration project to design and operate an ultraviolet (UV) disinfection plant. Metropolitan needs to work to be an active partner in this demonstration project to ensure the project addresses large-scale treatment plant issues of interest to Metropolitan.

Ecosystem Restoration

The Framework commits more than $1 billion to ecosystem restoration projects during CALFED's Stage I, with financing provided one-third by federal sources, one-third by state sources and one-third by water users through CVPIA, the SWP Four-Pumps Agreement and a new broadly-based water user fee which will require legislation. CALFED commits to a comprehensive set of Ecosystem Restoration Program (ERP) actions for Stage I, including habitat restoration, invasive species control and control of toxic contaminants.

Comments:

The Framework assures that CALFED will continue its historically unprecedented environmental restoration program. The main concern is the development of an effective and fair user-fee system. Success in implementing such a fee, which will be highly controversial, is linked in the Framework to other key elements of the plan.

- The ROD and NOD need to provide justification for the basis of the water user fee.
- Need clarification that user fees will give credit to those urban agencies that provided seed money for start up of the Category III Program, such as Metropolitan.
- The ROD and NOD need to present a unified strategy for the Ecosystem Restoration Program (ERP) in which the ERP is integrated into a single blueprint with all key ecosystem related tools, including the Environmental Water Account (EWA) and regulatory components, i.e., federal Endangered Species Act (ESA) and California ESA. Implementation authority for the ERP should be consolidated to the maximum extent possible under the new public agency.
- The ERP needs to include actions addressing harvest management as a key element of salmon recovery.
- The ROD and NOD need to establish a meaningful role for the Independent Science Board for evaluating the status of fisheries as to recovery and other considerations.
- A well-defined business management plan is needed to ensure the annual $150 million investment in the ERP is spent for environmental benefit and produces measurable results.

Watersheds

The CALFED Watershed Program will promote locally-led watershed management activities that contribute to the achievement of CALFED goals for water supply reliability, flood management, environmental restoration and water quality. The Framework proposes $300 million to support the Watershed Program, with $276 million from federal and state sources and $24 million from local sources.

Comments:

The Framework significantly increases the resource commitment to improve watershed conditions in areas of origin. A primary challenge will be to structure approaches that truly provide for local leadership and authority that can earn the trust of local leaders.

- The Watershed Program has improved significantly since the June 1999 Draft EIS/EIR, with commitments to achieve multiple objectives and develop performance measures and monitoring protocols.

- The Watershed Program financing plan recognizes the broad public benefits provided by the watershed activities.

Water Supply Reliability

The CALFED Framework identifies water supply reliability as a central goal of CALFED for all beneficial uses and outlines a program including regulatory assurances, actions to protect near-term reliability, funding ($630 million from Proposition 13) and a Governor-controlled drought contingency program similar to the drought water banks of the early 1990s. For the SWP, the Framework assures no near-term reductions in supply and specifies future actions for moderate supply increases. For CVP contractors in the western San Joaquin Valley, the Framework assures a 15 percent increase in supply under normal conditions compared to recent regulatory allocations.

Comments:

The Framework provides near-term reliability, but contemplates only modest increases in export supplies in the future relying to a much greater extent on local investments to promote reliability. While this approach, if implemented, is consistent with Southern California's Integrated Resources Plan, urban and agricultural water supply agencies elsewhere in the state appear dissatisfied with the extent of increased supply. The main challenge will be to assure that program elements designed to assure supply reliability overcome any environmental opposition and are fully implemented.

- If the intended assurances are implemented and assuming reasonable operating rules for the proposed new facilities, it is likely that this package of actions would allow Metropolitan to meet its 2020 State Water Project minimum supply goals of 650,000 acre-feet during a repeat of critical drought years such as 1977 or 1991, an average annual delivery of 1.5 million acre-feet over all years, and supply improvement of at least 200,000 acre-feet per year in less-extreme dry years compared with present conditions.

- Meeting these reliability goals will depend to a great degree on CALFED's commitment to regulatory assurances. When implemented, these assurances will protect SWP, and therefore Metropolitan's, water supplies from the kinds of regulatory-induced export curtailments that have occurred all too frequently in recent years. The following clarifications and commitments are needed to secure adequate assurances:

- An explicit agreement between regulatory agencies, Department of Water Resources (DWR), and the U.S. Bureau of Reclamation (USBR) needs to be incorporated in the ROD and NOD specifying the intended assurance terms and conditions for the initial four years and beyond.

- The assurances agreement must explicitly recognize that ESA fish "take" related actions, such as SWP export curtailments, are the responsibility of the Environmental Water Account.

- When water user fees are established, the legislature should consider a firm linkage such that if ESA and other assurance commitments are not met then collection of fees would cease.

- The Framework contains a general statement of intent regarding the extension of assurances beyond the first four years. Clarification of the circumstances for extension or non-extension is needed in the ROD and NOD. Short of a jeopardy situation for fish, the same terms for assurances should be granted for the remainder of Stage I.

- Regarding implementation of the Joint Point of Diversion (JPOD), clarification is needed to assure that the SWP may also benefit from the JPOD in situations where biological concerns call for shifting of pumping from Banks Pumping Plant to the CVP Tracy Pumping Plant.

- The ROD and NOD should clarify that the Drought Contingency Plan is created to provide water supply relief for agricultural and urban water users, and it is not intended to supplement the Environmental Water Account (EWA) or the Ecosystem Restoration Program (ERP). In addition, the Governor's panel should include appropriate water user representation.

Storage

The CALFED Framework declares that additional storage is critical to the successful implementation of all aspects of the CALFED Program, and provides for action on surface storage, with clearly defined time schedules, for the following projects:

New In-Delta Storage	Construction to begin by 2002
Expanded Shasta Reservoir	Construction to begin by 2004
Expanded Los Vaqueros Reservoir	Construction to begin by 2005
San Luis Reservoir Bypass	Construction to begin by 2004
Sites Reservoir	Complete environmental documents by 2004
San Joaquin River Storage	Complete environmental documents by 2006

In addition, the Framework provides for up to one million acre-feet (MAF) of new groundwater storage capacity. Altogether, the Framework envisions up to 4.75 MAF of new storage capacity, with up to 2 MAF of new surface and groundwater storage capacity in operation or under construction before the end of Stage I.

Comments:

Overall, the Framework contains strong commitments to providing substantial additional surface and groundwater storage assets to serve the needs of California. The critical challenge ahead is in securing the necessary environmental permits for individual storage projects. Consistent with the Framework's stated intent, it will be important to establish a firm linkage between successful implementation of the environmental elements of the program and progress toward implementation of needed storage projects. Following are specific recommendations regarding storage:

- The ROD and NOD need to specify that water quality mitigation will be provided for the Delta Wetlands project or other projects involving Delta island storage. In addition, costs incurred through negotiation with private parties to implement in-Delta storage should be fully disclosed and based on sound, competitive principles.

- The ROD and NOD must clarify the scope and intended regulatory coverage of the Programmatic Biological Opinion. The scope must include permitting coverage under the California ESA as well as the federal ESA.

- The Framework commits to completion of Memorandums of Understanding (MOU) regarding Clean Water Act Sections 401 and 404 certification and permits for storage projects. These MOU's must also be incorporated into the Record of Decision and the Notice of Determination.

- The Framework's proposed basin-wide groundwater management plan will not likely impact Southern California because basins are already intensely managed; however, basin-wide management will be very controversial in the Central Valley. Southern California groundwater conjunctive use programs should be considered as potential resources to meet a portion of the CALFED storage need.

Conveyance

The CALFED Framework commits to through-delta conveyance improvements that include the following South Delta and North Delta actions:

South Delta: Improvements include channel enlargements, installation of a permanent operable fish barrier at the head of Old River, three salinity barriers to protect Delta farmers and fish screens at the CVP and SWP Delta pumps. The South Delta Improvement Program is scheduled to increase pumping capacity at the SWP Banks Pumping Plant from the current level of 6,680 cubic feet per second (cfs) to 8,500 cfs by 2003 and to 10,300 cfs by 2007.

North Delta: Requires immediate studies and implementation actions to improve Delta cross-channel operations for water quality and fish protection. Simultaneously, requires immediate commencement of feasibility studies on a screened diversion on the Sacramento River with studies completed by 2003 and construction, if necessary, to begin before the end of Stage I.

Comments:

The Framework appears to contain the necessary conveyance elements to maximize the benefits of a through-Delta strategy. As with the storage projects, the critical challenge ahead is in securing the necessary environmental permits for individual conveyance projects and evaluating performance to determine if water quality, water supply, and environmental objectives are being met. Consistent with the Framework's stated intent, it will be important to establish a firm linkage between successful implementation of the environmental elements of the program and progress toward implementation of needed conveyance projects. Following are specific recommendations regarding the conveyance elements:

- The Framework does not describe a programmatic permitting process for conveyance as described above for storage. It does, however, state that conveyance facilities will be pursued through site-specific environmental review.

- The Framework provides for expanded use of Banks Pumping Plant up to 8,500 cfs by 2003, and to 10,300 cfs by the end of Stage 1 (2007). The benefits of these expansions will be closely related to the operational rules adopted to govern the added flexibility, and availability of south-of-the-Delta storage capacity. A specific Operations Plan for Banks Pumping Plant capacity expansion, including necessary regulatory assurances, needs to be developed and incorporated into the ROD and NOD.

- Given the proposal to screen Clifton Court Forebay and the demonstration work to be completed on large-scale fish screen technology, staff is concerned about potential delays in implementing the 10,300 cfs Banks Pumping Plant expansion. We are committed to working cooperatively with the agencies to ensure timely implementation of this key element of the program.

- The construction schedule for the operable South Delta barriers indicates completion will not occur until 2007. Given the years of planning and engineering studies already invested in these facilities, every effort should be made to expedite the construction schedule.

- The schedule for implementation of a through-Delta screen, if found to be necessary by the end of 2003, should allow for construction to begin as early as possible in Stage I to reduce conflict among fisheries and water quality objectives and maximize chances of success for a through-Delta-strategy.

- The selection process concerning re-operation of the unscreened Delta Cross Channel versus the alternative implementation of a through-Delta screen must weigh the relative performance of each of these alternatives with respect to achieving CALFED's overall water supply, water quality and fisheries improvement objectives.

Environmental Water Account (EWA) and ESA Commitments

The Framework requires that fishery objectives be accomplished within a defined budget by creating a 380,000 acre-foot EWA to manage water for fishery purposes. The Framework defines three tiers of flow protection for fisheries. Tier 1 is comprised of a regulatory baseline,

including (modified) CVPIA, ESA and SWRCB resources. Tier 2 includes the EWA assets. The Framework states: "Tier 1 and Tier 2 are, in effect, a water budget for the environment and will be used to avoid the need for Tier 3 assets." To assure compliance with ESA, additional water could be made available in Tier 3 to avoid jeopardy conditions (considered unlikely) after outside scientific review of the need for such water and at no cost to SWP/CVP water users.

Comments:

The proposed establishment and implementation of a workable Environmental Water Account (EWA) would move us forward toward alleviating the frequent conflict between SWP/CVP project operations and fishery protection goals. The EWA is also a key element of the Framework's proposed regulatory assurance commitments. The proposed EWA would essentially put fishery regulation on a specified water budget. The key challenge will be to make sure that the EWA is developed quickly and with reliable assets such that the SWP and CVP export users are not put at risk from additional fisheries protection measures. To make the EWA workable and implementable, the following clarifications are needed:

- The EWA should be defined as the sum of its individual components – not 380,000 AF each and every year. To the extent that hydrologic or other circumstances prevent the EWA from reaching the targeted 380,000 AF average, we should support efforts to secure additional EWA resources to be sure to maintain effective assurances.

- The use of the EWA must be limited to its acquired asset budget at any given time, and decisions for EWA use should be subject to regular review by the Independent Science Board.

- The ROD and NOD should specify that use of the EWA will not impose unmitigated water supply, water quality, or financial impacts upon other water users, such as the SWP and its contractors. Any EWA "borrowing" of SWP or CVP assets must be on a consensual basis and must be secured with specific, tangible EWA assets.

- The ROD and NOD should disclose a realistic range of EWA supply generated from the various EWA assets along with example scenarios over various year types showing how the EWA supplies would be used and replenished.

Water Use Efficiency

The CALFED Framework proposes $1 billion for water use efficiency during the first four years of Stage I, with 25 percent from federal sources, 25 percent from state sources and 50 percent from local matching funds. It also establishes the following annual targets: urban conservation savings of 520,000 to 680,000 AF; agricultural savings of 260,000 to 350,000 AF; and savings from water recycling of 225,000 to 310,000 AF. The cost and resource planning implications of this proposal will need to be carefully reviewed. The Framework also requires development of an Urban Water Management Certification Process by 2002 although the certifying entity is not identified.

The Framework emphasizes voluntary incentives to encourage conservation and proposes to provide supplemental funding for urban and agricultural water use efficiency measures and water

recycling projects through a combination of "competitive" loans and grants. Loans would primarily be used to assist conservation program start-up and capital costs. Grants would be used to assist conservation measures which, while not locally cost-effective, would prove beneficial from a statewide perspective.

Comments:

The water use efficiency provisions included in the Framework represent an improvement to those proposed in the June 1999 draft EIS/EIR. The key challenge will be to ensure that the criteria and processes used to assess regional water use efficiency performance recognize Southern California's existing water conservation and water recycling accomplishments .

- The Framework recognizes the local cost-effectiveness criterion and need for supplemental funding to achieve targets. A rigorous process for measuring and monitoring agency water use efficiency performance is also proposed. While this could help highlight Southern California's urban conservation and recycling accomplishments, it would also increase agency reporting burdens.

- Full implementation of the water use efficiency program elements will require additional authorization and appropriation of funds by the Congress and California legislature. It is essential that every effort be made to secure these funds.

- The criteria and processes used to assess regional water use efficiency performance need to recognize Southern California's existing water conservation and water recycling accomplishments. Funding and future water use efficiency goals need to be equitably allocated among regions.

- Metropolitan staff needs to determine whether the water use efficiency targets are consistent with the IRP. To the extent the targets are not consistent, staff needs to carefully evaluate the cost and resource planning implications of the targets, and assess whether proposed levels of state/federal financial assistance are sufficient to assure the cost-effectiveness of any additional Metropolitan expenditures.

- Metropolitan needs to work to ensure the monitoring and verification processes adopted by the Water Use Efficiency Program recognize the true cost of doing water recycling projects in Southern California.

Water Transfers

The CALFED Framework encourages a more effective water transfer market by streamlining regulatory approvals and creating a Water Transfers Information Clearinghouse by 2001. The Framework calls for increasing the availability of existing transportation facilities for water transfers and indicates that if wheeling legislation is not passed this year, the Davis Administration will sponsor legislation next year.

Comments:

- Metropolitan needs to participate in the effort to develop wheeling legislation to ensure that any proposed legislation addresses fair compensation and deals fairly with those who have invested in the construction of conveyance facilities, consistent with Metropolitan's wheeling principles.

- The ROD and NOD need to elevate the process for addressing permit streamlining for transfers to a higher level, possibly to the Governor-convened panel for the drought contingency planning effort.

Levees

The CALFED Framework provides $450 million during Stage I for the stabilization and improvement of Delta levees to protect in-Delta as well as export users. The Levee Program includes four main elements: (1) Base level protection; (2) Special improvement projects; (3) Levee subsidence control plan; and (4) Emergency response. These actions should increase reliability against system failure and help ensure protection of water quality and supply reliability.

Comments:

- The ROD and NOD need to incorporate criteria to ensure cost-effective implementation of levee improvements.

Science

The CALFED Framework commits $300 million to assure that "world-class" science will guide adaptive management decisions. The Framework requires that an eminent lead scientist be hired and be assisted by an Independent Science Board, which will issue annual reports regarding the status and effectiveness of program measures, and recommend adjustments.

Comments:

The Framework appears to make a significant commitment to incorporating good science into the adaptive management process.

- The ROD and NOD need to provide clear justification and details regarding the activities to be funded with the $300 million Stage I investment in the CALFED Science Program, to ensure the funds are spent on activities necessary to incorporate good science into adaptive management decisions.

- The insights of the Independent Science Board must be adequately incorporated into the day-to-day adaptive management process to improve performance over time.

- The ROD and NOD need to include a commitment to scientific review of flow-based fish protection measures, including use of the EWA.

- The ROD and NOD need to clarify the roles, responsibilities, and relationships of the Commission (see discussion below), Independent Science Board and lead scientist, and their unification with the blueprint for ERP, EWA and ESA actions.

Governance

The CALFED Framework recommends legislation to create a new public agency with implementation powers, headed by an Executive Director who will report directly to the Governor and Secretary of the Interior. The Framework also recommends a 12 member, high-level federal-state Commission to assure effective, balanced and coordinated implementation, with four state, four federal and four stakeholder representatives, including an urban water user representative. In addition, the proposed governance structure includes appointment by the Governor and Secretary of Interior of a Stakeholder Technical Advisory Committee, a Lead Scientist, an Independent Scientific Review Board & Panel, and the appointment of a Governor's Drought Contingency Panel

Comments:

The Framework proposal for a new governance structure represents a step in the right direction in that the overarching mandate for the proposed new public agency and Commission is to assure effective, balanced and coordinated implementation in all CALFED program areas. However, many critical functions and responsibilities – including regulatory responsibilities – would remain with the existing agencies. The authorities of the proposed new public agency and Commission are unclear and further specificity is needed to address a number of concerns, such as:

- What implementation authority and direct budget authority will be vested in the new public agency to minimize fragmentation of CALFED efforts?

- There needs to be a State/Federal commitment to make necessary delegations of individual agency authority to the new public agency to insure unified and consistent implementation. Other than in circumstances regarding a jeopardy situation, regulatory agencies should not be allowed to exercise unilateral actions that disrupt the balanced implementation objectives of the new public agency.

- There needs to be a commitment to provide for centralized (one stop) processing and coordination on all project permits and other environmental compliance elements of the plan.

- The intended role and composition of the Commission Advisory Committee needs to be specified.

- Clarification is needed as to what role the Independent Science Board will play in overseeing, coordinating, and integrating regulatory decisions as well as environmental restoration activities. In addition, it is uncertain how the peer review recommendations from the Independent Science Panel will be used.

Finance

The Framework envisions $8.7 billion of investments to implement the first seven years of the CALFED program. The overall cost share assumptions, on a gross scale, assume an equal distribution of the program costs among state, federal, and user/local funds. Final cost share arrangements will depend on the specific projects that are implemented, and will vary year by year. Initial years will be heavily funded by federal and state dollars. This initial funding will not include the cost of constructing the major storage or conveyance elements. Final cost shares, including reimbursement of up-front funding, are intended to be based upon a "beneficiaries pay" principle. The Framework also recommends $50 million per year from local sources to implement the Ecosystem Restoration Program. The user fee would include $15 million from the CVP Improvement Act Restoration Fund and the California 4-Pumps Agreement, and $35 million from a new user fee developed through state legislation by the year 2003.

Comments:

The Framework appropriately identifies substantial initial state and federal funding sources needed to jump-start the program activities, and commitments to a sharing of costs between state, federal, and user/local sources based upon benefits received. However, many important details remain unclear as follows:

- Who are the proposed "users" in the user fee proposal? There are many users of the Bay-Delta system, for example power interests, fishing interests, recreational interests, upstream water diverters, Delta interests, and export water diverters. As the Framework recommends, fees should be assessed on a broad basis to assure financial participation from all interests benefiting from a CALFED solution. Fees should not be disproportionately imposed on export water users or urban interests.

- Linkages and commitments between funding, regulatory assurances, and progress toward balanced program implementation need to be spelled out more clearly in the ROD.

- Metropolitan and other major potential sources of users fee funds should have the opportunity to assess any proposal to assure that benefits are commensurate with anticipated benefits.

- Need clarification that user fees will give credit to those urban agencies that provided seed money for start up of the Category III Program, such as Metropolitan.