

- **Board of Directors**
Communications, Outreach and Legislation Committee

June 11, 2002 Board Meeting

9-8

Subject

Express support for SB 1993 (Machado) and seek further amendments

Description

In its current form, SB 1993 requires the State Water Resources Control Board to appoint a task force to review third-party impacts of water transfers. This task force is charged with investigating the establishment of a water transfer clearinghouse, and reporting back to the Legislature and the Governor with recommendations no later than December 1, 2003. In addition to a recommendation on the establishment of a water transfers clearinghouse, the report shall include a definition of third-party impacts inclusive of economic, environmental, and agricultural effects using case studies and provide specific recommendations to avoid or fully mitigate third-party impacts.

Recommended Amendments to SB 1993

Metropolitan recommends that SB 1993 be amended to create a mechanism for mitigating any adverse third-party impacts and to extend the study period of the bill to provide sufficient time for the study of relevant and current water transfers, their potential third-party impacts, and potential methods of mitigation. Following are policy principles for staff to follow in seeking further amendments to SB 1993.

SB 1993 should be drafted or amended in such a manner as to:

1. Recognize the potential third-party impacts of water transfers to the economy in the place of use prior to the transfer
2. Provide an environment that supports the development of water transfers in the near term with a reasonable level of certainty regarding costs and requirements to mitigate third-party impacts
3. Provide sufficient time for and require the study of relevant and current examples of water transfers, their potential third-party impacts, and potential methods of mitigation
4. Establish a process for the development of good long-term public policy on third-party impacts with continuing and reasonable level of certainty regarding mitigation costs and requirements

Policy

Metropolitan Water District Administrative Code § 4203: Water Transfer Policy – M.I. 39412 – January 14, 1992

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, where it can be seen with certainty that there is no possibility that the proposed action in question may have a significant effect on the environment, the proposed action is not subject to CEQA (Section 15061(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and support SB 1993 and seek further amendments.

Fiscal Impact: None

Option #2

Take no position on SB 1993

Fiscal Impact: None

Staff Recommendation

Option #1



Adan Ortega, Jr.
Vice President, External Affairs

6/5/2002
Date



Ronald R. Gastelum
Chief Executive Officer

6/5/2002
Date

Attachment 1 – Text of SB 1993 as amended May 24, 2002

BLA #1813

**BILL NUMBER: SB 1993 AMENDED
BILL TEXT**

AMENDED IN SENATE MAY 24, 2002
AMENDED IN SENATE APRIL 16, 2002

INTRODUCED BY Senator Machado

FEBRUARY 22, 2002

An act to add and repeal Chapter 3.8 (commencing with Section 390) of Division 1 of the Water Code, relating to water ~~—, and making an appropriation therefor~~ .

LEGISLATIVE COUNSEL'S DIGEST

SB 1993, as amended, Machado. Water transfer clearinghouse.

Existing law regulates water transfers and, among other things, permits a public agency that provides water service to transfer water for use outside the agency if it is surplus water, as defined, or a water user has voluntarily foregone its use during the transfer period.

This bill would require the State Water Resources Control Board to appoint a task force, with prescribed membership, to review ~~third~~ 3rd -party impacts of water transfers and to investigate the establishment of a water transfer clearinghouse. The bill would require the task force to report to the Legislature and the Governor regarding those matters. *The bill would require these provisions to be implemented only if funding is provided in the annual Budget Act or in another statute.* These provisions would be repealed as of January 1, 2004.

~~The bill would appropriate an unspecified amount from the General Fund to the board for these purposes.~~

Vote: ~~2/3~~ majority .

Appropriation: ~~yes~~ no . Fiscal

committee: yes. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) California's economy, its environment, and the health and welfare of its citizens are all dependent upon a clean, reliable, and affordable supply of water to meet current and future needs.

(b) The voluntary transfer of water can serve as a valuable tool to meet some of California's water needs. Nonetheless, water transfers will not increase California's overall water supply and cannot be relied upon to meet the state's long-term needs.

(c) It is in the public interest to support the voluntary transfer of water between willing sellers and willing buyers for all purposes, including environmental and consumptive uses.

(d) These objectives will be facilitated through the development of a definitive report to the Legislature and the Governor that addresses the issues of potential third-party impacts and the potential benefit of a statewide water transfer clearinghouse.

SEC. 2. Chapter 3.8 (commencing with Section 390) is added to Division 1 of the Water Code, to read:

CHAPTER 3.8. WATER TRANSFER CLEARINGHOUSE

390. (a) The board shall appoint a task force to investigate and report to the Legislature and the Governor findings and recommendations on third-party impacts of water transfers and the potential benefits of the establishment of a water transfer clearinghouse as specified in Section 391.

(b) The task force shall consist of the following members, drawn in equal number from the areas from which water has been, or is likely to be, transferred and other areas of the state:

(1) Two representatives from each of the following:

(A) The business community.

(B) Urban water suppliers.

(C) The environmental community.

(D) The production agricultural community.

(E) Agricultural water suppliers.

(F) Local government or community representatives.

(2) One representative from both of the following:

(A) The Department of Water Resources.

(B) The United States Bureau of Reclamation.

(3) As ex officio members, the Chairperson of the Senate Committee on Agriculture and Water Resources, the Chairperson of the Assembly Committee on Water, Parks and Wildlife, and a person chosen by the Governor to act as his or her representative.

(c) If the board does not appoint the members of the task force on or before April 1, 2003, the Chairperson of the Senate Rules Committee and the Speaker of the Assembly shall jointly appoint the members in accordance with subdivision (b).

391. (a) The task force shall report its findings and recommendations to the Legislature and the Governor on or before December 1, 2003.

(b) The task force shall do all of the following in its review of third-party impacts:

(1) Develop a contemporary definition of third-party impacts resulting from long-term water transfers, including adverse economic, environmental, and agricultural effects.

(2) Use case studies, such as third-party impacts resulting from the transfer of water from the Owens Valley to Los Angeles, to demonstrate the different impacts, including the adverse social and environmental impacts that have occurred in previous water transfers.

(3) Provide specific recommendations to avoid or fully mitigate the adverse social, economic, environmental, or hydrologic impacts that may occur due to long-term water transfers.

(c) The task force shall address all of the following regarding a water transfer clearinghouse:

(1) Whether a water transfer clearinghouse is necessary to disseminate current information regarding potential water transfers in California.

(2) Whether a water transfer clearinghouse should be established.

(3) What specific actions or functions, if any, a water transfer clearinghouse should be authorized by the Legislature to perform.

(4) Whether the clearinghouse should be a governmental or nongovernmental entity.

(5) The organization of the clearinghouse, including governance, financing, and staff.

(d) For the purpose of carrying out this section, the task force shall consult with the department with regard to the department's duties pursuant to Chapter 7 (commencing with Section 470) to avoid any duplication of effort.

392. *This chapter shall be implemented only if funding is provided for the purposes of this chapter in the annual Budget Act or in another statute.*

393. This chapter shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.

~~SEC. 3. The sum of _____ dollars (\$ _____) is hereby appropriated from the General Fund to the State Water Resources Control Board for the purpose of implementing Chapter 3.8 (commencing with Section 390) of Division 1 of the Water Code, as added by Section 2 of the act adding this section.~~