

- **Board of Directors**
Water Planning, Quality and Resources Committee
Communications and Legislation Committee
CALFED/Bay-Delta Oversight Subcommittee

February 14, 2006 Board Meeting

8-6

Subject

Approve the policy principles regarding short-term emergency preparedness and long-term actions for the Sacramento-San Joaquin River Delta

Description

Background: Recent events – including Hurricanes Katrina and Rita, the levee failure on Jones Tract and the declining abundance indices of some Delta fish species – have drawn the high-level attention of California Governor Arnold Schwarzenegger, Congress, the state Legislature, the media and the public to the challenges and risks in the Sacramento-San Joaquin River Delta.

Fundamentally, there is a growing awareness of the risk of earthquake and flooding events that could impose substantial costs on California's economy and cause extensive damage to the Delta – including serious impacts to critical infrastructure as the State Water Project and Central Valley Project water conveyance, Bay Area water system infrastructure, railroads and highways, energy generation, distribution and transmission infrastructure and land use development within the Delta itself.

Catastrophic natural events are not the only concern. Aging Delta levees face ongoing deterioration due to the lack of sufficient or properly prioritized funding for maintenance and such factors as land subsidence from agricultural practices.

Renewed interest in protecting the Delta – as well as ongoing efforts to protect Delta species – is reflected in a wide variety of current, proposed and future efforts advanced by Governor Schwarzenegger and members of the state Legislature, including:

- California Department of Fish and Game, U.S. Fish and Wildlife Service, and U.S. National Oceanic and Atmospheric Administration plans to develop long-term Habitat Conservation Plans/Natural Communities Conservation Plans for the Bay Delta watershed.
- California Department of Water Resources' current development of the Delta Risk Management Study – a study due to be completed in final form by the end of this year.
- Governor Schwarzenegger's plan to complete a long-term vision for a sustainable Delta.
- The Governor's bond proposals for 2006 and 2010 – which include substantial funding for Delta improvements.
- Current legislative bond proposals – including SB 1024 (Perata, D-Hayward) and AB 1783 (Nuñez, D-Los Angeles).
- Anticipated future cost-sharing discussions to fund implementation of a long-term Delta vision.

Southern California has a significant stake in the Sacramento-San Joaquin River Delta in Northern California. From a water supply perspective, the State Water Project has provided, on average, nearly 1.5 million acre-feet each year over the past decade – representing over half of Metropolitan's imported water supplies. Supplies provided under Metropolitan's SWP contract are cost-effective – with water and conveyance costs totaling about

\$250 per acre-foot. Moreover, improvements in source water quality anticipated with future implementation of the Delta Improvement Package will assist Metropolitan and its member agencies with meeting future drinking water quality requirements. For the foreseeable future, the SWP will remain an important source of supply for the region.

Given the importance of the Delta to Metropolitan and other SWP contractors, Metropolitan will be engaged in most – if not all – of the key studies, debates and decision-making regarding Delta policy. To ensure a solid foundation for development of future Metropolitan positions and to provide guidance to Metropolitan staff, this board letter recommends that the Board adopt the proposed set of Delta policy principles ([Attachment 1](#)).

Additionally, this board letter directs staff to work in coordination with DWR and other stakeholders to develop an action plan on one critical, near-term Delta challenge: emergency preparedness and response in the event of a major failure in the Delta.

I. Proposed Policy Principles

Central Themes of Proposed Policy Principles:

The 13 policy principles proposed for adoption by Metropolitan's Board of Directors contained in [Attachment 1](#) cover a comprehensive range of policy factors that will be key to Delta-related discussions, legislation and long-term policy development. These factors include water supply sustainability, environmental sustainability, emergency response, consideration of all options for managing the functions of the Delta and ensuring that all beneficiaries pay their fair share for Delta improvements.

Overall, the proposed policy principles reflect three central themes:

*** Limited, short-term actions in the Delta are not enough – future policies and actions must be consistent with development of a long-term, sustainable Delta vision.**

Over the past decade, state policies and funding have focused on limited improvements to the Delta levees, environmental conditions, water quality and other factors, with little consideration for the potentially catastrophic risks and ongoing physical deterioration facing the Delta. Yet with its aging levees and land subsidence – as well as an estimated two-in-three chance that a massive levee failure will occur in the Delta over the next 50 years – it is becoming increasingly clear that the state's "business as usual" policy toward the Delta is not sustainable.

Metropolitan supports the Delta Risk Management Study being undertaken by the Department of Water Resources and urges that it be completed as soon as feasible. Metropolitan also supports the Governor's proposal to develop a long-term Delta vision and have recently agreed to help finance this effort. That vision must provide for long-term, sustainable protection of the Delta's land, water and environmental uses and benefits - that will almost certainly require substantial change.

*** Delta water supply and water quality outcomes must be consistent with Metropolitan's Integrated Resources Plan.**

In the past, the public policy debate over the Delta focused on substantially larger diversions from the Delta to meet growing demands for water in Southern California. However, during the past decade, Southern California has devoted substantial effort and funding toward development of a balanced, diversified portfolio of water resources and policies to meet future demands.

This important shift in approach continues to be reflected in Metropolitan's Integrated Resources Plan, which invests heavily in local resources such as conservation, water recycling and water quality improvements, local storage, and increasing investments in desalination. Additionally, the IRP establishes a policy of implementing water transfers and other programs to increase Colorado River Aqueduct deliveries.

With respect to the SWP, the IRP seeks to protect the reliability of the supply to support Metropolitan's diverse resource strategies. Increasing demands will be met primarily through local resource development and voluntary transfers. This approach reflects Southern California's interest in sustaining SWP reliability in an economically and environmentally sound manner.

As debates concerning the Delta take place, it is important for policymakers and other leaders to recognize that the success of Metropolitan's well-balanced and responsible IRP - including its focus on local resources – benefits the Delta by reducing conflicts between water project operations and the environment and allowing for better water quality.

Long-term Delta solutions must be cost-effective and cost-sharing agreements must be fair and involve all beneficiaries.

Solutions to the policy challenges facing the Delta will be expensive – likely requiring billions of dollars. It is essential that state policy seek the least-cost strategies to address Delta management.

With respect to emergency response to Delta levee failures, state policy should expressly seek to minimize the combined costs of actions taken in the Delta to reduce the risk or severity and to respond to disruptions, the costs of actions taken outside the Delta (e.g., for alternative sources of supply) to reduce impacts, and the damages that may occur in the event of a disruption. Long-term investments in the Delta must be consistent with a sound long-term vision for the Delta's physical structure to avoid the possibility of significant stranded costs.

Finally, all beneficiaries of the water supply, environmental, recreational, infrastructure, land and local uses of the Delta must bear a fair and reasonable share of costs for Delta management and improvements.

II. Metropolitan Participation in Development of State Action Plan for Emergency Preparedness

As described in the detailed information letter presented to the Board in January, Southern California has made enormous progress in its efforts to develop resources that would help the region withstand shortages or temporary disruptions in water supply. Most notably, one of the primary purposes for the development of Metropolitan's Diamond Valley Lake was to ensure supplies in the event of imported supply disruption. Additionally, numerous groundwater storage partnerships implemented by Metropolitan and its partners add further protection. Overall, Metropolitan currently manages storage accounts totaling about 2.5 million acre-feet (MAF) – 650,000 AF of which is dedicated to emergency preparedness.

However – while Metropolitan is well positioned to serve its customers in the event of emergency-related supply disruption – at the state level, there is a current lack of a comprehensive plan that integrates local emergency preparedness with state plans.

Metropolitan is supportive of current state efforts to develop such a plan. Through adoption of this board letter, Metropolitan would direct staff to work with the state, the State Water Contractors and other interested stakeholders to develop by the end of 2006 such an integrated plan regarding possible major outages of water and other infrastructure services in the Delta.

A draft state plan for emergency preparedness and response should be completed by October 1, 2006. It is anticipated that a final plan will be available for approval by the Metropolitan Board and other stakeholders in January 2007.

The plan should include rapid response mechanisms for emergency conditions. Moreover, the plan should minimize the combined costs of preemptive actions intended to: prevent levee failures; minimize levee failure consequences and the costs of responding to the emergency; and reduce or eliminate economic impacts resulting from infrastructure damage.

Elements of the integrated emergency preparedness and response plan may include preemptive actions in the Delta to reduce the likelihood or severity of disruptions, actions in the Delta to respond to emergency disruptions and actions outside the Delta to respond to emergency disruptions.

Metropolitan staff will continue to update the Board with respect to emergency preparedness planning as appropriate.

Policy

The Board of Directors adopted a position of support for the year 2000 CALFED Record of Decision, which included a preferred Through Delta Conveyance solution for the Sacramento - San Joaquin Bay Delta. This

position was supportive of CALFED's strategy to pursue the Through Delta Conveyance solution in its Stage 1 implementation, which generally included the first seven years of the program, as well as focused levee improvements. It was recognized that upon completion of Stage 1, the ability to implement this solution would be assessed and that subsequent alternative implementation actions could be pursued.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The adoption of the proposed policy principles 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). Furthermore, 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).

In addition, the preparation of an integrated statewide emergency preparedness and response plan is exempt under the provisions of CEQA and the State CEQA Guidelines, since it involves only strategies and conceptual plans associated with feasibility and planning studies for possible future actions, as well as basic data collection and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These activities may be strictly for information gathering purposes, or as part of a study leading to actions which a public agency has not yet approved, adopted, or funded. Accordingly, this proposed action qualifies both as a feasibility and planning studies exemption (Section 15262 of the State CEQA Guidelines) and as a categorical exemption (Class 6, Section 15306 of the State CEQA Guidelines). If future specific projects are developed and proposed as a result of the current board action, then applicable CEQA review by the appropriate lead agencies will be carried out, and if necessary, the required environmental documentation would be prepared and processed prior to the Board taking further action.

The CEQA determination is: Determine that (1) adoption of policy principles is not subject to CEQA pursuant to Sections 15378(b)(2) and 15061(b)(3) of the State CEQA Guidelines; and (2) the proposed preparation of an integrated statewide emergency preparedness and response plan is not subject to CEQA pursuant to Sections 15262 and 15306 of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and the policy principles regarding short-term emergency preparedness and long-term actions for the Sacramento-San Joaquin River Delta as described in this board letter and [Attachment 1](#) and direct staff to work with the state and other stakeholders to develop an integrated plan for emergency preparedness and response to levee failures in the Delta to be approved in final form by January 2007.

Fiscal Impact: None

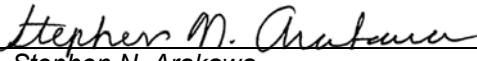
Option #2

Take no action.

Fiscal Impact: None

Staff Recommendation

Option #1



Stephen N. Arakawa
Manager, Water Resource Management

2/8/2006
Date



Debra C. Man
Interim CEO/General Manager

2/8/2006
Date

Attachment 1 – Long-Term Sustainability and Emergency Preparedness in the Sacramento-San Joaquin River Delta -- Proposed Policy Principles

BLA #4174

**LONG-TERM SUSTAINABILITY AND EMERGENCY PREPAREDNESS
IN THE SACRAMENTO-SAN JOAQUIN RIVER DELTA**

PROPOSED POLICY PRINCIPLES

No resource management challenge facing California is more important than developing and implementing policies to protect the vital functions of the Delta. At the same time, we must be prepared to meet the likely challenge of a major outage in the Delta in coming decades – particularly in light of independent estimates that predict a two-in-three chance that a massive levee failure will occur in the Delta over the next 50 years. This challenge will require actions both in the Delta and beyond that will inevitably cost Californians billions of dollars – either in the form of prevention costs, or worse, in the vastly, more costly form of repair of the damages due to failure of the system.

These policy principles proposed for adoption by the Board of Directors of The Metropolitan Water District of Southern California are intended to help shape this policy debate, assure implementation of a cost-effective action plan that protects the economy and environment of California and result in a fair allocation of the associated costs.

Fundamental Objectives

1. **Water Supply Sustainability:** The Delta is a major source of economical water supplies for the entire state and the reliability of those supplies is of substantial policy importance to the state as a whole. The Southern California Integrated Resources Plan (IRP) is intended to balance meeting the region's water supply reliability needs in a manner consistent with environmental protection and restoration. Consequently, rather than relying solely on increased State Water Project (SWP) deliveries, the IRP is predicated on balanced and diversified investments including substantial investments in local resources and improving SWP supply reliability from the Delta.
2. **Environmental Sustainability:** Metropolitan recognizes that a fundamental goal of California's Delta-related policy must be to protect and improve the environmental benefits provided by the Delta and its tributaries. Board policy has long recognized that water supply reliability for Southern California is inextricably linked to the long-term environmental health of the Bay-Delta watershed and this policy is reaffirmed here. To sustain the Delta environment and fisheries, state policy must pursue a *comprehensive* restoration program that addresses all significant environmental stressors. To the extent that sound science demonstrates the changes in SWP operations are required to protect Delta fisheries, we are prepared to support such changes, but they must be part of a comprehensive strategy to restore fisheries and related habitat.
3. **Emergency Preparedness and Response Capability Measures:** To minimize risk to disruption of water supplies in the near term, timely completion of a cost-effective Emergency Preparedness and Response Plan related to Delta failures is a high priority for the state by the end of 2006. Metropolitan recognizes the need to work in conjunction with the Department of Water Resources (DWR), the State Water Contractors, and other interested entities to develop emergency preparedness measures. Additionally, Metropolitan recognizes the need to implement emergency response measures jointly with the state and other entities should Delta levees impact the SWP. Emergency plans will outline key actions, including those necessary to respond to levee failures, prevent salinity intrusion and route freshwater to export pumps.
4. **Water Quality Improvement:** Long-term policies regarding the Delta should assure cost-effective improvements in Delta water quality to protect public health and manage salinity. Actions outside the Bay-Delta watershed would contribute to the overall water quality objectives as specified in the CALFED Record of Decision.

Long-Term Delta “Vision”

5. **Policy Development:** A “business as usual” policy will not result in a sustainable Delta. Significant change will be required. Metropolitan pledges its support for efforts to develop a long-term state policy by 2007 that will meet this sustainability test. The policy must consider not only water use, but also agricultural and urban land use in the Delta and the transportation, communication, energy, and other infrastructure that rely on a stable and sustainable Delta. In developing this policy, elected officials, policymakers and stakeholders must consider current and potential uses of the Delta – including environmental, water supply, water quality, critical infrastructure, local land use, recreational and other uses – in order to develop a comprehensive and cost-effective plan for the Delta’s future purposes and management. The policy should also assure an effective emergency response to likely outages of the water supply and other infrastructure systems in the Delta in future decades.
6. **Consider All Options:** Metropolitan recognizes that, for the next decade or more, the state must manage and improve the Delta’s current physical system largely as we find it. Despite the controversy regarding some possible options for sustaining the Delta, we believe that the importance of this task requires that all options must be evaluated on the basis of sound and objective science.
7. **Consistent Investments:** All near-term and long-term capital investments in the Delta and elsewhere must be consistent with the long-term vision for Delta sustainability and strategically focused to maintain export water supply reliability and quality. In particular, while Metropolitan supports reasonable efforts to stabilize the Delta in the near-term, major federal, state and local expenditures on Delta infrastructure should be based on and be consistent with a broadly accepted long-term sustainability policy.

Finance and Cost Sharing

8. **Least-Cost Strategies:** Because solutions to this policy challenge will be expensive to Californians as taxpayers, utility ratepayers and consumers, it is imperative that the long-term Delta policy leads to the implementation of reliable, sustainable least-cost strategies. These costs include the cost of actions to help sustain the Delta over the long-term; costs to strengthen the Delta and minimize the likelihood and severity of emergency disruptions; the environmental and economic damages incurred during future failures in the Delta system; and the costs of imported and alternative water supplies contained in regional IRPs to help achieve Delta objectives.
9. **All Beneficiaries Must Pay:** Metropolitan recognizes that – along with other state, federal, local and private entities throughout the state that impact and/or benefit from the Delta – it has a stake in the sustainability and emergency preparedness in the Delta. Metropolitan is willing to pay *its fair share* of the costs to address these policy challenges. At the same time, it is the Board’s duty to protect Southern California water ratepayers from paying a disproportionate and unfair share of costs. Metropolitan’s support for the finance plan to implement any long-term Delta policy is contingent upon financial participation of all parties that benefit from a more secure Delta. We believe that primary beneficiaries from preventing flood damage include the local landowners and other local economic interests who are directly benefited, whether the flood damage is due to levee failures resulting from storm events, earthquake, or other cause. Similarly, a secure Delta benefits the users of railroads, highways, communication systems, energy generation, transmission and distribution systems, water systems and other infrastructure that traverses the Delta. In addition, substantial recreational opportunities and related local economic benefits are provided by the Delta. All of these entities and interests must participate in the finance plan.
10. **State General Fund:** Because the Delta levee system benefits such a broad array of Californians, the general fund and state general obligation bonds have appropriately long been the primary financial resource for actions to maintain and improve the system. While Metropolitan recognizes that exclusive reliance on state public funds is no longer realistic, the broad public benefits of actions to sustain the Delta should be funded with continued significant contributions from the general fund and general obligation bonds for the implementation of Delta-related policies.

11. **Regional Investments:** The long-term Delta policy should reflect the fact that, in many instances, local and regional investments in resources outside the Delta – such as Metropolitan’s and its member agencies’ substantial past and ongoing investments in conservation, recycling, groundwater recovery, brackish and ocean water desalination and regional surface and groundwater storage – contribute toward protecting the Delta by reducing overall exports and allowing greater flexibility in the timing of exports. Moreover, local and regional investments help ensure water supply reliability in the event of an outage in the Delta water supply. State policy should encourage continued statewide implementation of these local and regional investments, consistent with the policies of local and regional water supply agencies.

Process

12. **Full Participation:** Effective implementation and financing of a long-term Delta policy and projects will require strong and sustained support from the entities affected by and expected to pay. Accordingly, the policy, projects and finance plan should be developed collaboratively with full participation by affected entities and should ultimately be supported by the governing bodies of those affected entities. Any statutory or regulatory components of the plan should reflect the outcome of the collaborative process among entities that will be expected to contribute to the plan.
13. **Sound Science:** All near-term and long-term actions implemented pursuant to the plan should be based on sound, objective and peer-reviewed science and technical information.