

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

July 10, 2007 Board Meeting

9-4

Subject

Overview of Report to Legislature on Salton Sea Restoration

Description

On May 25, 2007, the Secretary for the Resources Agency submitted to the Legislature a report on alternatives to restore the Salton Sea. The Report was prepared by the Department of Water Resources pursuant to direction contained in state legislation passed to facilitate implementation of the Quantification Settlement Agreement (QSA). The Report identified an \$8.9 billion preferred alternative that is recommended to the Legislature. The next step would be consideration of the Report by the Legislature. If the recommendation is authorized by the Legislature, funding sources will have to be identified.

Overview of Report to Legislature

The Report, which is accompanied by a Final Programmatic Environmental Impact Report, describes a preferred alternative to restore the Salton Sea as recommended by the Secretary. **Attachment 1** is a plan view of the proposed structural features. The preferred alternative makes maximum use of incidental drainage to the Salton Sea from the Imperial Irrigation District (IID) and the Coachella Valley Water District that is consistent with the QSA. Drainage to the Sea would be managed and controlled by a system of conveyances, pumps, high barriers, and low berms to create a marine sea (45,000 acres) and saline habitat ponds (62,000 acres). Of the remaining portions of the existing 230,000 acre-area presently inundated by the Salton Sea, 106,000 acres would be dewatered leaving the deepest portion of the Sea to become a terminal brine sink (17,000 acres). Maintaining control of exposed sediments to prevent them from becoming an air quality nuisance would be a significant component of the project.

The QSA provided for the potential of up to 1.6 maf of short-term, additional water transfers from IID to Metropolitan at \$250 per acre-foot if those transfers were consistent with the preferred alternative to restore the Sea. The proceeds from those transfers would be used as a funding source for the restoration project. However, the Report does not recommend implementation of these additional short-term transfers due to a concern that further water transfers could create dust and air quality issues. Some environmental groups have asked that the Secretary and the Legislature revisit this recommendation in recognition of the need for immediate additional funding sources.

The estimated capital costs of the proposed project are \$8.9 billion with much of the construction completed by 2025. The Report identifies \$77 million of funding currently available from the IID, San Diego County Water Authority (SDCWA), Coachella Valley Water District and Proposition 84. Additional funding from other sources, including state and federal appropriations, would be necessary to proceed with the Secretary's recommendations. The Report makes no recommendation on a governance structure for the restoration program.

Pending applications to appropriate water in the Alamo River and the New River

Metropolitan currently has applications pending before the State Water Resources Control Board (SWRCB) to appropriate water in the Alamo and New Rivers that convey primarily agricultural drainage to the Salton Sea. Those applications were filed in 1997 and 2003 respectively, based on a concept of desalting a portion of the flows in those rivers and returning that water to the Colorado River Aqueduct either by pumping or through exchange. Metropolitan's staff had placed work on this concept on hold pending negotiation of the Quantification Settlement Agreement and completion of the Salton Sea Report.

Due to budget cuts at SWRCB's Water Rights Division, SWRCB has been aggressively dismissing inactive water rights applications. SWRCB staff notified Metropolitan in late 2006 that it would dismiss the Alamo and New Rivers applications unless it provided solid evidence that unappropriated water is available in the two rivers in light of environmental mitigation requirements of SWRCB's approval of the IID-SDCWA water transfer and ecosystem flow requirements expected in any final Salton Sea Restoration Plan. Due to the substantial resources, Metropolitan would have to expend to conduct this analysis and the uncertainty that the evidence would support a finding of unappropriated flows, staff concluded that pursuing the applications further would not be a prudent course of action.

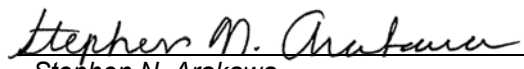
Rather than allowing SWRCB unilaterally to dismiss the applications, Metropolitan's staff recommends withdrawing them while conveying its view that all available flows will be necessary to support future efforts to protect the Salton Sea. SWRCB staff has indicated that if a third party were to file applications on the Alamo and New Rivers following Metropolitan's withdrawal of its applications, SWRCB staff would scrutinize the availability of water for those applications. The SWRCB would, presumably, issue an order rejecting those next applications pursuant to Water Code Section 1260(k), because the applicants would not be able to provide "...sufficient information to demonstrate a reasonable likelihood that unappropriated water is available for the proposed appropriation." The SWRCB could then commence a Fully Appropriated Stream System hearing, and on the basis of its order rejecting the new applications, SWRCB could declare the Alamo and New Rivers to be fully appropriated. Resources Secretary Chrisman's Report, the Resources Agency's Salton Sea Ecosystem Restoration Study and Draft Programmatic Environmental Impact Report, and related documents fully support such an SWRCB determination. Metropolitan's staff would also propose to put the SWRCB on notice that should the SWRCB later determine that water were available in these rivers for beneficial use, Metropolitan would request priority consideration in exploring the feasibility of the desalting concept.

Policy

By Minute Item 45517, dated September 23, 2003, the Board approved the QSA and related agreements and authorized the Chief Executive Officer to execute the finalized QSA and related agreements.

Fiscal Impact

None


 Stephen N. Arakawa
 Manager, Water Resource Management

6/27/2007
 Date

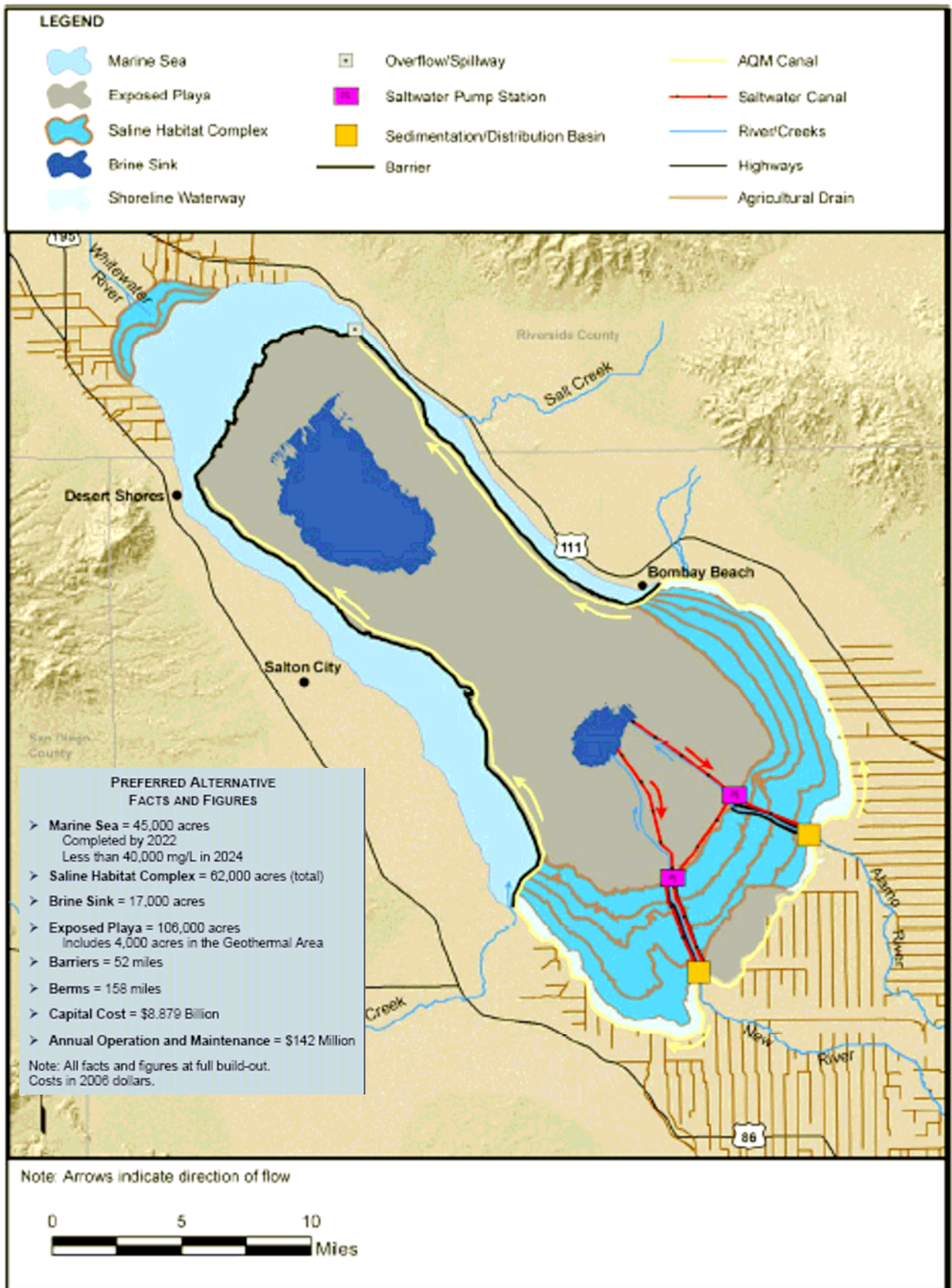

 Jeffrey Kightlinger
 General Manager

6/27/2007
 Date

Attachment 1 – Preferred Alternative Schematic

BLA #5437

Preferred Alternative Schematic



Preferred Alternative Estimated Costs (Total capital: \$8.916 billion)

**Cash Flow Estimate For Preferred Alternative
(In Million Dollars, 2006 Dollars)**

| Items | Five Year Plan/ Pre-Construction Period | Major Construction Period | | Construction Completion Period | | Operations and Maintenance Fund |
|---|---|------------------------------|----------------|-----------------------------------|------------------|--|
| | 2008-2013 | 2014-2020 | 2020-2025 | 2025-2030 | 2030-2035 | 2035-2078 |
| Biological, water quality, sediment, inflow, and air quality investigations, and administration prior to 2014 | \$19.3 | | | | | |
| Demonstration Project (biological, water quality, and sediment investigations; environmental documentation, design, permitting) | \$6.6 | | | | | |
| Early Start Habitat (biological, water quality, and sediment investigations; environmental documentation, design, permitting) | \$77.2 | — | — | — | — | — |
| Estimated land acquisition for Early Start Habitat (estimated) | \$10.0 | | | | | |
| Major Construction Period facilities design (water quality and sediment, investigations, environmental documentation, and permitting) | \$395.8 | | | | | |
| Barriers | — | \$5,702.1 | — | — | — | — |
| Saline Habitat Complex (not Early Start Habitat) | — | \$63.3 | \$482.5 | \$382.1 | \$170.6 | — |
| Water Conveyance * | — | \$148.9 | \$10.2 | \$58.3 | \$32.2 | — |
| Air Quality Management | — | — | \$218.3 | \$192.6 | \$950.3 | — |
| Total Costs * | \$508.9 | \$5,930.3 | \$691.0 | \$633.0 | \$1,153.1 | — |
| Annual Operations and Maintenance | \$3.9 | \$4.8 | \$52.2 | \$70.9 | \$141.9 | \$141.9 |

Note: Costs do not include cost of permits, land or easement acquisition for Preferred Alternative, or the cost to borrow funds.

* Water Conveyance costs includes Sedimentation/Distribution Basins, Air Quality Management Canals, Saltwater Conveyance, Marine Sea Outlet, and roads associated with conveyance facilities.

* Capital costs include 5% for unlisted Items, 30% for contingencies, and 12% for engineering, administration, and legal.