

• Bay-Delta Management Report

Summary

This report provides the status of various processes and activities related to the Bay-Delta.

Detailed Report

Delta Vision

The Delta Vision Blue Ribbon Task Force (BRTF) has completed its efforts to develop a Vision for the Delta and a Strategic Plan for implementing that Vision. The final Delta Vision Strategic Plan document is due for public release on November 3. While the final plan has not been released, the response from the water user community has been generally positive. However, water users remain concerned about the development of ecosystem flow proposals, and the form and function of the proposed new governance and finance structure, which creates another regulatory layer and additional processes that could delay action on the Strategic Plan. The physical vision of the strategic plan, which includes the need for new dual conveyance, new storage, and increased efforts on local supply development and conservation, is conceptually sound. However, the details regarding the means to achieve these components have yet to be developed.

The next step in the process is the Delta Vision Committee (comprised of the Secretaries for Resources, Environmental Protection, Food and Agriculture, Business, Transportation and Housing, and the President of the California Public Utilities Commission) will receive and review the Blue Ribbon Task Force Strategic Plan report and will develop and forward their recommendations to the Governor and the Legislature. The Delta Vision Committee intends to provide its own cover and transmittal document of recommendations to forward to the Governor and Legislature with the BRTF Vision and Strategic Plan as separate reference documents. The Delta Vision Committee will hold public workshops on their transmittal and recommendation documents and is expected to release its draft recommendations document on November 14. The Delta Vision Committee workshops are scheduled for November 21 in Los Angeles and December 3 in Sacramento. Staff will coordinate participation in the Los Angeles workshop with the member agencies and water user groups. A subsequent Delta Vision Committee meeting to finalize its recommendations will be held on December 16.

Metropolitan is working with a diverse statewide coalition of water interests who share basic similar views on a vision for the Delta and a path forward to support the co-equal values of ecosystem restoration and water supply reliability. This coalition includes the Northern California Water Association and Tehama Colusa Canal Authority agencies, the San Joaquin River Group Authority, which includes all the east side San Joaquin users and the Friant Water Authority, and the export community. The formation of this coalition is historic in that it is an upstream/downstream, north-south water interest coalition that jointly agrees on the need for major infrastructure, water management and ecosystem improvements. This coalition has prepared summary statements regarding the path forward and will be developing detailed comments and recommendations on the Delta Vision Committee's recommendations. They also plan to be engaged in any legislative effort that implements components of the Vision.

Bay Delta Conservation Plan

Throughout this past year, the Bay-Delta Conservation Plan (BDCP) process has expended a significant effort to identify a comprehensive suite of potential actions to mitigate project-related impacts to sensitive species and contribute to their recovery. The challenge now facing the BDCP is integrating these various actions into a comprehensive conservation strategy that maximizes the potential benefits of new water conveyance facilities and operations, with ecosystem restoration opportunities. To better understand the integrated benefits of a new intake/conveyance configuration and habitat restoration, Metropolitan participated in a two-day interactive modeling exercise that examined the interrelationship between hydrodynamics, water supply, and ecosystem processes. This exercise led to some new understanding on how operations and restoration activities can be mutually beneficial. Metropolitan is continuing to actively engage in all BDCP-related workgroup efforts. Staff's

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work over the next few months will be focused on meeting the December 2008 target for a comprehensive Conservation Strategy and continuing the development of a governance structure for the implementation of the BDCP.

Near-term Delta Actions

Two-Gates Project

As a part of the interim remedy order of December 14, 2007, Judge Wanger imposed restrictions on reverse flows in the south Delta toward the export pumps to ensure protection of the Delta smelt from entrainment, until a revised biological opinion is certified. The Two-Gates Project involves the installation of new temporary gates in central Delta channels that will be operated in real time to reduce fish take, relax water supply restrictions at the State and Federal export facilities, and improve Delta water quality. A combined team with expertise from the State Water Contractors (SWC), Central Valley Project contractors (CVP) and the Contra Costa Water District (CCWD) has been formed to expedite the implementation process for the Two-Gates Project. The SWC and CVP have supplied staff expertise and consulting resources to CCWD who has assembled Draft CEQA/NEPA documents and permitting materials. On October 23, an Administrative Draft of CEQA/NEPA documents was submitted to the Department of Water Resources (DWR) and the US Bureau of Reclamation (USBR), who have committed to be CEQA and NEPA leads for the project, respectively. A meeting is scheduled for November 7 to facilitate review of the Administrative Draft and help expedite filing of the documents.

The SWC has managed the design process to date and the CCWD has agreed in principle to manage the construction phase. The parties have jointly developed draft principles of agreement, as a basis for cooperation agreements to define management of design, construction, operations and other institutional responsibilities. Through operational protocols developed by DWR and USBR, it is anticipated that the Two-Gates Project would operate together with additional San Joaquin River flows creating both a flow and physical barrier to smelt movement toward the export pumps. The project team is completing necessary work for in-service operation of the gates as early as March/April 2009.

Two-Gates Funding

Metropolitan and the other contractors have been pursuing potential available funding for construction of the project, including remaining "Category III" funds from the 1995 Bay-Delta Accord and Proposition 13 fish protective facilities funding. The total estimated first cost of the Two-Gates Project is approximately \$29 million. The "Category III" account resulted from Metropolitan's commitment to make \$30 million available in 1994 for non-flow measures in the Bay-Delta watershed, which made the 1995 Bay-Delta Accord possible. The CALFED agencies in turn committed to Metropolitan that it would receive a credit for these funds against Metropolitan's share of Bay-Delta mitigation responsibilities. Approximately \$7 million remains in the account on deposit with and managed by Metropolitan, available for expenditure (and credit to Metropolitan) on approval by CALFED. Metropolitan's Board authorized the General Manager to expend the funds in August 1997 upon issuance of appropriate credit by CALFED. In a September 15, 2008 letter Joe Grindstaff, the CALFED Director, recognized the proposed project's potential benefit to listed species and promised expedited review of Metropolitan's request to use the remaining Category III funds for the Two-Gate Project. Mr. Grindstaff also recognized that expenditures for the project may need to occur before CALFED can complete its review of the Category III funding application. In order to protect Metropolitan's credit for expenditure of the Category III funds, Mr. Grindstaff's letter provides that Metropolitan will either get credit if the application is approved, or if the project is not approved for credit, Metropolitan may redeposit any funds expended on the Two-Gate Project and those funds will remain available for credit on a future project. Staff anticipates CALFED will approve the project for Category III funding, but if not, staff will return to the Board for authorization for future needed action. Metropolitan will also be working with DWR to help allocate Proposition 84 funding toward the project through the Governor's recent enactment of SB 1 (Perata, Water quality, flood control, water storage, and wildlife preservation). SB 1 funding for the Franks Tract Project, which in concept includes the Two-Gates Project, is available for these purposes.

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Delta Operations

Endangered Species Act Consultations Regarding SWP and CVP Operations

Metropolitan continues, in partnership with other SWP and CVP contractors (Contractors), to monitor the progress of the Operations Criteria and Plan (OCAP) process. Significant efforts at the technical and policy level have been committed to ensure that DWR and USBR are fully informed on the Contractors' positions regarding water supply needs and effects to operations. In the OCAP consultation, the Contractors have submitted extensive sets of comments and information to the federal wildlife agencies. On September 24, 2008, the Contractors submitted comments on the Biological Assessment that was sent by the USBR to the federal wildlife agencies. Among other things, these September 24 comments discussed the role of other third-party stressors in the decline of the Delta smelt and some of the evidence regarding project impacts on Delta smelt. The Contractors also submitted another set of comments to the wildlife agencies on October 20, 2008. These comments mainly addressed whether Fall X2 salinity conditions were a factor affecting Delta smelt abundance.

In mid-October, DWR and the USBR transmitted to the fish agencies a list of possible fish protection measures that might be included as Reasonable and Prudent Measures (RPAs) in the Biological Opinions (BiOps) for Delta smelt or salmon if the fish agencies determined that project operations were jeopardizing these species. On October 29, the federal attorneys in the delta smelt case released to all parties in that case the draft "Effects" chapter in the Delta smelt BiOp and a Peer Review report on that draft Effects chapter. The Contractors are currently reviewing these documents, and plan to submit detailed comments on them.

A draft BiOp for Delta smelt is expected from the U.S. Fish and Wildlife Service in mid-November, with the final BiOp scheduled for release December 15, 2008. The salmon BiOp is still under the initial stages of development and is expected to be issued by National Marine Fisheries Service in March 2009.

State Water Resources Control Board Issues

On October 8, the State Water Resources Control Board (SWRCB) held a workshop to discuss issues related to its proposed comprehensive review of all the objectives in its Bay-Delta Water Quality Control Plan. The SWRCB has not yet developed its promised description of the potential procedures it proposes to follow in this review. In prior workshops, the SWRCB indicated it would suggest a scoping workshop on these procedural issues in place of the proposed fact-finding hearings in November, and that any additional hearings will not occur until early 2009 at the earliest. Metropolitan staff and other SWP contractors, along with CVP contractors, have been coordinating their efforts on SWRCB, BDCP, OCAP and other issues affecting State Water Project operations. The Contractors collaborated most recently on a September 29, 2008, response to a SWRCB request for written input on factual issues regarding the Bay-Delta and recommendations on procedures to follow in its review of the Water Quality Control Plan. The Contractors will continue to participate jointly in future workshops and in submitting technical and legal information as appropriate.

Governor's 2009 Drought Water Bank

Staff continues to work with the Department of Water Resources (DWR) to develop the 2009 Drought Water Bank (Bank) to ensure it provides the greatest opportunity for Metropolitan to secure 2009 water transfer supplies for its member agencies. Metropolitan has made an initial Bank request for 300,000 acre-feet and negotiations with potential Bank sellers have commenced. In December, staff will refine its initial Bank request and seek Board approval to pay DWR a \$75/acre-foot Bank deposit, which includes a \$5/acre-foot non-refundable payment for administrative costs and a \$70/acre-foot deposit towards the cost of the water, including any option payment.