



- Bay-Delta Management Report

Summary

This report provides a summary of Metropolitan's Bay-Delta related costs for FY 2008-09 and projected costs for FY 2009-10.

Attachments

[Attachment 1 – Schedule of Estimated Bay-Delta Related Expenditures for Near-term Actions and Long-Term Solution](#)

[Attachment 2 – Bay-Delta Restoration Participants Chart](#)

Detailed Report

In June 2007, Metropolitan's Board approved a Delta Action Plan that provides a framework for actions to build a sustainable Delta and reduce conflicts between water supply conveyance and the ecosystem. The Delta Action Plan includes immediate and near-term Delta actions, including emergency response actions, habitat restoration, operational actions and actions to address other stressors to Delta fish species. It includes a framework to develop a comprehensive long-term solution for the Delta. The Delta Action Plan guides Metropolitan's actions and decisions concerning Bay-Delta issues, and forms the basis for Metropolitan's Bay-Delta related costs.

The Board requested staff to provide a summary of Metropolitan's Bay-Delta related costs. This report provides a summary of those costs for FY 2008/09 and the projected costs for FY 2009/10. The costs for FY 2009 total \$23 million and for FY 2010 are projected to be \$32.5 million. The costs are summarized separately for both near-term Delta actions and long-term Delta solutions and are presented in [Attachment 1](#). This report also provides a description of the costs and the oversight mechanism and Metropolitan's role. A graphical overview of the participants in the Bay-Delta Restoration and their roles is provided in [Attachment 2](#).

Near-term Delta Actions

The costs for Near-Term Delta Actions for FY 2009 were \$10.3 million and FY 2010 are projected to be \$12.4 million. As stated in the Delta Action Plan, there is a critical need to implement emergency response actions, improve protection of Delta fisheries, and improve water supply reliability in the near-term, and pursue near-term Delta measures that are compatible with a long-term Delta solution. To address near-term needs, Metropolitan is working with state and federal agencies, water contractors, and other project partners to finalize environmental documentation and implement the Two-Gates Fish Protection Demonstration Project, expedite high priority Delta emergency response measures and levee improvements, identify priority Delta habitat restoration opportunities, and address other stressors to the Delta ecosystem such as toxic contaminants, in-Delta diversions and non-native species. In addition, Metropolitan is participating in legal challenges related to endangered species requirements, Delta water quality, and restrictions on State Water Project (SWP) operations. The different categories of costs for near-term Delta actions are described below.

SWP Near-term Actions: The Department of Water Resources (DWR), with input from the State Water Contractors (SWC), is responsible for SWP near-term actions. SWP near-term activities include Bay-Delta Environmental Protection Studies, such as the Interagency Ecological Program and Delta monitoring, Delta facilities planning, and fish facilities improvements. The reported cost is an estimate of DWR's costs for near-term actions. DWR does not segregate on-going SWP Delta operating costs from near-term actions. Metropolitan's share of DWR's costs for SWP near-term actions are incorporated into DWR's Delta Operations charge and included in Metropolitan's annual SWP charges. These costs are included in Metropolitan's annual budget.

SWC Bay-Delta fund: The SWC Bay-Delta Fund provides funds for legal and technical support for Bay-Delta issues. These activities include legal costs related to Endangered Species Act litigation and south Delta water

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rights, technical support for fisheries issues, and expenses related to the San Joaquin Agreement and an economic analysis of the impact of water shortages. In addition, as part of a 50/50 cost share with the Central Valley Project (CVP) contractors, the fund provides the SWC share for the SWP/CVP Coordinated Projects, which conducts critical studies on Delta fisheries and other stressors issues. The SWC Board of Directors is responsible for oversight of the Bay-Delta fund, and Metropolitan is represented on the SWC Board by WRM Group Manager Stephen Arakawa.

Bay-Delta Consultants: Metropolitan's Bay-Delta consultants are a critical resource for moving forward on key near-term Delta actions. In addition, Bay-Delta consultants are providing technical support for Delta emergency response actions, habitat restoration activities and fisheries issues. Metropolitan staff oversees the technical work conducted by the consultants.

Staff: Metropolitan staff is participating in joint technical efforts with DWR, the U.S. Bureau of Reclamation (USBR), and state and federal water contractors to develop the necessary environmental, engineering, and financial information and agreements to move specific near-term actions forward.

Legal Staff: Metropolitan's Legal staff is involved in near-term Delta legal issues and litigation related to Delta water quality, fisheries, Endangered Species Act requirements, water rights and SWP operations.

Legal Services: Outside legal services provide support to Metropolitan's legal staff on matters related Delta water quality, fisheries, Endangered Species Act requirements, water rights and SWP operations

Two Gate Fish Protection Project: Metropolitan staff is managing this project. Consultants are involved in preparing technical studies, environmental documentation and permitting, and engineering design for the Two-Gate Fish Protection Project. A portion of these costs are reimbursable through previously dedicated Category III program funding.

Long-term Delta Solution

The costs for the Long-term Delta solution for FY 2009 were \$12.8 million and FY 2010 are projected to be \$20 million.

Metropolitan is directly participating in processes to develop a sustainable long-term Delta solution implementing conveyance, source water quality and fish species conservation improvements. There are two processes underway to develop a long-term Delta solution – the Bay-Delta Conservation Plan (BDCP) and the Delta Habitat Conservation and Conveyance Program (DHCCP). Metropolitan is working with state and federal fishery and water management agencies, water project contractors and stakeholders in the BDCP process to develop a long-term plan for Delta conveyance and habitat restoration. The DHCCP process is addressing the necessary environmental documentation and preliminary designs needed to support a decision on Delta conveyance facilities improvements. Metropolitan Water Resource Management and Legal staff and consultants are participating in these efforts. The different categories of costs for developing a long-term Delta solution are described below.

Bay-Delta Conservation Plan: The BDCP is being prepared through a voluntary collaboration of state, federal and local water agencies, state and federal fish agencies, environmental groups and other interested parties. The purpose of the BDCP is to help recover endangered and sensitive species and their habitats in the Delta in a way that also will provide for sufficient and reliable water supplies. The BDCP will include conservation measures to restore habitat, conveyance measures to move water supplies in a more ecologically sustainable manner, and actions to address other stressors on the listed species, such as toxic contaminants and invasive species. The BDCP Steering Committee provides oversight and guidance to the BDCP process. Metropolitan is represented on the Steering Committee by Assistant General Manager Roger Patterson. DWR provides oversight of the BDCP budget and Metropolitan's share of DWR's costs for BDCP is billed to Metropolitan through the SWP bill. Metropolitan costs are based on DWR's budget estimate. DWR's costs for the BDCP are incorporated into the SWP Delta operations charge and included in Metropolitan's annual SWP charges. The SWP charges are included in the annual budget.

Delta Habitat Conservation and Conveyance Program: The DHCCP includes the necessary environmental documentation and preliminary designs needed to support a decision to construct Delta conveyance facilities. The

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Board authorized Metropolitan's participation in the DHCCP in December 2008. The DHCCP Memorandum of Agreement (MOA) formalizes water contractor integration with DWR staff and consultants as a study team. Oversight and management guidance of the DHCCP is provided by the Executive Committee formed under the MOA. Metropolitan is represented on the Executive Committee by General Manager Jeffrey Kightlinger. DWR oversees the DHCCP planning effort and the program provides DWR with funding to conduct the necessary studies. The SWC and Central Valley Project (CVP) contractors share the DHCCP costs equally. The DHCCP funding agreement provides for the DHCCP costs to be included in each participating state contractor's annual statement of charges. The SWP contractors' share of the program costs are allocated based on each participant's SWP contract supply (Table A) amount. The costs are incorporated into Metropolitan's annual SWP charges and were included in the SWP charges budget.

State Water Project Contractor Authority – Delta Specific Project Committee: The State Water Project Contractors Authority - Delta Specific Project Committee (DSPC) provides a mechanism for broad SWP contractor participation in the DHCCP. The Board authorized Metropolitan's participation in the DSPC in December 2008. Metropolitan is represented on the DSPC governance committee by WRM Unit Manager Kevin Donhoff. Metropolitan's share of costs for the DSPC is based on the SWP contract supply (Table A) amount of the participant's. This is the first year of existence for the Delta Specific Project Committee. These costs are included in Metropolitan's FY 2009/10 budget.

State and Federal Contractors Water Authority: The State and Federal Contractors Water Authority (SFCWA) was established by the state and federal water contractors under a joint powers agreement. The Board authorized Metropolitan's participation in SFCWA in December 2008. The purpose of the SFCWA is to provide a public entity to pursue a successful DHCCP. SFCWA will conduct collaborative studies, implement conservation measures to protect Delta species and protect Delta water supply. Initial activities will focus on environmental, engineering and design work supporting the DHCCP planning effort. The role of SFCWA is expected to evolve over time. Oversight of the SFCWA is provided by a board of directors, on which Metropolitan is represented by General Manager Jeffrey Kightlinger. SFCWA administrative costs are shared equally between state and federal contractors. This is the first year of operation for the SFCWA. These costs are included in Metropolitan's FY 2009/10 budget.

Bay-Delta Consultants: Metropolitan's Bay-Delta consultants are conducting long-term Delta water supply and water quality conveyance modeling and planning studies. Metropolitan staff oversees the technical work conducted by the consultants. These costs are included in the FY 2009/10 budget.

Staff: Metropolitan staff is participating in joint technical efforts with DWR, USBR, and state and federal water contractors to develop the necessary environmental, engineering, and financial information and agreements to develop and implement a Delta long-term solution.

Legal Staff: Metropolitan's legal staff is supporting the development of the BDCP.

Legal Services: Outside legal services are providing support for the development of the BDCP.

Schedule of Estimated Bay-Delta Related Expenditures for Near Term Actions and Long Term Solution

\$ thousands

Program	Component	FY08/09	FY09/10		
			To Date	Remaining	Actual & Projected
Near Term Actions					
	State Water Project Near-term Actions ^{1,2}	\$ 3,627	\$ 1,163	\$ 2,204	\$ 3,367
	State Water Contractors Bay-Delta Fund	\$ 638	\$ 1,099	\$ -	\$ 1,099
	Bay-Delta Consultants ⁴	\$ 1,626	\$ 266	\$ 782	\$ 1,048
	Staff ³	\$ 2,585	\$ 1,015	\$ 2,031	\$ 3,046
	Legal Staff	\$ 276	\$ 102	\$ 213	\$ 315
	Legal Services ⁵	\$ 1,107	\$ 649	\$ 1,252	\$ 1,901
	Two Gate Project ⁶	\$ 400	\$ 1,188	\$ 522	\$ 1,710
	Subtotal	\$ 10,259	\$ 5,482	\$ 7,004	\$ 12,486
Long Term Term Solution					
	Bay Delta Conservation Plan - State Water Project	\$ 4,353	\$ 1,528	\$ 2,826	\$ 4,354
	Delta Habitat Conservation & Conveyance Program	\$ 6,982	\$ 4,300	\$ 9,872	\$ 14,172
	SWP Contractors Authority - Delta Specific Project Comm.	\$ -	\$ 22	\$ -	\$ 22
	State Federal Contractors Water Authority	\$ -	\$ 150	\$ -	\$ 150
	Bay-Delta Consultants	\$ 57	\$ 11	\$ 135	\$ 146
	Staff ³	\$ 648	\$ 220	\$ 441	\$ 661
	Legal Staff	\$ 277	\$ 110	\$ 237	\$ 347
	Legal Services	\$ 463	\$ 37	\$ 163	\$ 200
	Subtotal	\$ 12,780	\$ 6,378	\$ 13,674	\$ 20,052
	Total	\$ 23,039	\$ 11,860	\$ 20,678	\$ 32,538

Notes

(1) This amount is an estimate of Metropolitan's 46% share of the incremental increase in Conservation O&M incurred for SWP Delta Facilities. The total annual cost for the Delta Facilities for both FY 08/09 & 09/10 is approximately \$36 million. Prior to 2005 the annual cost was approximately \$19 million. Commencing in 2005, SWP costs billed to Delta Facilities increased by approximately \$17 million to \$36 million annually. It is estimated that the \$17 million increase in cost reflects DWR's increase in annual expenditures to address Delta issues and fixes. Currently, approximately \$9 million of the \$17 million is related to the BDCP.

(2) Delta Facilities is used to collect DWR's costs for activities in or related to the Sacramento-San Joaquin Delta. Delta Facilities is just one of many components of the Delta Charge. The Delta Charge is for all conservation related costs, including Delta Facilities, incurred in an area that stretches from north of Oroville Reservoir to Dos Amigos pumping plant adjacent to US 5 in the San Joaquin Valley.

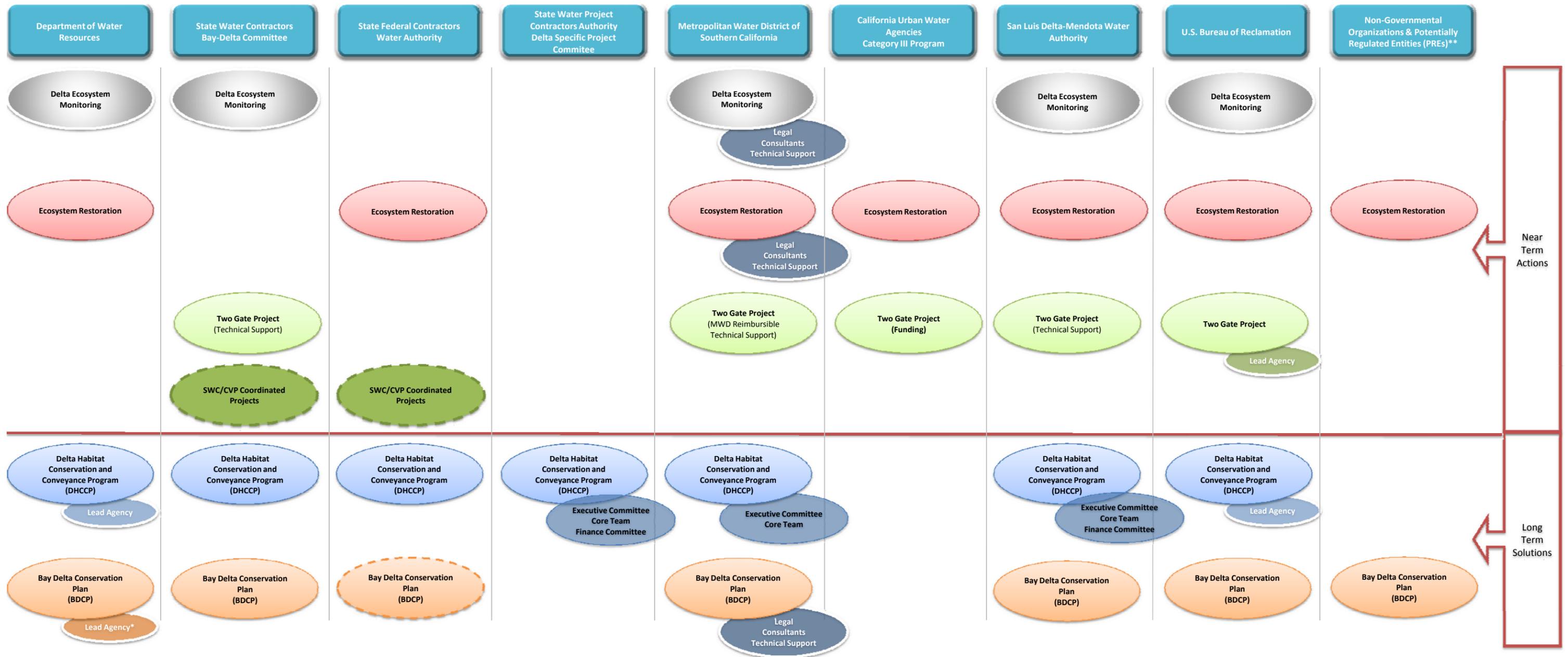
(3) Estimated cost including Labor, benefits, and overhead for 10 FTE's.

(4) Includes estimated cost for unbudgeted cost for professional services under Bay-Delta consultants (\$250k) plus Two Gate project (\$250k).

(5) \$650,000 of Legal Services is unbudgeted for near term actions.

(6) The Two Gate project includes both MWD labor, benefits and overhead for one FTE and professional services. Up to \$680,000 for the Two Gate project's professional services is reimbursible through the Category III program.

Bay-Delta Restoration Participants Chart



Near Term Actions

Long Term Solutions

***Other BDCP lead agencies not listed above include:**
 California Fish & Game
 U.S. Dept of Interior
 National Oceanic & Atmospheric Administration
 U.S. Fish & Wildlife Service
 California Natural Resources Agency

****BDCP also includes Non-Governmental Organization (NGO) participants**
 American Rivers
 Defenders of Wildlife
 Environmental Defense Fund
 Natural Heritage Institute
 The Nature Conservancy
 The Bay Institute

****BDCP also includes Potentially Regulated Entities (PREs) participants**
 California Department of Water Resources
 Bureau of Reclamation
 Kern County Water Agency
 Metropolitan Water District
 Mirant
 San Luis Delta-Mendota Water Authority
 Santa Clara Valley Water District
 Westlands Water District
 Zone 7 Water Agency