



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

2/9/2010 Board Meeting

9-2

Subject

Review Bay-Delta Conservation Plan and EIR/EIS

Description

Background. In mid-2006, a voluntary collaboration of state, federal and local water agencies, state and federal fish agencies, environmental organizations, and other interested parties began development of the Bay Delta Conservation Plan (Conservation Plan). The Conservation Plan is an effort to improve the ecological conditions to support endangered species and their habitats in the Delta and also provide for the protection and restoration of urban and agricultural water supply reliability.

Throughout 2007, the Conservation Plan participants formed a Steering Committee, signed a Planning Agreement (approved by the Metropolitan Board in October 2006), and began evaluating different conceptual approaches to the development of the Conservation Plan, focusing primarily on water conveyance and ecosystem restoration opportunities. Ten conservation strategies were analyzed based on biological, planning, and other criteria, then narrowed to four conservation options. The Conservation Plan Steering Committee agreed the most promising approach for achieving the ecosystem restoration and water supply goals would be to develop and analyze a dual-intake conveyance approach, in tandem with habitat restoration and methods to manage other stressors on fish species. In December 2009, the Board authorized execution of amendments to the Planning Agreement for the Conservation Plan and the Cooperation Agreement among potentially regulated entities for preparation of the Conservation Plan.

The Conservation Plan would provide the basis for obtaining long-term (potentially 50-year) permits to operate existing and new water projects in the Delta under the state and federal endangered species laws. It would also provide for streamlined permitting for projects covered by the plan.

Project Overview, Management and Staffing. Development of the Conservation Plan and associated environmental documentation is organized through two joint-collaborative processes. The Conservation Plan development is led by members of the Steering Committee and managed by Karen Scarborough, Undersecretary, California Resources Agency. Assistant General Manager Roger Patterson represents Metropolitan on the Steering Committee. Staffing of the effort comes from a combination of consultants hired by the Steering Committee, and in-kind staff services from Steering Committee member agencies, including Metropolitan.

The development of the Environmental Impact Report/Environmental Impact Statement (EIR/EIS) is led by the State Department of Water Resources (DWR), and managed by Chuck Gardner, a project management consultant working for DWR. The Bureau of Reclamation, U.S. Fish and Wildlife Service and the National Marine Fishery Service are the federal co-leads on the Environmental Impact Statement. DWR has also instituted a Management Committee, Core Team, and a staff review team to assist in development of the options and materials. General Manager Jeff Kightlinger and other members of staff participate in these efforts.

Conveyance Alternatives and Cost Estimates. The Conservation Plan is currently analyzing four major conveyance alternatives. Three of the alternatives include a dual-intake approach, and one alternative employs through-Delta conveyance improvements only. The dual-intake approach is based on use of the existing south Delta intake facility and the addition of an isolated facility. Three alignment locations have been proposed for the

isolated facility including the west side of the Delta, east side of the Delta, or an all tunnel approach under the center of the Delta.

In December 2009, DWR released an initial estimate of the cost of the three dual-intake approaches. These estimates include the cost of construction, footprint land acquisition, and mitigation land acquisition.

Isolated Conveyance Facility – West	\$8.6 billion to \$9.4 billion
Isolated Conveyance Facility – East	\$7.9 billion to \$8.5 billion
Isolated Conveyance Facility – All Tunnel	\$9.7 billion to \$10.5 billion

In February 2010, an independent cost estimate will be conducted to confirm these initial estimates. In addition, a risk assessment workshop will be conducted with outside expertise to ensure elements critical to meeting project implementation timelines and budgets are accurately reflected. The risk assessment will review the following major categories: environmental permitting, engineering design, operations and maintenance, procurement and construction, construction management, land use and real estate issues, and legislative and legal issues.

Habitat Restoration Options. The Conservation Plan participants are involved in developing conservation actions that would restore natural habitat and expand habitat to mimic natural conditions. The objective is to improve the availability of food and habitat locations for spawning and rearing. The Conservation Plan activity involves investigating four physical habitat areas for restoration: floodplain habitat, intertidal marsh habitat, riparian habitat, and river channel margin habitat. Initial proposed restoration and enhancement targets call for 10,000 acres of restored floodplain, 65,000 acres of restored tidal marsh, 5,000 acres of restored riparian, and 20 linear miles of restored river channel margin. These proposed habitat actions would be implemented over a 40-year period and would include monitoring and adaptive management programs to assess the effectiveness of the restoration in achieving desired ecological benefits.

Measures Addressing Other Stressors to Fish. The Conservation Plan process includes analyzing a number of stressors that affect covered fish species throughout the Delta and Suisun Bay/Marsh and developing conservation measures to reduce their impacts. Potential other stressor measures include: controlling existing non-native species and preventing new non-native species from entering the Delta, reducing toxic contaminants input into Delta waterways, improving hatchery practices to benefit wild salmonids, supporting conservation hatcheries to create refuge populations of Delta and Longfin smelt, improving harvest practices to protect covered fish species from overfishing and illegal harvest, improving the design and operations of non-export project diversions to reduce entrainment, and reducing the effects of recreational activities on specific sensitive habitat sites in the Delta.

Planning Budget. Funding for the development of the Conservation Plan, environmental documentation, and preliminary design of the new conveyance facilities comes from the State Water Contractors, Central Valley Project Contractors, and Mirant Energy which operates a power plant in the Delta region. In 2007, an initial budget for the Conservation Plan and the EIR/EIS was estimated at \$156 million. In December 2009, after a realignment of DWR management over different elements of the project, a new cost estimate was developed through the new Project Manager Chuck Gardner. The total revised budget is estimated at about \$240 million. The cost increase is for additional work to strengthen the analysis for the BDCP and conveyance elements and assure that this analysis is at a sufficient level to support the EIR/EIS. There are also additional costs associated with a longer, revised schedule. The state and federal water contractors, including Metropolitan, are in the process of reviewing these new estimates, understanding the cause of the increases and recommending cost-saving measures.

Schedule. In December 2009, the Conservation Plan Steering Committee in coordination with DWR issued a new schedule for completion of the Conservation Plan and EIR/EIS. The new schedule shows a delay in completion of the final documents, but pursues a timeline to release a public draft of the documents by the end of September 2010. The final Conservation Plan and EIR/EIS are scheduled to be completed by the end of 2011. Construction of the isolated facility component is estimated to take a little over 6 years, with operation beginning in 2019.

Key Issues. The Conservation Plan Steering Committee is scheduled over the upcoming year to review and provide direction on a number of Conservation Plan issues. Highlighted below are some of the key issues under discussion:

- Operations and Flow Criteria. Defining near- and long-term operations criteria that provides a stable regulatory framework for operating the state and federal water projects and will achieve acceptable water supply reliability.
- Conveyance Options and Costs. Analyzing the costs and risks associated with each option to ensure a comprehensive analysis for effective policy and investment consideration.
- Governance Structure. Defining an appropriate governance structure for implementation of the Conservation Plan elements, and defining the role of the state and federal water contractors in implementing the program.
- Financing Structure and Funding Mechanisms. Defining an equitable cost share between the federal and state governments, and water users; and determine how the costs will be financed.
- Assurances. Defining a comprehensive Delta solution that provides for: a stable regulatory framework for operating state and federal projects; ecosystem protection and restoration; and effective environmental, water supply, and third-party assurances.

Metropolitan staff is continuing to directly engage in all Conservation Plan and EIR/EIS development efforts. Staff will update the Board on a monthly basis on progress in the key issue areas.

Policy

By Minute Item 45753, dated May 11, 2004, and Minute Item 46637, dated April 11, 2006, the Board adopted a set of Delta Policy Principles to ensure a solid foundation for development of future Metropolitan positions and to provide guidance to Metropolitan staff.

By Minute Item 46747, dated July 11, 2006, the Board authorized execution of the draft Memorandum of Agreement for supplemental funding to support near-term water supply, water quality, ecosystem, and levee actions in the Delta.

By Minute Item 46843, dated October 10, 2006, the Board authorized execution of the Planning Agreement for the Bay Delta Conservation Plan.

By Minute Item 46878, dated November 14, 2006, the Board authorized execution of the Bay Delta Conservation Plan Cooperative Cost-Share Agreement.

By Minute Item 47135, dated June 12, 2007, the Board supported, in principle, the proposed Delta Action Plan, as set forth in the letter signed by the General Manager.

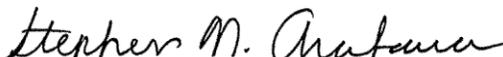
By Minute Item 47232, dated September 11, 2007, the Board adopted criteria for support of conveyance options in implementation of a long-term Delta improvement plan.

By Minute Item 47605, dated August 19, 2008, the Board approved Delta Governance Principles as outlined in the board letter.

By Minute Item 48117, dated December 8, 2009, the Board authorized execution of amendments to the Planning Agreement for the Bay-Delta Conservation Plan and the Cooperation Agreement Among Potentially Regulated Entities for Preparation of the Bay Delta Conservation Plan.

Fiscal Impact

None



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Manager, Water Resource Management

2/2/2010

Date



Jeffrey Lightlinger
General Manager

2/2/2010

Date

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