

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

April 11, 2006 Board Meeting

Revised 8-3

Subject

Approve the policy principles regarding 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 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 (Delta).

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:

- Governor Schwarzenegger’s 10-year action plan to redirect the CALFED Program.
- 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 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 and other actions.

Southern California has a significant stake in the Delta in Northern California. From a water supply perspective, the State Water Project (SWP) has made available, 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 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 outlined in this letter.

LONG-TERM SUSTAINABILITY IN THE SACRAMENTO-SAN JOAQUIN RIVER DELTA POLICY PRINCIPLES OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

METROPOLITAN'S DELTA MISSION STATEMENT

Metropolitan supports actions that promote an environmentally and economically sustainable Delta in a manner that (1) ensures adequate and reliable supplies of high-quality water consistent with statewide integrated resource management practices, and (2) results in a fair and reasonable allocation of costs among all Bay-Delta watershed beneficiaries.

Metropolitan's fundamental interest in the Delta is to obtain adequate supplies of reliable, high-quality water as a key component of the diversified supply portfolio in its Integrated Water Resources Plan (IRP). Metropolitan has long recognized that success in the Delta also requires success in Southern California and the other regions of the state dependent upon the Bay-Delta watershed. Accordingly, the proposed board policies are developed from a general mission statement to more detailed policy principles which cover a wide range of success factors Metropolitan believes are important to achieving success in the Delta.

CENTRAL THEMES OF PROPOSED POLICY PRINCIPLES

The Mission Statement embodies four central themes: a focus on long-term sustainability; consistency with integrated regional planning, including Metropolitan's IRP; a fair allocation of the costs of all actions required to sustain environmental and economic uses of the Delta; and continued implementation and protection of water supplies and quality through facility improvements.

- **Develop Sustainable Long-Term Delta Vision. 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.**

To resolve long-standing problems in the Delta, state policy must shift from the near-term focus of recent years to a long-term focus on the sustainability of environmental and economic uses of the Delta. 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 long-term sustainability of current uses of the Delta or for the potentially catastrophic risks and ongoing physical deterioration facing the Delta. Yet, with in-Delta fisheries' continued decline despite improvements in other fisheries in the watershed, and with the Delta's fragile levee system – 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 California Department of Water Resources (DWR) 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 has recently agreed to help finance this effort. The long-term vision must consider all significant risk factors affecting the Delta, including earthquakes, floods, rising sea levels due to global warming, land subsidence, wind, invasive non-native species, water exports, and upstream discharges of contaminants affecting Delta fisheries and drinking water quality. Further, the long-term vision must provide for long-term environmental and economic uses of the Delta's land, water, and other resources. Meeting this challenge will require substantial change.

- **Promote Statewide Integrated Resource Management Actions. Through open public processes, state policy must encourage actions in the Delta and throughout California that promote improvements in water supply and water quality consistent with regional integrated resource management plans. In particular, a statewide commitment to water use efficiency and alternative local sources of supply will be essential.**

A sustainable Delta will require improvements to environmental, water supply, water quality, and other actions both within and outside the Delta. Metropolitan, its member agencies, and subagencies have invested billions during the past two decades to adjust reliability plans to the existing availability of SWP water, which

has been limited to protect Delta fisheries and in-Delta water quality. In the past, the public policy debate over the Delta focused in large part on the need for substantial increases in diversions from the Delta to meet growing demands for water throughout the state. Today, however, Metropolitan's IRP commits to meeting growth in Southern California's water demands substantially through increased water use efficiency, local and regional supply development, and voluntary transfers of conserved water from willing sellers. Unlike the policy debates surrounding the Delta in the past, the primary supply objective of Metropolitan is to protect the existing reliability of SWP supplies to meet base water demands and replenish storage. From a water supply perspective, a sustainable Delta will require encouraging investments in local and regional supply resources and a commitment by the state to assure dependable existing supplies from the Bay-Delta watershed.

- **Long-Term Solutions Must be Cost-Effective and Fairly Apportion Costs to All Beneficiaries.** Long-term Delta solutions must seek to minimize the combined costs of in-Delta and outside-the-Delta actions, including actions identified in regional integrated resource management plans. Cost-sharing agreements must reflect an equitable allocation of costs among the multiple beneficiaries of the Bay-Delta. All entities that contribute to adverse environmental impacts or benefit from Delta improvements should pay their fair share of costs. 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.

Solutions to the policy challenges facing the Delta will be expensive. It is essential that state policy seek the least-cost strategies to address Delta management and that costs be apportioned fairly among all beneficiaries of the system.

State policy should expressly seek to minimize the combined costs of actions taken with respect to emergency response to Delta levee failures. The combined costs of such emergency response actions include the costs to reduce the risk or severity and to respond to disruptions, the costs of action 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.

Further, the costs of Delta sustainability should be borne by all parties who benefit from or share in the responsibility for resolving problems in the Delta. These parties include, but are not limited to the following: the general public; Delta urban and agricultural landowners and users; flood protection agencies; recreation interests; users of Delta-related water; energy, rail and road transportation, and communications infrastructure; ecological interests; housing interests; business and industry; and upstream dischargers of salinity and other contaminants.

- **Pursue continued Implementation/Protection of Drinking Water Supplies/Quality Facility Improvements.** Metropolitan supports continued implementation and protection of drinking water supplies and water quality in the Delta through facility improvements. Long-term policies in the Delta must be focused on cost-effective facility improvements for Delta water quality to protect public health and manage salinity.

Metropolitan supports improving water quality through facility developments. In particular, Metropolitan supports federal and state funding for implementation of projects and actions, including water quality, watershed protection, science and coordination. Metropolitan supports funding for the implementation of key water quality activities, including the San Joaquin River drainage and salinity management, source control programs in the Delta and its tributaries, and water treatment demonstration projects. State policy should seek to reduce concentrations of bromides and other constituents in Delta supplies. Metropolitan will continue its collaborative efforts with the South Delta Water Agency in combined flow and salinity management issues related to the South Delta Improvements Program and the San Joaquin River, along with continued participation in negotiations related to potential water quality impacts to other parties under the South Delta Improvements Program. In particular, salinity reduction in the Delta will help meet urban and agricultural regional salinity objectives.

STRATEGIC GOALS AND SUCCESS FACTORS

Accomplishing Metropolitan's Delta Mission Statement consistent with the themes identified above will require adherence to the following specific policy principles. The first four principles identify fundamental strategic goals of Metropolitan – that is, the ends we seek to achieve. The remaining nine principles identify success factors, which Metropolitan believes will be critical to successfully meet the long-term challenges in the Delta.

Fundamental Strategic Goals

1. **Improve Water Supply Reliability Consistent With Regional Integrated Resource Plans: State policy must encourage statewide development of water use efficiency and other local and regional water resources, and it must assure the long-term reliability of imported supplies upon which the state's economy continues to rely. At the same time, local and regional entities throughout California must support and improve reliability through regional integrated resource plans that invest in water use efficiency, local and regional storage, and other sources of supply.**

The Delta is a major source of water for most of the state and the sustainability of Delta water supplies is a critical element of Southern California's water reliability. Implementation of Metropolitan's IRP has resulted in a substantial commitment to meet growing water needs through regional resource development. The state must encourage development of regional integrated resource plans throughout California to enhance investments and improvements in local supply resources. The state must further assure access to reliable, high quality imported water consistent with acceptable regional integrated resource plans.

2. **Provide for Cost-Effective 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.**

Improving water quality consistent with the goals of the CALFED Record of Decision remains a critical goal for Metropolitan. Reducing concentrations of bromides and other constituents of concern in Delta supplies, in concert with actions in the south Delta, are important to protect public health. In addition, measures that reduce the salinity of Delta supplies will help meet regional salinity objectives of urban and agricultural agencies throughout California.

3. **Provide for Comprehensive and Sustainable Environmental Protection: State policy must pursue a comprehensive and sustainable environmental restoration program to protect and improve the environmental benefits provided by the Delta and its tributaries.**

Water supply reliability for two-thirds of California is linked to the long-term environmental health of the Bay-Delta watershed. To sustain the Delta environment and fisheries, state policy must pursue a comprehensive restoration program that addresses all significant environmental stressors (see Principle 13). If sound science demonstrates that changes in SWP operations are required to protect Delta fisheries, those changes should be part of a comprehensive strategy to restore fisheries and related habitat.

4. **Complete Emergency Preparedness and Response Capability Measures: To minimize risk to disruption of water supplies in the near term, the state should complete by the end of 2006 a cost-effective Emergency Preparedness and Response Plan related to Delta levee system risks.**

Metropolitan is committed to working with the DWR, the State Water Contractors, and other interested entities to develop emergency preparedness measures for the Delta by the end of 2006. Emergency plans should outline key actions, including those necessary to respond to levee failures, prevent salinity intrusion, and route fresh water to export pumps.

Long-Term Delta Vision

5. **Develop a Long-Term Management Vision for the Multiple Delta Uses:** A “business as usual” policy will not result in a sustainable Delta. Significant change will be required. Metropolitan supports efforts to develop a long-term Delta Vision Policy by 2007 in an open public process, for management of the Delta and its many uses including environmental, water supply, water quality, agriculture, flood protection, transportation, telecommunications, urban housing, gas/oil/electrical/water conveyance, recreation, industry, and others.

In developing this policy, elected officials, policymakers and stakeholders must consider current and potential future uses of the Delta – including environmental, water supply, water quality, critical infrastructure, local land use, recreational and other uses – in an open public process to develop a comprehensive and cost-effective plan for the Delta’s future purposes and management. Such proposed uses of Delta resources should be included in the vision only if it is determined that the overall pattern of uses can be sustained over the long term. 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 for Delta Land Uses, Statewide Storage Investments, and Moving Delta Water:** All options for development of a long-term, sustainable Delta Vision must be considered in an open public process, including alternative land use practices in the Delta, investments in new storage for the statewide system, and alternative means of moving water.

Metropolitan believes that all options must be evaluated on the basis of sound and objective science, including alternative land use practices in the Delta, investments in new storage for the statewide system, and alternative means of moving water to the SWP, Central Valley Project (CVP), and other Delta diverters. Metropolitan also recognizes that following the development of a long-term Delta Vision, the full implementation of solutions will take a decade or more. In the interim, the state must manage and improve the Delta’s current physical system to be consistent with the long-term vision and future investments.

7. **Ensure Consistent Investments for Long-Term Reliability and Quality:** All near-term and long-term capital investments in the Delta must be consistent with the long-term vision for Delta sustainability (i.e. minimize stranded assets), and strategically focused to maintain export water supply reliability and quality.

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. **Implement Least-Cost Strategies:** Because solutions to this policy challenge will be expensive to 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 least-cost strategies should be consistent with regional integrated water management plans, including water use efficiency actions.

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 levee failures in the Delta system; the cost of new surface and groundwater storage and other improvements to the state’s “back-bone” water supply system; and the costs of alternative water supplies contained in regional integrated plans to help achieve Delta objectives.

9. **All Beneficiaries Must Pay Their Fair Share:** All entities that benefit from Delta improvements or contribute to adverse environmental impacts should pay their fair share of costs. Cost-sharing agreements must reflect an equitable allocation of costs among the multiple beneficiaries.

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. 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 a finance plan to implement

any long-term Delta Vision is contingent upon financial participation of all parties that benefit from a more secure Delta. Metropolitan is willing to pay its fair share of the costs to address these policy challenges. These parties include: the general public; Delta urban and agricultural land owners and users; flood protection agencies; recreation interests; users of Delta-related water, energy, rail and road transportation, and communications infrastructure; ecological interests; housing interests; business and industry; and upstream dischargers of salinity and other contaminants.

10. Secure State & Federal Funding Contributions for Broad Public Benefits: The broad public benefits of actions to sustain the Delta should be funded with continued contributions from the State General Fund, general obligation bonds, and federal appropriations for the implementation of Delta-related policies.

While Metropolitan recognizes that exclusive reliance on public funds is no longer realistic, since the Delta provides a broad array of public benefits, state and federal funds should continue to be a primary financial resource for actions to maintain and improve the system.

11. Encourage Continued Regional Investments: State policy should encourage continued statewide implementation of local and regional investments, consistent with the policies of local and regional water supply agencies.

The long-term Delta policy should reflect 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. Moreover, local and regional investments help ensure water supply reliability in the event of an outage in the Delta water supply.

Process

12. Promote An Open, Collaborative Public Process: Development, funding, and implementation of the long-term Delta Vision should be developed through an open, collaborative public process. Any statutory, regulatory, or funding components of the plan should reflect the outcome of the collaborative process among entities that will be expected to contribute to the plan.

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.

13. Base All Actions on Sound and Comprehensive Science: All near-term and long-term actions implemented pursuant to the plan, including environmental restoration actions, investments in new surface and groundwater storage, and improvements in the means of moving water to the SWP, CVP, and all other users of supply, should be based on sound, objective and comprehensive science and technical information.

All scientific and technical conclusions should be subject to impartial and objective peer-review by nationally or internationally recognized scientists and/or technicians. Sound science must be the basis to pursue comprehensive solutions to the environmental challenges in the Delta. Delta sustainability requires a comprehensive approach that addresses all significant environmental stressors.

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.

