THE ASSOCIATION OF CALIFORNIA WATER AGENCIES

ENVIRONMENTAL AND ECONOMIC SUSTAINABILITY POLICY PRINCIPLES

November 2008

Preface

At its May meeting in Santa Rosa, as part of the discussion regarding the ACWA Strategic and Business Plan, the Board requested that staff develop draft policy principles on sustainability for discussion, refinement, and adoption. Draft principles were developed and discussed extensively at the July 25, 2008 board meeting and again at the September 26, 2008 meeting. This communication proposes revisions to the principles based on these discussions and recommends adoption of sustainability policy principles to guide ACWA efforts on the challenging policy issues confronting the organization now and in the future. The 2005 policy document No Time to Waste: A Blueprint for California Water recognized the nexus between water supply reliability and ecosystem enhancement and moved ACWA in the direction of greater environmental awareness. These policy principles build upon that foundation to provide a clear commitment to water policies that provide for both environmental and economic sustainability.

Historical Context

California's physical water delivery system is a tribute to the far-sightedness and big thinking of previous generations. Developed largely in the middle of the 20th century, the system has the capability of delivering water throughout the state. Every Californian benefits from the efforts of water visionaries who provided imported water supplies for our cities, Los Angeles, San Francisco, the East Bay, and elsewhere. By the 1920s, large scale regional management of water secured the economic health of Southern California. In the 1940s and 1950s, construction of the Central Valley Project, originally envisioned by Californians in the 1930s but financed during the Great Depression by the federal government, linked water management in the Central Valley from Redding to Bakersfield. The State Water Project, which delivers water to more than two-thirds of Californians, was the masterstroke of Governor Pat Brown and a team of incomparable civil engineers guided by policies laid down in a California Water Plan completed in 1957.

The system developed by these collective efforts served California well during the last half of the 20th century and must continue to do so in the future. However, the system today is in crisis. The economic consequences of failing to respond successfully to this crisis are potentially catastrophic. Many of the challenges we face today as water managers arise from changing natural resource policies and the difficulty of responding to these changing policies with a physical system that was designed and constructed under a very different set of rules.

During the first half of the 20th Century, the natural resource policy of California and the nation might be termed an "extraction policy". A half century ago, the natural environment was valued in public policy only to the extent that human activities extracted resources for economic activity. The environment itself had no policy standing unless you could extract economic value from it. Today, of course, this policy of extraction is a remnant of the distant past. Since the construction of the state's water systems, the people, acting through the California legislature, Congress, and the ballot, have passed wild and scenic river legislation, endangered species acts, clean water acts, and other legislation that collectively define a dramatically different natural resource policy for the 21st century. This policy places an inherent value on the natural environment itself. Increasingly, both state and federal natural resource policies emphasize sustaining the natural environment and improvements in natural habitat and native fish and wildlife populations.

It is not surprising that a system conceived and constructed under an extraction policy would face significant challenges as it operates under a new system of rules emphasizing ecosystem sustainability. The system originally was designed almost exclusively with the economy and convenience of water users in mind. During the past quarter century, water managers have invested heavily in an effort to accommodate environmental concerns. We have added fish screens and a temperature control device on Shasta Dam, we have dedicated substantial amounts of water to fishery management, and we have modified and even removed dams to better manage the system for environmental values. In addition, we have invested in a whole new set of water supply options, ranging from widespread conservation and water reuse and other local resource investments to the development of water markets. However, as recent court decisions and other events underscore, the water system we manage today continues to have unnecessarily high and disruptive levels of conflict with society's environmental objectives and policies.

ACWA supports these changes in environmental policy that significantly increase commitments to environmental protection and restoration. Indeed, ACWA is prepared to embrace the environmental ethic that has developed during past decades *so long as the water industry is able to invest in water management assets and practices that are designed to meet both water supply and environmental policy objectives.* This is perhaps the greatest challenge facing water managers today: How can we invest in and modernize the system we have inherited from previous generations so that system can respond to changing environmental conditions, such as climate change, and provide both a sustainable environment and a sustainable economy, both of which depend on a reliable, adequate water supply? ACWA believes that answering this question will require the same kind of big thinking that built the physical system in the first place.

Sustainability Policy Principles

Sustainable policies are those which provide levels of ecological and economic well-being that can persist over time. Under sustainable policies, the actions of the current generation should not restrict the choices of future generations. California water policy

today is unsustainable. Currently, the state of the aquatic environment is degrading, while water supply reliability and water quality are both in serious decline with no end in sight for the downward spiral. Each day of policy gridlock restricts the choices available to our children and grandchildren.

Sustainable policies must provide for significant improvements in the quantity, certainty, and quality of water supplies and significant improvements in the health of the aquatic environment compared to current levels. Ultimately, the level of water supplies from imported and local sources and the degree of environmental restoration will depend upon balanced decision making under sustainable policies in the future. Today, it is imperative that we change course for both the environment and economy of California.

To guide ACWA staff in the future as the state adapts to dramatic changes in natural resource policy, the Board adopts the following overriding principles:

1) **Co-equal Goals.** ACWA strongly believes that reliable, adequate water supplies and a healthy ecosystem must be primary co-equal goals for sustainable water management in watersheds throughout the state. This policy reflects common sense and will require substantial changes in how we invest in and operate the state's water supply systems. Under emerging 21st century natural resource policies, a sustainable aquatic environment and reliable, high quality water supplies are both of critical importance – one cannot be accomplished without the other.

2) **Comprehensive Policy Solutions.** Sustainable solutions will require *comprehensive* programs that combine substantial investments in ecosystem enhancement and water supply infrastructure. Such programs include a comprehensive habitat conservation program, which addresses all stressors affecting the aquatic environment, for the Delta and elsewhere, improved means of conveying water, additional surface and groundwater storage, and substantial investments in water use efficiency and local resources. As emphasized in the ACWA Blueprint, these solutions must be implemented simultaneously and work hand-in-hand.

3) **The Importance of Water Supply Reliability and Improved Water Quality.** Providing reliable, high quality water supplies remains the primary mission of ACWA's public agency members. Recent reductions in available supplies and the resulting negative economic consequences are not acceptable. These losses demand urgent action to restore water supply reliability. State policy must reemphasize the importance of providing high quality, reliable water supplies, considering both local and imported sources, to promote economic development and public health. Restoring reliability to the state's water supply systems is no less important than taking action to improve aquatic habitat and native fisheries.

4) **Investing in Environmental Sustainability.** Investments in fish screens, temperature control devices, fish ladders, and habitat by themselves do not

increase water supply or improve water quality. They are instead investments in *sustainability.* Water investment and management decisions must recognize that *investing in an environmentally sustainable system serves the economic interests of water users statewide.* State and federal natural resource policy and recent court decisions inextricably link the reliability of the water supply system with the health of the ecosystem. We must invest in system improvements that significantly lower existing conflict levels between water supply and environmental objectives, thereby helping to increase the amount of supply otherwise available and to assure the long-term reliability of available supplies.

5) **Changing Investment Criteria.** These policies lead to very different investment criteria for the water industry ACWA serves. Some investments will certainly continue to focus on the need to develop additional supply, although the vast majority of additional supply in the 21st century will come from investments in water use efficiency and local resources. However, many major investments are required to progress toward sustainability and adapt to changing environmental conditions like climate change. These investments will focus on reducing conflict in the system and protecting the reliability of supply over the long-term. In the future, major investments in the current conveyance and storage system will be driven in large part by the need to respond to changing environmental conditions. These investments should be pursued vigorously because they are essential to assure future water supply reliability and to meet the environmental policy goals of the 21st century.