

JANUARY 2000

CALFED Year-End Report

With the release of the draft Programmatic EIS/EIR in June, the CALFED Program entered the final stretch to completing the plan for restoring the environment and improving water management of the Bay-Delta system. While Program staff recognized that the final year of program planning would entail a great deal of work, achieving this major milestone brought a sense of accomplishment to all involved.

This issue of CALFED News provides an overview of the accomplishments of 1999, and the direction the CALFED Program is taking in 2000 in order to release a final EIS/EIR this spring

Babbitt Promises CALFED Involvement During 2000

For CALFED, 1999 ended with a visit from Secretary of the Interior Bruce Babbitt and his commitment to be involved in the program during 2000. "This is surely the year of decision," said the Secretary at the December 15 CALFED Policy Group meeting in Sacramento.

In addition to his own involvement, the Secretary forecast the participation of Deputy Secretary of the Interior David Hays, who was active in negotiations over California's use of the Colorado River. "David ... after a year of haggling and quarreling with IID [Imperial Irrigation District], Coachella Valley [Water District] and Met [Metropolitan Water District of Southern California], I believe is capable of engaging the CALFED process."

While in California, Secretary Babbitt met with stakeholders, the Governor's representatives, and toured levee restoration projects on Staten Island in the Delta, and the San Joaquin River near Fresno. Following a CALFED-funded pilot project last July, environmental and agricultural interests involved in an 11-year lawsuit over restoration of the San Joaquin River, agreed to work together on a restoration plan. Secretary Babbitt called the agreement "a genuine emerging success story that I want to learn more about."

In 1998, Secretary Babbitt's participation was a key factor in developing the framework for the draft preferred program alternative, the basis for the preferred program plan released in June 1999.

CALFED Reports on Progress to Governor and Secretary

In a progress report to Governor Davis and Secretary Babbitt, the CALFED Bay-Delta Program described significant progress on key work efforts necessary to complete the final program plan for solving environmental and water management problems in the Bay-Delta system. The final plan is due out in June 2000.

"CALFED is making progress on the nuts and bolts work essential to completing the final program plan. We are putting the important pieces in place to meet the spring 2000 deadline," said Steve Ritchie, CALFED acting executive director.

Following directives to the CALFED Program from the Governor and Secretary after their meeting last August, the report focussed on CALFED activities to restore environmental health in the Delta, ensure water supply reliability and reduce conflicts between water users and the environment, and CALFED's future decision-making structure.

Environmental Health

In November 1999 the CALFED Program approved funding for 31 restoration projects with multiple benefits for the Bay-Delta system. In addition to improving habitat for fish and wildlife, the projects include local watershed management activities, fish screens in the Sacramento Valley, water quality monitoring and studies, and studies of invasive species entering the system through ship ballast water.

Funding for the projects totals over \$16 million and was provided by the Federal Bay-Delta Act and California Proposition 204. Additional funds for environmental water acquisitions, South Delta planning, and science and monitoring were also approved. To date, over \$243 million in state, federal and stakeholder funds and cost-sharing agreements have been awarded for 272 projects that include improved habitat for fish and wildlife, watershed stewardship, fish screens and water diversions, environmental education programs, water quality studies, pollution prevention programs, and wildlife-friendly farming practices.

"These CALFED projects and studies will have enduring impacts well into the future," said California Resources Secretary Mary Nichols. "Cleaning up the environment and preserving and restoring watersheds help water supply for cities and farms, and reduce the water quality problems that are plaguing us in the Delta today."

As CALFED moves closer to issuing a final plan for the Bay-Delta system, priority is being given to activities that meet the long-term ecosystem restoration goals of the Program and provide critical scientific information. Many of the approved projects are subsequent phases of projects funded by CALFED in past years.

The next request for proposals is expected to be announced in March.

Water Supply Reliability

Several actions combine to make significant progress towards CALFED's goal of ensuring water supply reliability for urban, agricultural and environmental uses of the Bay-Delta system: a near-term Water Management Strategy framework, which includes the Environmental Water Account (EWA); continued progress on the Integrated Storage Investigation (ISI) as part of CALFED's long-term Water Management Strategy; and development by the CALFED agencies of the water operations plan for Water Year 2000. These actions will be supported by the \$30 million federal appropriation for water management activities, and the passage of Proposition 13, the March 2000 water bond that includes \$430 million for CALFED-related activities.

Water Management Strategy

CALFED has completed a draft framework to implement near-term actions that can improve resource opportunities in the Delta. The goals of CALFED's water management program are to:

- Make progress towards ecosystem restoration by achieving recovery of species that are listed as threatened or endangered, such as chinook salmon and Delta smelt.
- Achieve measurable improvements in drinking water quality for the 22 million Californians who get all or part of their drinking water from the Delta.
- Achieve measurable improvements in water supplies and reliability for urban and agricultural uses.

In keeping with the collaborative spirit of CALFED, the Program is working with environmental, agricultural and urban stakeholders to develop and evaluate a lengthy list of "tools" - water management actions that include water management operations, physical water system improvements and the EWA. The list of potential actions is divided into "Early Stage 1 Actions," to take place in the first two to three years of program implementation, and "Later Stage 1 Actions" for the remainder of Stage 1 (the first seven years of program implementation).

The EWA, an endowment of water and funding for fishery needs, will reduce conflicts and improve reliability by providing water users some assurance that no additional involuntary water reallocation will be required for fishery purposes. The EWA would work in concert with CALFED's Ecosystem Restoration Program to move the Delta's threatened and endangered species towards recovery.

Integrated Storage Investigation

Storage remains a contentious issue in California. The ISI will provide information to help determine the appropriate role of groundwater and surface water storage in

CALFED's long-term Water Management Strategy, and to coordinate and facilitate evaluations of specific storage opportunities. Considerable progress has been achieved on the ISI objectives. State funding for the ISI (\$10 million in fiscal year 1999-2000, and \$20 million projected for FY 2000-2001) is dedicated to multi-year studies of off-stream surface storage and groundwater conjunctive use projects.

Reports on several items in the ISI have been completed, and are available from the CALFED Program:

- Economic Evaluation of Water Management Alternatives: Screening report that provides information about the mix of supply enhancement and demand reduction measures that would be selected under a least-cost planning approach.
- Riverine Processes Study: Study to help assess impacts of any change in diversions from the Sacramento River, and identify a range of flows that will restore a functioning riparian ecosystem in the river between Red Bluff and Chico Landing.
- Hydroelectric Facilities Re-operation Investigation: Evaluates the potential for re-operation of PG&E hydroelectric facilities to meet CALFED objectives. Study concludes that the potential for local benefits for water supply reliability and fish habitat are much greater than for large, system-wide benefits.
- Reservoir Site Screening Study: Initial report documenting the process CALFED used to narrow its evaluation from 52 to 12 potential surface reservoir sites.
- Conjunctive Use Site Appraisals: Preliminary study of groundwater conjunctive use sites to evaluate costs and benefits of conjunctive use and groundwater banking opportunities. Conjunctive use is the operation of groundwater basins in combination or "conjunction" with surface water storage and conveyance. Early this year, CALFED will issue grant applications to offer technical assistance to locally-sponsored conjunctive use pilot projects.
- Drinking Water Quality Operations Studies: Evaluates potential for drinking water quality improvements through operation of new storage facilities.

A progress report on offstream surface storage north of the Delta will be issued in February, and an appraisal study on raising Shasta Dam by 6.5 feet, conducted by the U.S. Bureau of Reclamation, will continue through 2000.

CALFED has developed a draft long-term decision-making framework for evaluating the effectiveness of alternative combinations of water management tools (including storage) in accomplishing CALFED's objectives. This Water Management Strategy Evaluation Framework will be further developed in early 2000 to help CALFED decision-makers complete the Water Management Strategy.

State and federal agencies are continuing to move forward on a Water Year 2000 Operations Plan that protects fish while minimizing impacts on water supply and water quality. CALFED has approved a comprehensive package of water supply projects and actions, including a request for state permits for a joint point of diversion between the

state and federal projects; \$10 million for water options; and \$2.5 million for water conservation and recycling pilot projects.

Decision-Making and Governance

CALFED agencies are working closely with stakeholders to develop a proposed structure for future decision-making. As CALFED moves from planning to implementation, the Program needs to ensure that all parties are heard.

The proposed structure, a new State-Federal commission, includes substantial participation from the public, as well as continued cooperation and collaboration from the State-Federal partnership, and tribal representation. The proposed CALFED Commission would serve as the decision-making body, with program and budget authority. Implementation of program actions would be delegated to existing or new state and federal agencies. For instance, the California Department of Water Resources would be responsible for many levee system actions. Due to the complexity and size of the Ecosystem Restoration Program (ERP), the governance proposal also recommends a new entity to manage the ERP, under the authority of the Commission.

Restoration Projects Win Governor's Award

Three restoration projects funded by the CALFED Program are winners of the 1999 Governor's Environmental and Economic Leadership Awards.

The Community Alliance with Family Farmers (CAFF) was recognized for its innovative BIOS Program, Lighthouse Farm Network, and National Organic Directory, which emphasize ecological farming, farmland protection, conservation of water resources, and enhancing economic sustainability of farming communities.

The Battle Creek Salmon and Steelhead Restoration Project will restore precious anadromous fish habitat in 42 miles of stream for chinook salmon and steelhead, which are listed or proposed for Endangered Species Act protection, while preserving energy resources for electricity customers. The four-year, \$51 million project is underway, with completion anticipated in 2001. Partners include PG&E, National Marine Fisheries Service, U.S. Fish and Wildlife Service, U.S. Bureau of Reclamation, California Department of Fish and Game, and the Nature Conservancy.

The Napa County Flood Management Plan was developed by an unprecedented county-wide coalition of political and community leaders, private industry, natural resource agencies, non-profit groups and private citizens. The plan will provide flood protection through reconnecting the Napa River to its historical floodplain and the restoration of over 600 acres of tidal wetlands.

These projects are all characterized by broad-ranging collaboration among interests, local outreach and support, and innovative approaches to problem solving.

CALFED Briefs

Bay-Delta Accord Extended

State and federal officials agreed in December to extend the 1994 Bay-Delta Accord until state and federal approval of the CALFED Program's Final Programmatic Environmental Impact Statement/Environmental Impact Report (expected in June 2000) but no later than September 15, 2000. The Accord established the primary framework for the CALFED Program.

CALFED Funding

For the first time, the federal budget includes funding for CALFED's water management actions as well as restoration projects. The fiscal year 2000 budget provides \$30 million for each of these program focuses.

In the area of water management actions, the CALFED Program is allocating \$10.5 million to Delta improvements; \$10 million to year 2000 water operations; \$2.5 million to water conservation and recycling actions; \$2.15 million to groundwater pilot projects; \$0.35 million to water transfers; and \$4.5 million to CALFED planning and management.

Water Use Efficiency

Water Use Efficiency (WUE) is a cornerstone of CALFED's water management strategy. There is little - if any - debate among Californians that we need to use our water supply efficiently and conserve where possible. Improvements in water use efficiency are anticipated from a wide-range of CALFED program actions. CALFED's program includes actions relating to agricultural and urban water use, wastewater recycling, and managed wetlands.

The federal budget for fiscal year 2000 includes \$2.5 million for water use efficiency. Most of this funding - approximately \$1.3 million - will be used to refine the agricultural and managed wetlands programs and to begin early implementation.

With guidance from the Agricultural Water Use Efficiency Steering Committee, CALFED is developing a draft list of about 250 quantifiable - or measurable - objectives that will guide the agricultural WUE incentive program. CALFED expects to finalize high and medium priority quantifiable objectives by this summer. These will include suggested actions that local entities, such as farms or irrigation districts, could implement to help CALFED reach the objectives. The choice of actions will be left to the local stakeholders.

On the urban side, many water conservation actions are already being implemented through Best Management Practices (BMPs) outlined in a Memorandum of Understanding (MOU) that has been in place for several years. CALFED will identify

and implement new water conservation measures, and expand existing measures. CALFED is developing an incentive plan and certification process that includes rigorous peer review of urban implementation of BMPs.

CALFED is working closely with the California Urban Water Conservation Council (CUWCC), which administers the current BMP program, and the Agricultural Water Conservation Council.

Early implementation is expected to begin with pilot projects that address the objectives of flows/timing, water quality, and water quantity. A Request for Proposals (RFP) is expected to go out in December 2000.

Water Transfers Web Site in the Works

An interactive web site will be developed with the \$350,000 allocated to the water transfer program in the FY 2000 federal budget. The first stage is scheduled to be functioning by this summer.

The web site is the first phase of the Water Transfers Information Clearinghouse, the public information tool of CALFED's Water Transfers Program. Dubbed "On-Tap," the web site will initially include:

- An on-line tool that will take proponents step-by-step through various water transfer application processes. Applicants will be provided with information about agency approval authorities, application requirements, and criteria used during the review.
- A searchable data base of all approved transfers, going back to the late 1980s and adding new transfers as they are approved.
- Information about other CALFED water transfer program actions.
- Real-time public disclosure of relevant information on all transfer proposals submitted to approving agencies, posted on the site when the application is submitted to the appropriate approving agency.

In addition to the web site, the CALFED Water Transfer Program includes other actions that will facilitate water transfers and the further development of a statewide water transfer market. These actions include improving the availability of capacity to convey transferred water, ensuring protection for third-party interests, and clarifying rules and procedures governing when and how water can be transferred. CALFED is intent on promoting responsible water transfers and avoiding irresponsible ones. CALFED will not, however, solicit water transfer proposals or act as an intermediary.

Upper Yuba River Workgroup Begins Phase 2

With the completion of a series of public meetings last September, the Upper Yuba River Studies Program moved into Phase 2.

The Upper Yuba River Studies Program was established by CALFED to determine if the introduction of wild chinook salmon and steelhead to the Upper Yuba River watershed is biologically, environmentally, and socio-economically feasible over the long-term.

The Upper Yuba River Studies Workgroup, comprised of business and property owners, water supply and power, environmental interests, and State and Federal resource agencies, has developed draft scopes of work for the six key issue areas identified in Phase 1 by stakeholders:

- Economics
- Water Quality Issues
- Public Health and Safety (Flood Control)
- Upstream and Downstream Habitat
- Sediment Control Studies
- Water Supply Effects

These scopes of work will be used to conduct studies to garner the information needed for decision-making about the Upper Yuba River and Englebright Reservoir. Phase 2 is expected to be completed in 18 months. In Phase 3, the study results will be evaluated in workgroup and public meetings.

To receive the Upper Yuba River Studies program newsletter and information about upcoming meetings, check out the Program section of the CALFED web site, or call CALFED.

Mark Your Calendar

January 19	CALFED Policy Group, Sacramento
February 17	Bay-Delta Advisory Council, Sacramento
February 23	CALFED Policy Group, Sacramento
March 15	CALFED Policy Group, Sacramento Bay-Delta Advisory Council (location to be announced)
April 6	
April 19	CALFED Policy Group, Sacramento

Changes may occur to these dates. To confirm the time, date and place, call CALFED or check the Public Involvement Calendar on the CALFED web site.

1999 at a Glance

January	CALFED holds 5 public workshops on framework for the draft preferred program plan.
February	13 restoration projects funded, \$52 million. Integrated Storage Investigation commences with \$10 million in state funding CALFED holds urban conservation workshops.
April	CALFED holds Butte County conjunctive use workshop. Upper Yuba River Studies Workgroup meetings begin.
May	Agreement to proceed with South Delta improvements.
June	Draft Programmatic EIS/EIR identifying preferred program alternative released.
August	33 restoration projects funded for \$18,446,947. Governor Davis & Secretary Babbitt meet; set milestones for CALFED. CALFED begins holding public Policy Group meetings.
August- September	CALFED holds 16 public hearings on Draft Programmatic EIS/EIR.
September	Governor signs water bond for March 2000 budget with \$430 million in CALFED-related funding. Public comment period on Draft EIS/EIR closes. Phase 2 of Upper Yuba River Studies Program begins.
November	31 restoration projects funded, \$16.9 million. Congress allocates \$30 million for restoration projects in 2000, and \$30 million for water management actions in early stage 1 of the program; \$10 million committed to operations contingencies. CALFED convenes Delta Drinking Water Council.
December	Secretary Babbitt meets with CALFED Policy Group.