

California Bay-Delta Program

Water Transfer Program Multi-Year Program Plan (Years 4-7)

Implementing Agencies:

Department of Water Resources

State Water Resources Control Board

United States Bureau of Reclamation

August, 2003



Goals and Objectives

Goal of the Program and CALFED Record of Decision Commitments

The goal of the Water Transfer Program is to encourage the development of a more effective water transfer market that facilitates water transfers and streamlines the approval process while protecting water rights, environmental conditions, and local economic interests.

The CALFED Record of Decision (ROD) identified three commitments to be met. For each ROD commitment, key objectives have been identified for the Water Transfer Program:

- **Increase the availability of existing facilities for water transfers.**
 - Improve capacity estimates of state or federal conveyance facilities.
 - Improve predictability of associated wheeling costs.
 - Develop a mechanism for estimating carriage water requirements on a real-time basis.
 - Develop rules for reservoir refill.
- **Lower transaction costs through permit streamlining.**
 - Identify measures to streamline transfer approval processes of jurisdictional agencies.
 - Continue defining transferable water associated with crop idling.
 - Identify potential impacts to third-parties and develop mechanisms for appropriate compensation.
- **Increase availability of market information to stakeholders and permitting agencies.**
 - Continued operation of the On-Tap database and Water Transfer Information Clearinghouse.

Accomplishments

Increase the Availability of Existing Facilities for Water Transfers.

- Developed and implemented an approach to determining carriage water requirements for transfers on a real-time basis. This process was developed in coordination with the Bay-Delta Modeling Forum.
- Continued efforts to identify constraints and opportunities to convey transfer water through federal/state/local facilities.

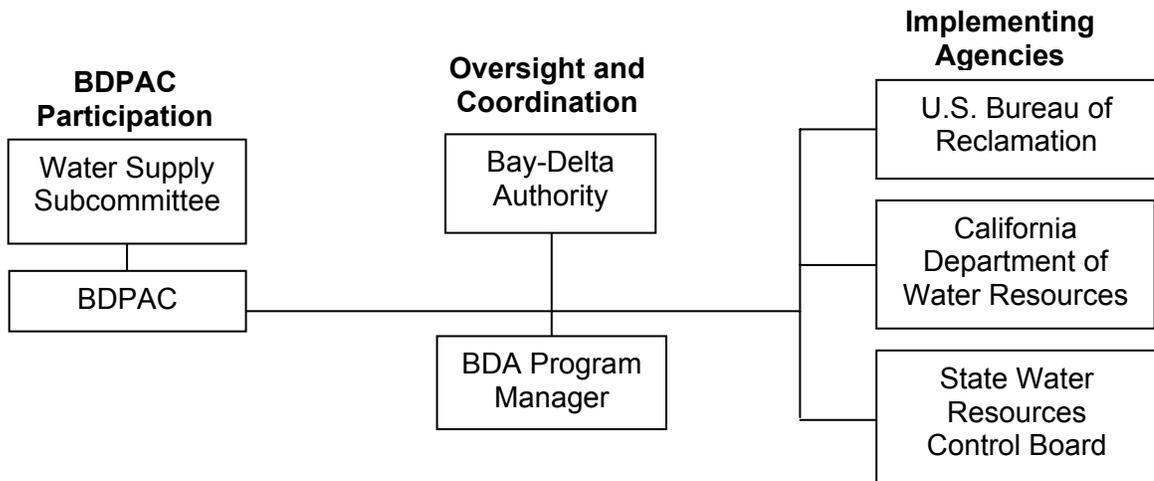
Lower Transaction Costs Through Permit Streamlining.

- Participated in and contributed to preparing a series of papers addressing water transfers involving groundwater substitution and crop shifting/fallowing to serve as a standardized approach to evaluating transfer proposals and to assist transfer proponents in formulating proposals. These papers were developed with participation of the stakeholder community.
- Utilized the public involvement/stakeholder activities undertaken by the State Water Resources Control Board (SWRCB) in the development of the report "Water Transfer Issues in California" to identify opportunities to streamline the current permitting process.
- Coordinated with the SWRCB regarding identifying measures to be implemented that resulted from completing the stakeholder forum and the publication of the report titled *Water Transfer Issues in California* (SWRCB, 2002). The SWRCB is currently soliciting public comment on the applicable recommendations for subsequent SWRCB action.
- Continue to discuss and consider measures to streamline and expedite the various agency water transfer approval processes. These measures include:
 - Adopting a standard water transfer application.
 - Establish limits for processing transfer applications.
 - Establish suitable criteria for approving land idling-based transfers.
 - Clarify procedures for transfers for instream purposes under Water Code Section 1707.
- Provide financial and technical assistance for preparing groundwater management plans.
- Continued to work with the affected stakeholder community to encourage coordination of multiple transfers and identification of standard mitigation measures and thresholds to address third-party socioeconomic consequences.

Increase Availability of Market Information to Stakeholders and Permitting Agencies.

- Developed a water transfer information and database titled "On-Tap". Continued to operate the On-Tap website to facilitate information exchange regarding transfers and provide guidance regarding the regulatory approvals required by project proponents of various types of transfers.
- Department of Water Resources (DWR), SWRCB, and the U.S. Bureau of Reclamation (USBR) entered into a Memorandum of Understanding establishing their respective responsibilities for implementing the Water Transfers Information Clearinghouse.
- Implemented refinements to the On-Tap website consisting of updating the water transfer database to include current (April 2003) water transfer actions, developing and testing an on-line administrator, and developing an On-Tap User Guide and Website Manual (enabling the agencies to manage the website and database as future conditions warrant).
- Coordinated with the Environmental Justice (EJ) Program to identify and characterize third-party impacts resulting from water transfers. This effort included conducting interviews with selected members of the EJ community who demonstrated interest and concern toward water transfer impacts on third-parties.

Program Structure



| Agency | Roles and Responsibilities |
|-------------------------------------|---|
| California Bay-Delta Authority | <ul style="list-style-type: none"> Oversight and coordination |
| Department of Water Resources | <ul style="list-style-type: none"> Compliance with WC Sec. 1810 Acquisition of water Approval of conveyance through SWP Facilities Operates EWA Approval of transfers by SWP Contractors Acts as Water Transfer Information Clearinghouse Manager |
| U.S. Bureau of Reclamation | <ul style="list-style-type: none"> Acquisition of water Approval of use of CVP Facilities Approval of federal contractor and settlement Agreement holder transfers |
| State Water Resources Control Board | <ul style="list-style-type: none"> Approval of transfers involving post-1914 Water Rights |

Major Activities

Increase Availability of Existing Facilities for Water Transfers.

- **Water Transfer EIR** - DWR is proceeding with preparation of an EIR regarding state-sponsored water transfer-related activities. The Water Transfer EIR will evaluate the transfers in which DWR or its contractors plan movement of water across or through the Sacramento-San Joaquin Delta from areas upstream of the Delta. Staff will provide the State and Federal Agencies with a status report on the preparation of the EIR in the late fall of 2003.

Schedule: Completion April 2004

- **Coordination of Water Acquisition and Transfer Programs** - The EWA, CVPIA, waterfowl refuge supply program, the State's Dry Year Program, the Colorado River Contingency Program (CRCP) of 2003, and dry year efforts by CVP Contractors and others rely on water transfers across the Delta as a water supply. When water supply or water conveyance limits the amount of water available for transfer, these programs need to coordinate their activities to the operation of both the federal and state water systems and to maximize the conveyance of transferred water to areas with deficient water supplies.
- DWR will assemble DWR, USBR, State Water Contractors, and CVP Contractors to coordinate their water transfer efforts. This effort will be initiated during the summer of 2003, and coordination efforts would be in place to guide water year 2004 water purchase arrangements.

Schedule: Completion December 2003

- **Measurement and Monitoring** - The Water Transfer Program will lead the effort of coordinating the development of measurement and monitoring programs that are required for the ongoing evaluation of water transfers. Measurement and monitoring programs will focus on evaluating impacts to the environment, legal users of water, and will cover both project-specific and regional effects. These efforts will be coordinated with the transferring entities and other interested parties in the transferring regions.

Schedule: Ongoing

Lower Transaction Costs Through Permit Streamlining.

- **Refine Crop Idling Transferable Water Definition** - The draft water transfer papers developed by DWR, USBR, Sacramento Valley, and Export interests that have been used by others in 2003 in the development of crop idling transfers need to be reviewed and updated. The update of the water transfer papers will include new information developed by the Sacramento Valley Water Management Authority (SVWMA) related to groundwater substitution transfers as it becomes available.

Schedule: Completion November 2003

- **Review of Existing and Proposed Legislation** - SWRCB and DWR will coordinate with USBR regarding proposed legislation that the state administration recommends to the legislature for adoption. Several bills related to water transfers are proposed each year by the state legislature. DWR and SWRCB will discuss these bills, and when appropriate, coordinate their response to these proposals. USBR will be informed regarding proposed legislation related to water transfers and will be given an opportunity to comment.

Schedule: Ongoing

Increase Availability of Market Information to Stakeholder and Permitting Agencies.

- **Continued Operation of the On-Tap Water Transfer Database and Water Transfer Information Clearinghouse** - The On-Tap database, established in 2000, is currently being refined and updated under USBR's lead. DWR has also established a website under its Water Transfers Office that houses information related to water transfers, including a link to the On-Tap database. The Clearinghouse may be expanded to include the posting of water transfer environmental documents, summary of known transfers that are under development, updated summary of past transfers (including EWA transfers), posting of SWRCB water transfer petitions, and early identification of water transfer proposals by various parties.

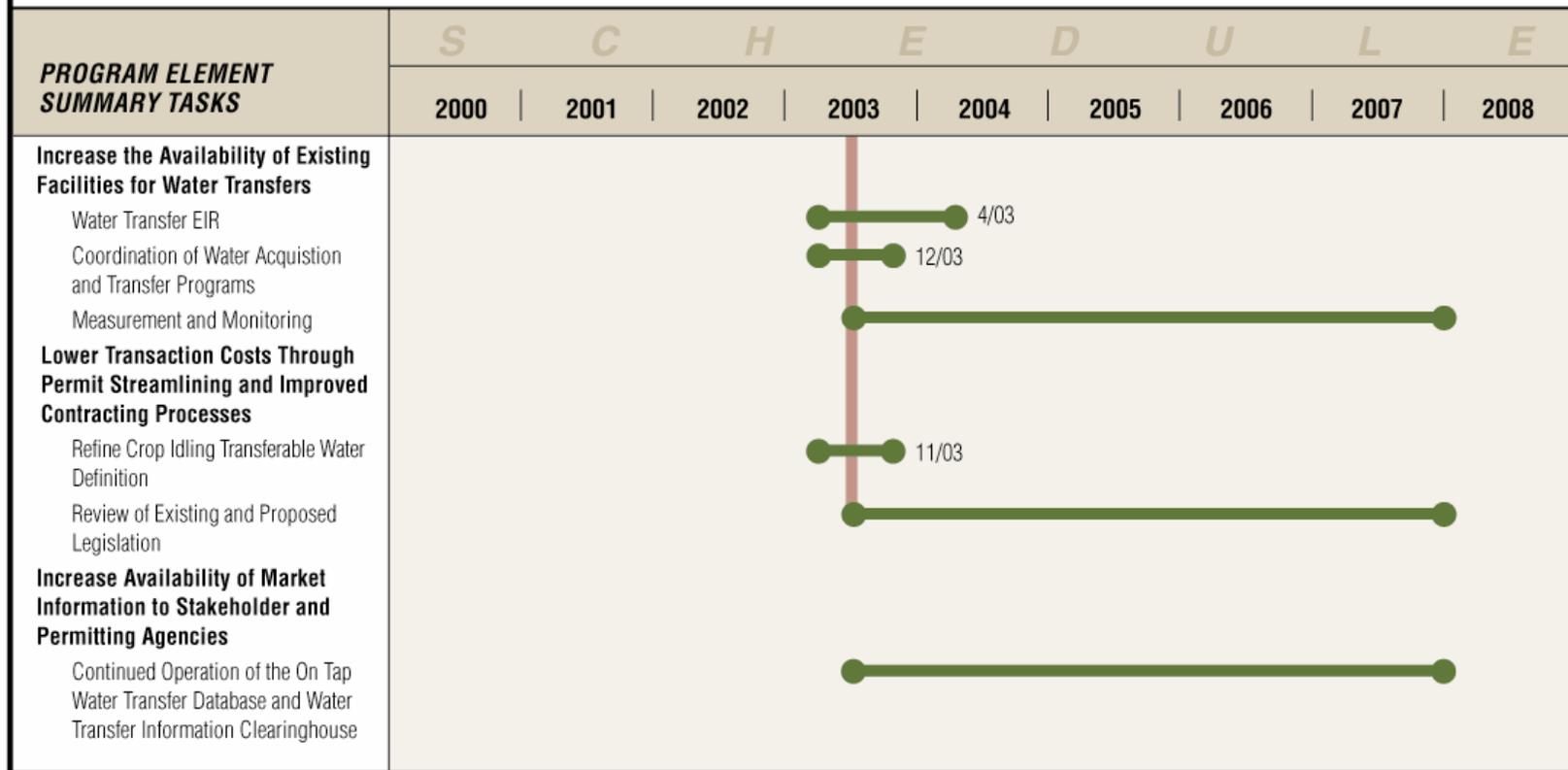
Schedule: Ongoing

Schedule

WATER TRANSFER PROGRAM

All deadlines have been met to date. A Water Transfers Information Clearinghouse has been established and white papers on transfers and related issues have been published. A panel of interested stakeholders has prepared and submitted a water transfers issues report for consideration. The On Tap web site is operational, but refinement will continue into Year 3 due to contracting issues.

- ◆ Completed Milestone
- ▲ Remaining Milestone
- Present Schedule
- Date Reporting Period Ends



Year 4 Activities

Increase Availability of Existing Facilities for Water Transfers.

- **Coordination of Water Acquisition and Transfer Programs** - To coordinate, DWR will assemble DWR, USBR, State Water Contractors, and CVP Contractors to coordinate their water transfer efforts. This effort will be initiated during the summer of 2003, and coordination efforts would be in place to guide water year 2004 water purchase arrangements.

Schedule: Completion December 2003

- **Water Transfer EIR** - DWR is proceeding with preparation of an EIR regarding state-sponsored water transfer-related activities. The Water Transfer EIR will evaluate the transfers in which DWR or its contractors plan movement of water across or through the Sacramento-San Joaquin Delta from areas upstream of the Delta. Staff will provide the State and Federal agencies with a status report on the preparation of the EIR in the late fall of 2003.

Schedule: Completion April 2004

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Schedule: Completion November 2003

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Schedule: Ongoing

Integration with the Science Program

Although there has been no science panel established to evaluate or provide advice to the Water Transfer Program, the Program staff will provide information and assistance, as required, to support the Science Program in its activities.

- Significant uncertainties exist regarding the evaluation of the socioeconomic and environmental effects of water transfers:
 - Coordination with the Science Program will occur to aid in evaluating the monitoring and analysis of surface and groundwater interaction and other hydrologic factors that govern the amount of “real” water (i.e., water that can be developed through groundwater substitution-based transfers).
 - A related area is the development and implementation of a monitoring program that can effectively identify the impact of water transfer activities on other groundwater users, the uncertainties in the linkages between transfer pumping and impacts, and the most effective approaches to avoidance and mitigation.
- Coordination with the Science Program will also help resolve concerns related to water transfers based on crop idling:
 - Identifying the best approach to evaluating third-party socioeconomic effects
 - Assuring that mitigation reaches the affected parties
 - Potential impacts to habitat, particularly for the giant garter snake, and appropriate avoidance/mitigation measures
- Water Transfer Program staff serve on the Technical Measurement and Monitoring Committee and Groundwater Subcommittee established as part of the Sacramento Valley Water Management Program:
 - These committees have responsibility for determining the monitoring and analytical approaches to evaluating the effects of groundwater substitution-based water transfers and conjunctive use projects associated with the Program
 - These committees have representatives of the Sacramento Valley and export interests as well as from DWR and USBR

Performance Standards

Performance standards are being developed in consultation and coordination with the framework and strategy being developed by the Science Program. Specific indicators of performance will recognize the overall goals and objectives of the Program and identify, to the extent practical, quantifiable measures that will provide a means to assess successful implementation of the Program.

Cross-Program Relationships

Environmental Water Account (EWA) – To a considerable extent, the EWA depends on water transfers and is subject to the same constraints as other transfer programs. EWA and other transfer programs will, at times, compete for transferable water and for use of available conveyance capacity.

Storage, Conveyance, and Conjunctive Use – One potential source of water for transfer is from water stored in surface or subsurface storage facilities. Operational constraints on Delta export facilities, coupled with present levels of storage, will continue to limit cross-Delta transfer opportunities.

Ecosystem Restoration – Actions that acquire water for augmenting existing stream flow will likely be partly derived through transfers from willing sellers. There are opportunities for such transfers to serve multiple purposes.

Environmental Justice – Water transfers raise questions relating to the potential differential impact to disadvantaged communities. The socioeconomic effects of transfers, based on crop idling, are of particular concern.

Water Use Efficiency – Although water transfers are not *per se* an efficiency mechanism, water transfers can provide financial incentives for efficiency improvements, which can generate transferable water in some circumstances. These issues are complicated by the need to define when conserved water is transferable.

Stage 1 Funding

| Water Transfers Funding (\$ in millions) | Program Year | | | | | | | Total |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| State | \$0.54 | \$0.42 | \$0.59 | \$0.59 | \$0.59 | \$0.59 | \$0.59 | \$3.91 |
| Federal | \$0.00 | \$0.22 | \$0.00 | \$0.00 | | | | \$0.22 |
| Local/Water User | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | | \$0.00 |
| Revised Stage 1 (Actual & Expected Funding) ¹ | \$0.54 | \$0.64 | \$0.59 | \$0.59 | \$0.59 | \$0.59 | \$0.59 | \$4.13 |
| Original ROD (Aug, 2000) ² | \$3.0 | \$3.0 | \$3.0 | \$2.0 | \$2.0 | \$1.0 | \$1.0 | \$15.0 |
| Revised ROD (Dec, 2002) ³ | \$1.9 | \$1.8 | \$0.6 | \$0.6 | \$0.6 | \$0.6 | \$0.6 | \$6.7 |

¹ Funding for Years 1-2 reflects actual State encumbrances & expenditures and federal obligations. Funding for Year 3 reflects final State and Federal budgets. Funding for Year 4 reflects proposed Governor's and President's budgets. Expected funding in Years 5-7 includes State base funding. Federal appropriations for Years 5-7 are unknown; therefore, federal funding is not included beyond Year 4.

² Original Stage 1 funding estimates from the Record of Decision.

³ Revised ROD estimates are revised estimates of funding needs as of December 2002. These were included in the January 2003 program tracking report.

Stage 1 Funding by Task

| Water Transfers Funding (\$ in millions) | Program Year | | | | | | | Total |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| Increase Availability of Existing Facilities for Water Transfers | - | \$0.07 | \$0.08 | \$0.08 | \$0.08 | \$0.08 | \$0.08 | \$0.47 |
| Increase Availability of Market Information to Stakeholder and Permitting Agencies | \$0.34 | \$0.42 | \$0.14 | \$0.05 | \$0.05 | \$0.05 | \$0.05 | \$1.10 |
| Lower Transaction Costs Through Permit Streamlining | - | \$0.07 | \$0.22 | \$0.32 | \$0.32 | \$0.32 | \$0.32 | \$1.57 |
| Program Oversight and Coordination | \$0.20 | \$0.08 | \$0.15 | \$0.14 | \$0.14 | \$0.14 | \$0.14 | \$0.99 |
| Revised Stage 1 (Actual & Expected Funding) ¹ | \$0.54 | \$0.64 | \$0.59 | \$0.59 | \$0.59 | \$0.59 | \$0.59 | \$4.13 |
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