



**CONTRA COSTA  
WATER DISTRICT**

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October 6, 2004

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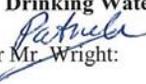
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Mr. Patrick Wright  
Executive Director  
California Bay-Delta Authority  
650 Capitol Mall, 5th Floor  
Sacramento, CA 95814

**Re: Drinking Water Quality 10-Year Finance Plan Straw Proposal**

Dear  Mr. Wright:

Contra Costa Water District (CCWD) commends the California Bay-Delta Authority on its achievement to date in developing a 10-year finance plan for balanced implementation of the CALFED Bay-Delta Program. CCWD supports the CALFED program and its principle of "beneficiaries pay". The series of meetings and discussions on the finance plan has been productive in developing information and issues regarding this subject.

An important consideration of the "beneficiaries pay" principle needs to be reflected in the Finance Plan, and this was an issue upon which there was general agreement in the discussion at the Drinking Water Subcommittee. There are circumstances in which the beneficiary is the "responsible party", particularly for those water quality "benefits" that really offset or mitigate the water quality degradation of other projects or actions (that is, the benefit really just offsets degraded water quality and the responsible party for the degradation could be a "beneficiary" paying for the project or actions needed to offset those impacts). For example, it would be wrong to assign a "water quality benefit" to an entity for a project that merely offsets or reduces prior water quality degradation resulting from another set of actions, policies or projects (i.e., the beneficiary is *not* the "victim" or entity currently receiving degraded water quality that would be marginally improved by the new action). Consequently, the following principle should guide the Drinking Water Quality finance plan:

*Delta drinking water quality has suffered substantial degradation in the past 25 years, especially in the fall (when the best water quality is now generally worse than the worst water quality available prior to the 1980's). The degradation is the result of long-standing policies and practices, including upstream tributary operations, Delta operations, wastewater discharges, agricultural discharges, and urban runoff. Measurement of "water quality improvements" should take that degradation into account. Because responsibility for the long-standing degradation is broadly based, projects that contribute to the reversal of that degradation, including projects generally dedicated to restoring Delta water quality, or offsetting the impacts of that*

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*degradation, should be funded in large part, and in some cases entirely, by public funds, not broad-based water user fees. Calculations for cost sharing contributions should factor in the prior degradation of water quality so that entities are not required to pay for mitigation of actions by others (i.e., the principle is not "victim pays").*

Additional detailed comments on the Straw Proposal for the Drinking Water Quality Finance Plan are included in the attachment to this letter.

If you would like to discuss these issues further, please call me at 925-688-8100.

Sincerely,



Greg Gartrell  
Assistant General Manager

GG/LO:ps

cc: Lisa Holm, CBDA, Drinking Water Quality Program  
Kate Hansel, CBDA

Attachment: CCWD Comments on the Straw Proposal for the Drinking Water  
Quality Finance Plan

### **CCWD Comments on the Straw Proposal for the Drinking Water Quality Finance Plan**

Possible relocation of CCWD's Old River Intake is mentioned twice in the Straw Proposal. The reasons for proceeding with this project are given as "if Franks Tract is unsuccessful" on page 2, and "should Franks Tract fail to improve drinking water quality as currently estimated" on page 10. In both cases, the language should be changed to be consistent with Section III.H. of the Delta Improvements Package (DIP) Implementation Plan as adopted on August 12, 2004 by CALFED, which states that the project will proceed if the other DIP water quality projects do not "provide acceptable continuous improvements in water quality".

Comments on sections of the Proposed 10-Year Finance Plan (pages 2-6 of the Straw Proposal) are given below, under the headings used in the Plan and in the same order as the sections of the Plan.

#### **General Principle**

*Delta drinking water quality has suffered substantial degradation in the past 25 years, especially in the fall (when the best water quality is now generally worse than the worst water quality available prior to the 1980's). The degradation is the result of long-standing policies and practices, including upstream tributary operations, Delta operations, wastewater discharges, agricultural discharges, and urban runoff. Measurement of "water quality improvements" should take that degradation into account. Because responsibility for the long-standing degradation is broadly based, projects that contribute to the reversal of that degradation, including projects generally dedicated to restoring Delta water quality, or offsetting the impacts of that degradation, should be funded in large part, and in some cases entirely, by public funds, not broad-based water user fees. Calculations for cost sharing contributions should factor in the prior degradation in water quality so that entities are not required to pay for mitigation of actions by others (i.e., the principle is not "victim pays").*

#### **Source Improvement-Directed Actions**

- The San Joaquin River Water Quality Management Plan provides benefits to agricultural water users. It also provides benefits to the ecosystem, by providing conditions more similar to the original, less salty river system. The program also reverses degradation due to other actions and projects over many decades.
- To the extent that the San Joaquin River Water Quality Management Plan mitigates for the impacts of other projects and actions, the costs for those projects should fall under the General Principle above.

#### **Source Improvement-Conveyance**

- As correctly noted on page 5, the Franks Tract project may provide benefits to water quality, water supply, and ecosystems. In particular, there may be tradeoffs between water quality and water supply benefits, depending upon system operation. As further stated on page 5, the cost share allocations will have to be reevaluated as the project

proceeds, based upon the distribution of benefits. This is an important point that must be carried forward in future versions of the Drinking Water Quality Finance Plan. Note also that Federal legislation places the Franks Tract project under Conveyance.

- The Franks Tract project may also provide benefits to levees by reducing wave action on neighboring islands.
- To the extent that the Franks Tract project mitigates for the impacts of other projects or past actions, the General Principle above applies.
- The description of the funding for the Old River and Rock Slough Water Quality Improvement Projects should be revised as follows:

“Construction of the Old River and Rock Slough Water Quality Improvement Projects is scheduled for completion by July 2005. The Projects received \$450,000 from the EPA in October 2000, \$1.3 million in Prop.13 funds, and \$710,000 from the SWP in March 2002 to complete the feasibility, environmental and design effort. The Projects received implementation funding of \$2.8 million from Prop.13 in March 2004. Phase I of the Contra Costa Canal Encasement Project received a \$200,000 grant from USBR in August 2004 and an additional \$7.3 million from Prop 13 is expected in October 2004. No additional funding needs are anticipated for the Old River and Rock Slough projects.”

#### **Treatment**

Treatment demonstration projects provide significant statewide and nationwide benefits, as well as local benefits. Cost share allocations should be made with full consideration of the broad public benefits of these projects. Implementation of advanced treatment would likely involve local cost shares, except where the necessity is in whole or in part the result of degradation of water quality by other factors (General Principle).