



**CALFED
BAY-DELTA
PROGRAM**

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To: Bay-Delta Advisory Council

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Subject: Outcome of BDAC Deliberations on Water Transfers, Water Use Efficiency, and Durability

At the October 25, 1996 meeting BDAC discussed three issues related to the development of a comprehensive Bay-Delta solution and offered policy guidance to CALFED. These three issues include water transfers in the Bay-Delta Program, the role and scope of the Water Use Efficiency Work Group, and meeting the Program solution principle of durability in light of increasing statewide water demand. This memo summarizes the issues, the policy guidance we received, and the course of action the Program plans to take.

WATER TRANSFERS IN THE BAY-DELTA PROGRAM

Background

The Bay-Delta Program has viewed water transfers as an important part of our efforts to increase water supply reliability. This is based on the recognition that transfers can provide an effective means of moving water between users on a compensated basis, as well as a means for providing incentives for implementation of various water management techniques. Water transfers can also have a variety of direct and indirect negative impacts. In order to deal with these potential negative impacts, transfers should be guided by five criteria articulated by Governor Wilson in his 1992 water policy. These criteria state that transfers should take place 1) on a voluntary basis, 2) without harm to local environmental resources, 3) without adverse impacts to groundwater basins, 4) only after demonstration of efficient use of existing supplies, and 5) with appropriate involvement of local communities and water districts.

In response to questions and concerns expressed by BDAC members, the Program asked for specific policy guidance at the October 25, 1996 BDAC meeting, asking:

CALFED Agencies

California

The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board

Federal

Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
Department of Commerce
National Marine Fisheries Service

- Does BDAC consider this transfer policy to be a reasonable approach for CALFED?
- Are any of these conditions unnecessary?
- Are there other conditions that should be considered when addressing the transfer issue?

BDAC Policy Guidance

Discussion at the meeting confirmed that BDAC members generally believe the CALFED approach to transfers is a reasonable one. There is some concern by BDAC members that transfers could result in a net reallocation of water from the agricultural sector to urban or environmental uses. Nevertheless, transfers should be viewed as an appropriate and useful part of the CALFED water management strategy.

BDAC members consider the five criteria to be important and, taken together, may provide sufficient policy safeguards to avoid or cope with potential negative impacts. Individual comments made by BDAC members suggested that the fifth criterion should state that transfers may only take place if they are without unmitigated social and economic impacts to communities, that transfer decisions should be made by water right holders rather than water users, and that water rights must be protected when water transfers take place.

BDAC members expressed concern that some transfers are currently being implemented without adherence to the five criteria. It was suggested that the CALFED policy framework should assure adherence to the criteria.

Bay-Delta Program Course of Action

In response to the policy guidance offered by BDAC, the Program will continue to view transfers as an appropriate and important part of achieving water supply reliability, provided that the five criteria are met. Discussions that add detail to these five criteria will take place in other forums, including the California legislature. The magnitude of the task of developing a comprehensive solution to problems of the Bay-Delta suggest that CALFED should rely on other existing processes to develop policy where it is feasible to do so. Regarding water transfers, it is appropriate for BDAC to recommend additional policy detail regarding implementation and assurance of the five criteria. The CALFED role will be to communicate Program needs to policy makers in forums where California water transfer policy is revised or refined. Where the administrative policies of individual CALFED agencies affect water transfers, examination of these agency policies may also be appropriate.

ROLE AND SCOPE OF THE WATER USE EFFICIENCY WORK GROUP

Background

The Water Use Efficiency Work Group was established as a subcommittee of BDAC to address policy issues and provide recommendations for use in development of the Water Use Efficiency component of the CALFED alternatives. Discussions within CALFED and the Work Group have encompassed two perspectives of efficiency. The first is a traditional view of water use efficiency defined in terms of a ratio of water consumed to water applied. However, CALFED and the Work Group have also used the term "efficiency" in a much broader sense, related to the achievement of various CALFED objectives.

The use of a nontraditional definition of efficiency, and a lack of clarity of the definition being used, has led to questions regarding the name that should be used to describe the Work Group, and the scope of issues that are appropriate for discussion in the Work Group forum. In response, the Program asked for specific policy guidance at the October 25, 1996 BDAC meeting on these points:

- **Does BDAC have policy advice to offer CALFED regarding a broad view of water use efficiency to increase the utility of a unit of water and achieve multiple benefits?**
- **Is it appropriate for BDAC to discuss this broad view of water use efficiency in the focused policy forum of the Water Use Efficiency Work Group?**
- **Are there other policy considerations regarding water use efficiency that BDAC can identify?**

BDAC Policy Guidance

Questions asked by BDAC members made it clear that there was confusion over the working definition of efficiency and the geographic scope and type of actions that might be taken related to water use efficiency. Continued use of the term efficiency will require better definition of how the term is being used.

There were several suggestions regarding renaming the work group, and most of the suggestions included some variation of the term "water management." Chairman Madigan observed that water management is a broad term that would include issues appropriate for several work groups. He recommended that the work group retain the name Water Use Efficiency.

Regarding actions that might be included in an approach to water use efficiency, CALFED needs to do a better job of communicating the balance of urban and agricultural

actions, and the balance of market or incentive actions versus regulatory measures. The approach taken should recognize past achievements in water use efficiency and should include existing processes. Actions to improve efficiency should include not only the urban and agricultural sectors, but environmental uses as well.

Regarding land retirement, BDAC members offered conflicting views: that it should be included as an action to increase efficiency, and that decisions regarding land retirement are most appropriately made at the local level.

Bay-Delta Program Course of Action

CALFED will work to increase understanding of the way we are using the term efficiency. This definition includes physical efficiency but is not limited to this narrow definition. The Program's view of efficiency also includes actions to increase the achievement of CALFED objectives while putting water to a specific beneficial use. While physical efficiency and the broader definition of efficiency to achieve CALFED objectives are the responsibility of the Program, increasing economic efficiency--which might result in a reallocation of water--is not the responsibility of the Program.

The scope of water use efficiency will be limited to actions that can be implemented from the point of water diversion to the point of return. This view would include actions to improve the efficiency of use on wildlife refuges and other environmental diversions. It would not include watershed management, weather modification, or examination of instream flows.

The Program will continue to include water transfers in the context of water use efficiency, because transfers can provide incentives for the implementation of efficiency measures.

Land retirement will continue to be examined in the Program as a water quality action. CALFED-directed land retirement will not be considered as a water use efficiency measure. CALFED recognizes that a voluntary water transfers market may result in local decisions to fallow land in some circumstances, and may result in a voluntary compensated reallocation of water among urban, agricultural, and environmental sectors.

The Program will continue to stress a preference for voluntary market or incentive measures over regulatory measures in the Water Use Efficiency component, while recognizing that both approaches may be necessary. The Program will also continue to take advantage of existing processes such as the California Urban Water Conservation Council and the AB 3616 process.

PROGRAM DURABILITY

Background

At the last BDAC meeting on October 25th, BDAC members discussed two questions with regard to durability of Bay-Delta solutions.

- **The Program is focusing on the issues in the Bay-Delta system, not the water supply and demand situation for the entire state. Is this a reasonable approach? Can a solution be "durable" within this approach?**
- **For the purposes of the EIR/EIS analysis, the minimum time horizon which will be used is 2020, although for purposes of the Durability Solution Principle, no ending date is specified. Should the concept of durability include an expiration date, or should it continue indefinitely?**

BDAC Guidance and Bay-Delta Program Course of Action

BDAC members, while acknowledging the complexity of California's growing population and water demands, agreed that the goal of CALFED is to create a Bay-Delta solution, and not to resolve statewide water policy issues. There was a suggestion, though, that the CALFED Program and BDAC members themselves need to remain mindful of the context of their work. BDAC suggested that the Program might create a more active linkage to the process to update Bulletin 160.

BDAC members expressed fairly broad agreement that the CALFED solution should not have an expiration date, or "shelf life." Rather, BDAC advised that the Program should create an ongoing, durable solution with changes identified and managed through an adaptive management approach.