

DRAFT

Date: May 20, 1997

To: Bay-Delta Advisory Council

From: Lester A. Snow
Executive Director

Subject: Water Transfers and a BDAC Water Transfers Work Group

The CALFED Bay Delta Program mission is to develop a long term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay-Delta system. CALFED views water transfers as an important part of the water management landscape and, more specifically, as critical to the effort to improve water supply reliability, water use efficiency, and aspects of the ecosystem restoration program. Transfers can provide an effective means of moving water between users on a compensated basis, as well as a means of providing incentives for water users to implement water management practices which will improve water use efficiency. Transfers can also provide water for environmental purposes in addition to the baseline requirements.

However, CALFED also recognizes that while water transfers can have a very positive benefit to water management, there is the potential for direct and indirect negative impacts. In order to mitigate or minimize these negative impacts, CALFED believes that any process that is adopted to facilitate transfers should be guided by the five criteria articulated by the Governor in his 1992 water policy statement. Specifically, any water transfer program recommended by CALFED will: 1) occur on a voluntary basis, protecting the water rights of sellers and resulting in the transfer of "real" not "paper" water; 2) not harm local environmental resources; 3) not result in adverse impacts to groundwater resources; 4) only occur if transferees demonstrate that they are using existing supplies efficiently; and 5) ensure appropriate involvement of local communities and water districts.

At its October 25, 1996 meeting, BDAC agreed with CALFED that water transfers are an appropriate and useful part of a water management strategy. Consistent with the criteria set forth above, BDAC advised CALFED that, among others, the following issues be given further consideration: 1) third party impacts; and 2) the proper role of water rights holders and users in the review and approval process for transfers.

Given that CALFED's goal is to encourage and facilitate the development of a rational and properly controlled transfer market as part of its water management strategy, CALFED will begin by examining the current applicable requirements and procedures. As part of this examination, CALFED will look at both State and federal law, guidance and policies that are currently applicable to transfers. In doing so, CALFED hopes to also identify areas which can be improved to facilitate transfers by examining: 1) the rules and criteria which should apply to water transfers; 2) possible policy or institutional changes; 3) physical or operational constraints on transfers; and 4) assurances.

In order to further examine these issues, BDAC is forming a new Work Group to focus specifically on the CALFED approach to water transfers. The Work Group will be composed of BDAC members and a number of Invited Participants and will provide a balance of interests on transfer issues and questions. The Work Group will have representatives from upstream water rights holders, local communities, environmental groups, urban water agencies, business organizations and agricultural water agencies.

The function of the Work Group will be to assist BDAC in providing advice to CALFED about the development of the water transfer element of the long term Bay-Delta solution. The Work Group may help ensure that all stakeholder views and concerns are identified, and may recommend changes in current water transfer policy. The Work Group may develop advice and recommendations to CALFED member agencies on transfer issues which can be resolved at the agency level and it may identify issues which can only be resolved outside the CALFED process or by legislation.

In addition to issues and questions which BDAC members may bring to the Work Group for discussion, the Work Group may also be asked to consider issues identified by the inter-agency staff committee on transfers which will be meeting periodically to examine transfer issues from the agency perspective.

The Work Group will have to meet on a fairly intensive basis over the summer in order to meet the deadlines for the development of the preferred alternative. Work Group members should expect to meet at least monthly through September, and possibly more often depending on the level of progress achieved.