

**Water  
Transfers**

**E-017367**



## Memorandum

Date: June 2, 1998

To: BDAC Members

From: Lester A. Snow  
CALFED Bay-Delta Program

Subject: Update on the Water Transfer Component

This item presents a brief overview of the Water Transfer Component, what this component is envisioned to accomplish, and a few specific questions for BDAC consideration.

### Summary

The accompanying work-in-progress papers are provided for your information. Both the discussion outline/rough draft for the *Water Transfer Policy Framework* white paper and the draft *Water Transfer Clearinghouse* discussion paper are being developed in coordination with the BDAC Water Transfer Work Group. (These have been further revised since their inclusion in the previous May 14, 1998 BDAC meeting packet.)

The objective of the CALFED Bay-Delta Program's Water Transfer element is to provide a policy framework to facilitate and encourage a properly regulated water market (including necessary protections) to move water between users, including environmental uses, on a voluntary and compensated basis.

The clearinghouse concept paper is of particular importance. This proposed process/entity is intended to assist local decision making agencies with analysis of the benefits and adverse impacts of transfers -- short and long term, project specific and cumulative. In essence, this process/entity would help ensure that all interests 1) are working with the same information while making decisions, and 2) can have confidence that the information is objective and factual.

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#### 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  
U.S. Army Corps of Engineers

Department of Agriculture  
Natural Resources Conservation Service  
Department of Commerce  
National Marine Fisheries Service

Also enclosed is the discussion outline/rough draft for the Water Transfer Policy Framework white paper. This paper will become the mechanism for the presentation of CALFED policy recommendations on the wide array of issues presented in Section V of the outline.

### **Water Transfer Policy Framework**

The Water Transfer Policy Framework is designed to:

- achieve improvements in the efficiency of the water transfer process,
- to facilitate the further development of a statewide water transfer market, and
- provide protection from third party impacts (those not directly involved in the transaction) and local groundwater or environmental impacts

While historic transfers have generally been successful, they have raised concerns regarding adverse impacts to other water users, to rural community economies and to the environment. In addition, they have highlighted contradictory interpretations of state law, the lack of reliable ways to transport the transferred water, and complicated permitting and approval processes. Before the value of water transfers as a management tool can be fully realized, these problems need to be addressed. The major problems have been characterized by the BDAC Water Transfer Work Group as:

#### 1) Environmental, Economic and Water Resources Protection

- Third Party Impacts
- Groundwater Resource Protection
- Instream Flow (1707) Transfers
- Environmental Protection in Source Area
- Area of Origin/Watershed Priorities
- Rules/Guidelines for Environmental Water Transfers

#### 2) Technical, Operational and Administrative Rules

- Transferable Water and the "no injury rule"
- Operations Criteria and/or Carriage Water Requirements
- Reservoir Refill Criteria
- Permitting Process

#### 3) Wheeling and Access to Federal and State Facilities

- Priority of transferred water in existing project facilities
- Priority of transferred water in new facilities
- Wheeling Costs

### **Solution Options**

Policy-level solution options for resolving the issues shown above are primarily being developed through the BDAC Water Transfer Work Group and the Transfer Agency Group (a subgroup of CALFED agencies).

The BDAC work group has reached general consensus on the need for a 'water transfer clearinghouse' process. This solution option could address several of the *Environmental, Economic and Water Resources Protection* issues including third party impacts and groundwater resource protection. As currently envisioned, the clearinghouse would function to ensure: baseline data collection; neutral party analysis and monitoring of transfers; cumulative impact analysis; public disclosure of data and analysis; and public participation in the transfer review and approval process.

Policy level solution options for the other issues are also being discussed in the work groups. Draft policy-level recommendations on all issues should be available by the end of July.

### **Questions for BDAC Discussion**

The following questions are posed for BDAC discussion and BDAC policy advice to CALFED:

- Several BDAC Water Transfer Work Group meetings were dedicated to the identification and discussion of issues that currently constrain a water transfer market. From a policy perspective, have all of the issues been identified or are there other issues not currently contained in this set?
- The BDAC Work Group strongly supports the use of a water transfer clearinghouse process/entity to improve public participation, provide disclosure of objective information, and perform objective impact analysis. Is this the appropriate mechanism to satisfy these needs? Would this adequately provide information to help decision makers protect their communities from unreasonable adverse economic and resource impacts?