

Summary of Meeting
BDAC Water Transfers Work Group
May 27, 1998
Tenth Meeting

Key Points

- The work group participants again indicated consensus with the establishment of a water transfer clearinghouse, functioning as indicated in the draft discussion paper. There was also general consensus that the clearinghouse should gather information on all water transfers. However, levels of analysis may vary with the complexity and public concern indicated for each specific proposed water transfer. From a practical view, the clearinghouse may stage the implementation of functions over a few years, with initial focus on baseline data collection and public disclosure of proposed transfers.
- The Ecosystem Roundtable's water acquisition program intends to purchase water to augment stream flows. These purchases should allow the clearinghouse functions to be "pilot tested", allowing protocols for public notification, information collection, etc., to be established. The first purchases may occur as early as spring of 1999.
- Participants provided CALFED staff with several comments on the working draft of the Water Transfer Policy Framework paper. Specific comments on some of the language and a request to modify the tone of the introduction were made.

Discussion Overview

- Cindy Darling, program manager for near-term ecosystem restoration, provided the work group with an overview of water acquisition principles being developed by the Ecosystem Roundtable. The work group briefly discussed some of the principles outlined in the draft paper distributed by Cindy at the meeting. This included questions about the geographic extent of public participation as well as questions regarding the ability to reuse environmental water downstream. The Ecosystem Roundtable is aware that these are some of the same issues that this work group is working to resolve. The two groups will continue to work together through the interaction of CALFED staff. Efforts to acquire water for instream purposes in early 1999 will provide an opportunity to begin to implement the clearinghouse process. These transfers can serve to help develop the details of some clearinghouse functions.
- Steve McCauly of the State Water Contractors provided the work group with an overview of Ag/Urban efforts (this is a group of agricultural and urban water interests working together to provide additional advice and input to the CALFED process). Their draft policy paper is expected to include the following points regarding water transfers:
 - 1) recognition that there are a number of issues that need to be resolved, especially developing reliable access to conveyance capacity;
 - 2) there are a large number of uncertainties which impair an effective market including; third party impacts, the definition of transferable water, and the permitting and approval process, and;
 - 3) land fallowing should be used to generate transferrable water only under very limited

circumstances, such as short-term drought relief.

- Steve continued by providing a brief overview of what the Ag/Urban group supports to resolve these issues, including but not limited to: source area protections, use of an informational clearinghouse, permit streamlining, and requiring environmental transfers to meet the same rules as consumptive use transfers.
- Three issues were raised regarding water transfers for instream environmental purposes. These included: 1) mechanisms to track environmental transfers, 2) methods to minimize adverse impacts or maximize multiple benefits to the environment for consumptive use transfers, and 3) criteria for environmental water transfers.
- The work group discussed each of the above environmental water transfer issues at some length. CALFED staff will work to incorporate some of the discussion into the next draft of the policy framework paper.
- Concern was expressed over the inability to regulate transfers involving pre-1914 water rights. It was suggested that CALFED could adopt requirements similar to the USBR in that transfers needing CALFED agency approval, regardless of the type of water right, would need to meet particular transfer criteria, including clearinghouse functions and determination of transferable water.
- A suggestion was made to include in the legal section of the policy framework paper a description of "holes" in the current system of laws that allow transfers to occur without public disclosure or appropriate review.
- The second function listed in the draft clearinghouse discussion paper was questioned regarding its intention. Some felt that the wording implied that the clearinghouse would use information gathered to promote or market available water to interested parties. This wording will be revised to ensure that the clearinghouse does not have a brokerage or marketing function.
- Some participants were not clear on the role of a clearinghouse. However, after some discussion and support from several work group participants, it was generally agreed that the functions currently described for the clearinghouse are appropriate (with the exception of #2 of the 4/23/98 draft which will be modified) and that a clearinghouse process is necessary to provide source area decision makers with useful information.
- The work group discussed options for who performs the functions of the clearinghouse. Some believe DWR would be appropriate because of its duty to serve the interest of the State's water resources. Others still feel that DWR has a conflict of interest with the State Water Project also under its control.
- A suggestion was made that the clearinghouse may need to be an iterative processes, building its functions with each successive year. As such, it may be appropriate to house the clearinghouse within existing entities for data collection (such as in DWR) then expand elsewhere as functions grow. It was mentioned that the Governor had allocated \$1.5 million in the 1998-99 revised budget to establish transfer functions.
- A question was raised regarding what types of proposed transfers should be submitted to the clearinghouse process. Would any particular type of proposed water transfers be exempt from the clearinghouse (intra-District transfers are already excluded as discussed in the clearinghouse paper)? It was generally agreed that the clearinghouse should collect and disclose information on all transfers, but that analysis requirements may vary depending on the complexity and level of public concern for a particular transfer. For instance, some intra-basin transfers may be generally deemed acceptable and not need much or any analysis while others may require in-depth analysis, depending on conditions of each proposed transfer.

- A suggestion was made that since the clearinghouse functions could initially be overwhelming (for data collection, disclosure, etc.) that a prioritization of transfers should be developed. For instance, the first year or two could concentrate on out-of-basin, cross-Delta transfers. The volume of water proposed for transfer could also be a criteria used to judge the required level of analysis.
- A question was raised regarding the geographic scope of reporting or analysis. Would this be a requirement statewide or only for transfers involving Central Valley water? This question was asked with the Imperial Irrigation District/San Diego proposed water transfer in mind.
- The work group discussed some specific comments on the draft policy framework paper. One comment noted that there is an inconsistency in tone throughout the paper, especially with regard to implying that water transfers themselves can provide new water. Suggestions were also made to include DWR's definitions of 'paper', 'real', and 'new' water', and to add an objective to "not impair overlying landowner's ability to pump groundwater" (added to existing objectives).

The next meeting of the BDAC Water Transfer Work Group is scheduled for:

Wednesday, July 8, 1998 from 9:30 a.m. to 3:00 p.m. (Location to be determined)

Lunch is not provided.