

Staff Draft Working Paper

Environmental Water Program Strategy and Policy Guidelines

Introduction

This paper is in response to a request from the BDAC Ecosystem Roundtable for a staff generated framework for an Ecosystem Restoration Program (ERP) and an Environmental Water Account Water Acquisition Program. The request was for something resembling a workplan. The format of this working paper differs from a workplan for two reasons:

- This is an urgent issue that staff has been working on for sometime, and
- Many of the tasks which would be described in a complete workplan have been discussed and debated for some time and are ripe for resolution.

This working paper follows an outline for a strategy and policy guidance document. Each section is initiated with a statement indicating the need for the section, a proposal in italics as to the words or process staff would recommend, and finally, a task description.

In the process of developing this paper, staff concluded it would be beneficial to touch, at least briefly, on all the various elements of a potential water acquisition program. Therefore this working paper includes storage, conveyance, governance and finance elements in addition to acquisition. This paper does not include a discussion or a proposal of water acquired or dedicated to meet the requirements of the CVPIA.

1. Having a clear purpose for the program will reduce the potential for future conflict and confusion.

Purpose

The CALFED Environmental Water Program (EWP) is established to meet the shortfall between existing instream flow and Delta outflow provisions and those needs identified in the Ecosystem Restoration Program Plan for the CALFED solution area. Secondly, the Program is also established to provide for the needs and tools necessary to support the Environmental Water Account (EWA). These needs and tools are documented in the analysis and modeling evaluating the EWA. A third need is to coordinate water acquisition and allocation with the CVPIA.

Task 1

Refine and finalize a purpose statement. Estimated time required, part of one drafting team meeting.

2. Quantified objectives provide substantial structure to a program and provide assurances.

Objective

The objective of the CALFED EWP is to acquire the control and management of approximately 600,000 acre feet of water that could be managed annually for environmental benefits.

Because acquisition of development will have to be staged over time, the Stage 1 sub-objective is to acquire at least 100,000 acre feet. This staging will allow for the time necessary to scientifically justify the objective.

Task 2

Refine the long-term acquisition objective. This may require additional modeling of ERP objectives and additional EWA "gaming". Scientific uncertainty and the need for adaptive management dictate the need for flexibility associated with this numerical objective. Estimated time to complete the necessary analysis and to resolve conflicting opinions, 6 to 12 months.

3. Confusion and future conflict can be reduced if a clear set of uses for the acquired water is established at the outset of the program.

Uses

Water acquired and managed under the EWP will be used for the following environmental and ecological purposes:

- *augmentation of instream flows*
- *stimulation or support of ecological processes*
- *support of aquatic or riparian habitats*
- *improvement of water quality*
- *augmentation of Delta outflow*
- *provide for experimentation and adaptive management*
- *to reduce the impacts of state and federal water project operations*

The environmental water may be used directly, may be used in exchanges and may be used as a substitute source.

Task 3

Permitted uses of water acquired by the program should be refined and finalized. Estimated time is part of one drafting team meeting.

4. There are a number of ways to acquire interests in, and control of, water. It is important to specify how the EWP will be allowed to acquire, store and move water. For lack of a better term, this section is called sources.

Sources

Water rights may be purchased in fee from willing sellers. The use of water may be leased on an annual, short-term or long-term time frame. Options for future or conditional use of water may be purchased and exercised. Both surface and ground water may be included in the mix of sources. Short-term and long-term storage of acquired water may be leased or acquired by the program. Water conveyance opportunities or options may be leased or acquired.

Task 4

Refine the breadth and scope of potential sources. Identify any possible policy questions. Estimated time required, part of two draft team meetings.

5. The question of who pays, and how, is likely to be debated for some time. There is, however, a need to make some statement soon as to how the program will be able to obtain and spend its money. Because it is anticipated that the program will be "in the market" and will be spending public money, there is a need for a balance between freedom to act and public accountability. An annual budget appears to be essential. At least for the EWA (which makes substantial use of options) there is a need for periodic availability of fairly large sums to exercise options.

Funding

The program will be funded by a mix of public funds (bonds and appropriations) and user fees. The program will operate from an annual budget and will have a cash reserve available for spot market purchases and to exercise options.

Task 5

Refine the estimated budgeting needs for the program. Establish target annual and cash reserve amounts. This task is dependent on the data from Task 2 (determination of the amount of water needed). It is also dependent on further development of the storage and conveyance program. Time required to complete is 6 to 12 months.

6. There are two distinct aspects to the management of the program. There will be a business function associated with the purchase of water, storage and conveyance. This function will prepare the budget, the contracts and the fiscal accounting. The second function involves the allocation and use of water assets.

Program Management

The program will hire staff to carry out the day-to-day management of the program. Duties of the staff will include the preparation of annual budget needs, the preparation and execution of contracts and the maintenance of a fiscal accounting system. The staff will also include a team of experts in the fields of fishery management and water project operations. The expert team will be responsible for the allocation and use of water assets.

Task 6

Prepare a staffing plan and the necessary documents to obtain authorization to hire staff. Estimated time required is two months.

7. Governance of the program is an important issue. It is likely that the program will be under the overall CALFED governance entity which is yet to be described. It could be housed within the Ecosystem entity which has yet to be described. Or, it could be delegated to any one of the CALFED agencies. It would also become a new program reporting directly to the overall CALFED program. The functions of the program have been discussed extensively and may require only minor refinement. The program would function under the guidelines developed for governance of the overall CALFED entity.

Governance

The EWP will be a unit within the ERP of CALFED.

Task 7

Prepare an analysis of alternative governance structures for the EWP. Estimated time for completion is one month. This task is dependent on resolution of other CALFED governance issues.

8. Assurances

Assurances will have to be obtained by the program and given by the program.

Task 8

Identify assurances needed to implement the program. This is likely to be a major task requiring 6 to 8 months to complete.