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Solicitation of Interest for CALFED Environmental Water Program and CVPIA Water Acquisition Program

I. BACKGROUND

A. CALFED Bay-Delta Program

The CALFED Bay-Delta Program is a consortium of State and Federal agencies with management responsibilities in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary. The CALFED Bay-Delta Program's 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. The Program has four objectives: ecosystem quality, water supply, water quality, and levee system integrity.

The CALFED Bay-Delta Program prepared a Draft Programmatic Environmental Impact Statement/Environmental Impact Report (EIS/EIR) which was available for public review and comment in 1999. This document may be obtained by contacting the CALFED Bay-Delta Program at (800) 900-3587 or (916) 657-2666, or by visiting the CALFED web site at <http://calfed.ca.gov>. All alternatives described in the Draft Programmatic EIS/EIR contain common programs to address ecosystem health, levee system integrity, water use efficiency, water transfers, water quality, and watershed management.

The common program to address ecosystem health is the Ecosystem Restoration Program (ERP). It is described in the Ecosystem Restoration Program Plan (ERP Plan), which is found as an appendix to the draft Programmatic EIS/EIR. The goal of the ERP is to improve and increase aquatic and terrestrial habitats and to improve ecological functions in the Bay-Delta to support sustainable populations of diverse and valuable plant and animal species. The ERP is a long-term ecosystem restoration program that will be implemented in phases over several decades, and which incorporates the use of adaptive management. Adaptive management is an approach that acknowledges that there is a need to constantly monitor the system and adapt the actions that are taken to restore ecological health and improve water management. These adaptations will be necessary as conditions change and more is learned about the system and how it responds to the actions taken. A strategic plan has also been developed to guide implementation of the ERP. Applicants desiring additional information on the ERP, the Strategic Plan for Ecosystem Restoration, or the CALFED Bay-Delta Program can contact the Program at the phone numbers or web address provided above.

As part of CALFED's Ecosystem Restoration Program, CALFED has recommended funding to acquire water for environmental restoration and water supply. The CALFED

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Bay-Delta Program has been funding physical ecosystem restoration efforts under the oversight of the Restoration Coordination Program since 1996. The selection of projects for funding has been accomplished through proposal solicitations. This solicitation represents the first solicitation by the CALFED Bay-Delta Program for proposals related to the acquisition of water for in-stream flow in support of the ERP. However, prior to the signature of the Record of Decision and California Environmental Quality Act Findings (expected in mid-2000), the CALFED Bay-Delta Program does not have the authority to actually acquire water rights. Therefore, this solicitation can not result in the acquisition of water rights. However, it is the intention of the CALFED Bay-Delta Program to acquire water in the future based on information provided by those responding to this solicitation. CALFED desires acquisitions to be long-term, to the extent possible.

B. U.S. Department of the Interior Central Valley Project Improvement Act Implementation

Under the authority of Section 3406(b)(3) of the Central Valley Project Improvement Act (CVPIA), the Department of the Interior (Interior) has established the CVPIA Water Acquisition Program (WAP) to assist in meeting the objectives of the Anadromous Fish Restoration Program (AFRP) through the acquisition of water to supplement CVP yield dedicated for fish and wildlife purposes under Section 3406(b)(2) of the CVPIA. As mandated under Section 3406(d)(2), the WAP is also charged with acquiring incremental Level 4 refuge supplies to allow for full-habitat development at specified refuges. Interior attempts, by acquiring water from willing sellers, to meet those flow objectives recommended by the AFRP that are not met through modifications of CVP operations or by management of the water under Section (b)(2), to the extent that water supplies can be made available and acquired. Interior desires to begin acquiring water on a long-term basis to the extent possible, to provide certainty in water supplies and to reduce the costs involved in these acquisitions.

C. Coordination and Integration of CALFED's Environmental Water Acquisition Program and CVPIA Water Acquisition Program

In response to requests received from several stakeholders, and in recognition of the efficiencies that could be achieved, Interior and CALFED propose to integrate and coordinate the planning for their environmental water acquisitions. Such integration and coordination would result in the development of a single long-term plan for environmental water acquisition. As a result, Interior and CALFED would avoid competing with each other for environmental water, the acquisition of environmental water could be facilitated to optimize biological benefits (through multiple, synergistic uses of acquired water), and stakeholders would be provided a single, more streamlined

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approach that prioritizes all environmental water acquisition needs while at the same time meeting the requirements of the separate programs.

In the short-term, CALFED cannot acquire water prior to having a signed Record of Decision on the CALFED Bay-Delta Program Programmatic EIS/EIR. Further, substantial planning and coordination efforts are required before water needs can be identified for each stream. However, Interior and CALFED are issuing this joint Solicitation of Interest with the Spring 2000 CALFED Proposal Solicitation Package as a first step to introduce the concept of an integrated environmental water acquisition program and to help identify sellers potentially interested in participating in the Program as it develops.

III. CALFED ENVIRONMENTAL WATER PROGRAM OVERVIEW

The Environmental Water Program is intended to implement the instream flow actions contained in the ERP by seeking to acquire approximately 100,000 acre-feet of water from willing sellers on the rivers and streams listed in Table 1. CALFED's acquisitions will be managed adaptively. Based on information gathered from water acquired in Stage 1, an additional quantity of water may be acquired in Stage 2 of the CALFED implementation program (following the seventh year after the Record of Decision is signed). Acquisitions will be considered only from those interested parties able to demonstrate an undisputed right to the water being offered.

The types of transactions being considered by the EWP include:

- Acquiring water rights,
- Leasing water rights,
- Influencing the timing of water transfers between other parties to provide environmental benefits, where feasible,
- Acquisition of water storage rights, and
- Leasing of water storage rights.

Long-term acquisitions (20-30 years) are preferred, but medium-term (5-20 years) and short-term (<5 years) acquisitions will also be considered.

The need for water acquisitions under the EWP are described in Volumes I and II of the ERPP, CALFED's Strategic Plan for Ecosystem Restoration. In order to contribute to the recovery of species and the overall health of the Bay-Delta, the ERP vision for Central Valley streamflow is to protect and enhance the ecological functions that are achieved through the physical and biological processes that operate within the stream channel and associated riparian and floodplain areas. The primary objectives are to provide flow and

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temperature regimes in regulated rivers that favor native aquatic species and to maintain channel and sediment conditions favorable to native aquatic and riparian organisms.

The flow actions identified in the ERPP are intended to:

- Provide high flows during spring (March through May) sufficient to sustain high-flow dependent ecological functions by allowing a portion of natural inflow to pass through large Central Valley reservoirs. (These may be accompanied by lower summer flows.)
- Maintain sufficient year round base flows to sustain flow-dependent processes, habitats, and species.

The flow-dependent ecological functions targeted by acquisitions include channel forming, floodplain, and biological processes. Channel forming processes include erosion, transport, and deposition of gravel and sediment to: sustain pool-riffle run complexes; create channel meanders, bars, back waters, and side channels; clean fine sediments from gravel beds; sort sediments by particle size; abrade particle surfaces; and introduce new material into the river (e.g. nutrients and gravel).

Floodplain processes include the introduction of fine sediments to floodplain areas, and periodic inundation of floodplains to increase soil moisture and recharge groundwater.

Biological processes involve dispersing riparian plant seeds, fish eggs, fish and insect larvae, and nutrients; improving access to habitats (e.g. adult and juvenile migration, spawning, and rearing); maintaining food web diversity by disturbing biological communities; and providing adequate water temperature conditions.

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Table 1. Rivers and Streams Included in the CALFED Environmental Water Program and CVPIA Water Acquisition Program		
River	CALFED EWP	CVPIA WAP
Coon Creek and Doty Creek	X	
Deer Creek	X	X
Cow Creek		X
Bear Creek		X
Butte Creek	X	X
Battle Creek	X	X
Paynes Creek		X
Mill Creek		X
Antelope Creek		X
Sacramento River	X	X
Feather River	X	X
Yuba River (including Deer and Dry creeks)	X	X
Bear River	X	X
American River	X	X
Putah Creek	X	
Mokelumne River	X	X
Cosumnes River		X
Calaveras River	X	X
Stanislaus River	X	X
Tuolumne River	X	X
Merced River	X	X
San Joaquin River	X	X

IV. CVPIA WATER ACQUISITION PROGRAM OVERVIEW

The CVPIA WAP is a program to acquire waters from willing sellers to meet two goals described in the CVPIA (Public Law 102-575). Section 3406(d) of PL 102-575 requires Reclamation to provide water to specified state and federal refuges to achieve optimum wetlands management. The amount of water to be delivered to each refuge is specified as "Level 4" in the "Dependable Water Supply Needs" table in the 1989 Refuge Water Supply Report, and the full water supply needed for full habitat development for those habitat areas identified in the San Joaquin Basin Action Plan/Kesterson Mitigation Action Plan Report. These refuges are listed in Table 2. Reclamation has been acquiring water supply for these refuges on an annual basis, but intends to acquire water on a long-term basis.

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Table 2. Wildlife Refuges and Management Areas for Which Reclamation Must Acquire Water	
Sacramento Valley Refuges	
	Sacramento National Wildlife Refuge
	Delevan National Wildlife Refuge
	Colusa National Wildlife Refuge
	Sutter National Wildlife Refuge
	Gray Lodge Wildlife Management Area
San Joaquin Valley Refuges	
	San Luis National Wildlife Refuge
	Kesterson National Wildlife Refuge
	Volta Wildlife Management Area
	Los Banos Wildlife Management Area
	San Joaquin Basin Action Lands
	Freitas
	West Gallo
	Salt Slough
	China Island
	East Gallo
	Grasslands Resource Conservation District
	Mendota National Wildlife Refuge
	Merced National Wildlife Refuge
	Kern National Wildlife Refuge
	Pixley National Wildlife Refuge

Section 3406(b) of P.L. 102-575 requires the Secretary of the Interior to develop a program which makes all reasonable efforts to ensure that, by the year 2002, long-term sustainable natural production of anadromous fish in Central Valley rivers and streams is not less than twice the average levels attained during the period 1967-1991. Three flow-related tools are provided in P.L. 102-575 to achieve this goal. Section 3406(b)(1) instructs Reclamation to modify CVP operations to provide flows suitable for all life stages of fish. Section 3406(b)(2) requires Reclamation to dedicate each year 800,000 acre-feet of CVP yield to meet fish, wildlife, and habitat restoration purposes. Section 3406(b)(3) authorizes Reclamation to acquire water from willing sellers to supplement the water dedicated under Section 3406(b)(2).

The U.S. Fish and Wildlife Service has developed the Revised Draft Restoration Plan for the Anadromous Fish Restoration Program: A Plan to Increase Natural Production of Anadromous Fish in the Central Valley of California (May 1997) to describe how this goal will be achieved. Among the recommendations contained in the revised draft plan are flow recommendations for various Central Valley rivers and streams. Until this plan is finalized, Reclamation will acquire water from willing sellers to achieve those flow targets contained in the revised draft report which are not achieved through tools

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provided in Sections 3406(b)(1) and 3406(b)(2). As with the acquisitions for wildlife refuges, Reclamation intends to acquire water on a long-term basis.

V. PROGRAM ORGANIZATION

Planning to decide how the CALFED and Interior programs will be jointly implemented has not yet been completed. Therefore, answers to many questions about program organization and implementation are not yet available. However, several concepts have been agreed to:

- Planning for the two water acquisition programs will be integrated. Interior and CALFED will work together to develop an integrated set of acquisition priorities representing the needs and key objectives of both the ERPP and the AFRP.
- Planning for the two water acquisition programs will be integrated with planning for CALFED's Environmental Water Account (EWA)¹, so that EWA water will be used to achieve instream flow targets, where possible, prior to acquiring water to achieve those targets.
- Planning for the two water acquisition programs will be closely coordinated with CALFED non-ecosystem water planning to maximize any potential additional synergies.
- Efforts will be made to acquire water that meets multiple environmental goals and multiple program purposes (e.g. instream flows in tributary streams as well as in the mainstems of rivers, ERPP targets as well as AFRP targets, instream flows as well as refuge supplies).
- A prioritization strategy will be developed to optimize biological benefits during water acquisitions and ensure that the highest priority acquisitions will be made first if there are willing sellers.
- An adaptive management approach consistent with ongoing monitoring programs will be developed to evaluate the effectiveness of water acquisitions, and

¹ As currently envisioned, the EWA will use water purchases, storage space, and other assets to enhance upstream and in-Delta fish protection. For example, the EWA could alter the timing of water diversions from the south Delta and carry out water transfers in order to reduce entrainment and provide the migratory cues for fishes that are identified in the ERP. The EWA will use the real-time monitoring of the movement of fish in the Delta to trigger alternative water management actions at the south Delta project pumps and the Delta Cross Channel.

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- A public outreach process will be developed and implemented to provide information to the public, and to understand the perspectives of potential willing sellers and a wide range of stakeholders.
- Water will be acquired through a single, coordinated process.
- Interior and CALFED funds will be tracked separately to ensure that CALFED funds are used for CALFED priorities and CVPIA funds are used for CVPIA priorities. In many instances, however, funding from both sources may be appropriate for a single acquisition.

The EWP will be managed under the Ecosystem Restoration Program. By its nature, the EWP is closely related to several other CALFED and non-CALFED activities, including the Environmental Water Account (EWA) and the Water Transfers Program. CALFED will coordinate its efforts under the EWP with the EWA and the Water Transfers Program to avoid conflicts or duplication of effort.

V. PROCESS TO SHOW INTEREST IN PARTICIPATING

Any private or public party with verifiable water rights on those streams and under the conditions listed in Section II may participate by providing CALFED with a brief Letter of Interest. Those parties eligible include, but are not limited to: State and Federal agencies, water and other special districts, local government entities, non-profit organizations, individuals, and private firms.

Letters of Interest should contain, at least, the following information:

- Name of the party holding the water right,
- Name of the river or stream on which the right is held,
- Documentation of the right of the party to potentially transfer the water,
- Type of water right to be potentially transferred,
- Information regarding diversion locations, amounts, and timing,
- Any specifications regarding uses of the water acceptable to the seller (tributary instream flows, mainstem instream flows, export south of Delta for use at wildlife refuges, export south of Delta for urban or agricultural water supply enhancement).

The CALFED Bay-Delta Program will consider for acquisition any indisputable water right that is transferable. It will be the responsibility of the respondents to provide verification of the water rights contained in responses to this solicitation.

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A public workshop to answer questions regarding this program will be held on ??????????. Questions regarding this program may also be addressed to Mr. Daniel at (800) 900-3587 or (916) 657-2666.

VI. PROPOSAL EVALUATION PROCESS

Proposals will be matched against the water need specifications contained in Section III. Those fulfilling needs identified in Section III, will be evaluated using the following criteria:

- duration of the acquisition (longer-term acquisitions are preferred to those of shorter duration),
- location of the diversion point for the water right (upstream rights are preferable to downstream rights).
- timing of the acquisition (flows during periods of highest priority are preferable to flows during periods of lesser priority)
- type of acquisition

Although price proposals are not being requested as part of this solicitation of interest, negotiations for acquisitions may occur in the future, and less expensive acquisitions are preferable to more expensive acquisitions that are similar in other ways.

VII. SCHEDULE

Letters of Interest must be received by CALFED no later than May 1, 2000, and should be sent to:

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Sacramento, CA 95814