

EWC Draft

BAY-DELTA ECOSYSTEM RESTORATION
FISCAL YEAR 1998 PROGRAM PROPOSAL AND JUSTIFICATION

I. INTRODUCTION

Congress has enacted H.R. 4126, a bipartisan measure providing approximately \$430 million in new authorization for ecosystem restoration in California's Bay-Delta watershed. This bill not only enjoyed strong support from the Clinton Administration and virtually the entire California delegation, but reflects a consensus position among the local environmental, agricultural and urban stakeholder communities, as well as the Wilson Administration.

This coalition has remained intact and now seeks FY 1998 appropriations for new Bay-Delta ecosystem restoration programs consistent with the new authorization in the amount of \$120 million. This paper provides background on the CALFED process, current funding issues, and a list of ecological priorities from the perspective of the Environmental Water Caucus ("EWC").

II. BACKGROUND: WHAT IS THE CALFED BAY-DELTA PROGRAM?

California's Bay-Delta Estuary is unique on the planet. It is a 500 square mile region supporting an immense richness and diversity of aquatic and terrestrial species and habitats as well as substantial commercial and recreational fisheries. Simultaneously, the Delta serves as the primary water supply conveyance system for a massive agricultural economy and millions of municipal and industrial water consumers. The conflict between these competing uses has produced devastating species declines as historic ecosystem functions have been fundamentally altered or lost. Ecosystem concerns have in turn stalled efforts to improve water supply reliability facilities.

A major factor contributing to these problems, as well as the deadlock in remedying them, has been the myriad of overlapping and often conflicting federal and state mandates. In a historic effort to end this impasse, the federal government and the state of California have entered into a joint venture to craft a long-term Delta solution. The federal government has formed a Federal Ecosystem Directorate ("Club Fed") to coordinate federal policy,¹ and California similarly has convened a state Water Policy Council.² Collectively, these agencies have formed the CALFED Management Group ("CALFED") under a framework agreement executed in 1994.

¹ The agencies included are: the Bureau of Reclamation, the U.S. Fish and Wildlife Service, the Environmental Protection Agency, the National Fish and Wildlife Service and the Department of the Interior.

² The agencies included are: the Department of Water Resources, the Resources Agency, the Department of Fish and Game, and the State Water Resources Control Board.

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The long-term Bay-Delta solution is being developed under the auspices of a joint federal/state programmatic Environmental Impact Statement/Report ("EIS/R"). Primary responsibility for developing alternatives has been delegated by the CALFED agencies to a Bay-Delta Program staff ("Bay-Delta Program" or "Program"). The Program has been underway for approximately eighteen months and is largely focused on the EIS/R for the long-term program. The EIS/R will address four program elements: (1) ecosystem restoration; (2) water supply reliability; (3) water quality; and (4) natural disaster management. The Program has adopted a consensus-based approach to the development of each of these elements and has devoted considerable energy to public outreach and education.

III. THE BAY DELTA ACCORD AND CATEGORY III

The Bay-Delta Program enjoys support from the stakeholder community largely due to the Bay-Delta Accord ("Accord") adopted two years ago. The Accord ended years of acrimony by establishing an interim regulatory regime, water quality standards and endangered species protections, during which the longer-term solution could be developed. It also established a fund to support ecosystem improvements in this near-term period of approximately \$60 million annually for three years.

The Accord provided that this "Category III" program was intended to be a mix of water user contributions along with some federal and state funds. However, only water user contributions have been available thus far. A Category III Steering Committee has struggled to develop a program to plan and fund useful activities consistent with the goals and objectives of the longer-term planning effort. The 1996-1997 spending decisions recently have been finalized, and the 1995 projects have begun to bear fruit.

IV. PROPOSITION 204 AND H.R. 4126: NEAR TERM SPENDING IS A PRIORITY

The CALFED agencies have established near-term ecosystem restoration as a priority. The Category III mandate to fund near-term activities is now merging to some extent with the longer term Bay-Delta Program objectives. Ecosystem restoration activities require substantial lead time in order to produce species and habitat benefits. Given the complexity of the ecological systems at issue, it is clear that an adaptive management approach -- one that allows for modification over time in response to new information -- is essential. Thus, there is a growing interest in providing early support for those restoration activities most likely to provide substantial ecological benefits or critical information.

California recently adopted Proposition 204, a water bond containing about \$550 for Bay-Delta ecosystem restoration efforts. Of this, \$60 million is designated as the State's share of the Category III program. H.R. 4126, drafted with Proposition 204 in mind, authorizes both the "initial" federal share of Category III and the longer-term Bay-Delta ecosystem element. In conjunction with the stakeholder contributions to the Category III program, there is considerable impetus behind immediate funding for restoration actions.

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2

V. ECOSYSTEM RESTORATION OBJECTIVES AND TARGETS

It has always been EWC's position that restoration spending should be guided by science-based ecological objectives. Although far from complete, the Bay-Delta Program has made substantial progress in identifying objectives for species, habitats and ecological functions. The Program is also developing proposals to accomplish these objectives in the form of specific actions. For example, restoring tidal sloughs in the Estuary is a primary objective. Actions to accomplish this include removal of barriers to tidal flow into existing backwater sloughs in order to reestablish connections to major channels and river systems. Similarly, reducing barriers to fish passage in order to make spawning habitat more accessible is a major objective; dam removal or improvement projects at key locations should be supported as soon as possible. (The Category III program has supported several dam removal and water supply replacement projects.)

EWC has prepared a list of potential restoration activities, or types of actions, that appear to be particularly appropriate for FY 1998 funding based on the current status of the ecological objectives. See Proposed Bay-Delta Ecosystem Restoration Program; 1998 Activities (attached). This Attachment is a refinement of the "Proposed Five-Year Program" matrix prepared by the Bay-Delta Program and is consistent with it, detailing areas appropriate for federal ecosystem expenditures under the new authorization. The proposal focuses on demonstration projects to facilitate the long-term planning process and jump-start some of the more critical restoration actions. It bears emphasis that this list reflects the mandate of H.R. 4126 limiting the new authorization to the ecosystem restoration element of the CALFED program, as opposed to the other three program elements.

VI. ECOSYSTEM RESTORATION DECISION PROCESS

A major issue is how to establish ecologic priorities for near-term spending. As indicated above, until recently near-term spending in the form of the Category III program has been guided by a joint stakeholder/agency Category III Steering Committee. (Separate decisions regarding near-term CVPIA funding have been made by the Fish and Wildlife Service with input from another stakeholder group.)

The Category III Steering Committee is now giving way to a more formally constituted "Ecosystem Roundtable," consisting of a balanced group of stakeholders. The Ecosystem Roundtable is intended to work with the CALFED Management Group to coordinate near-term planning and spending for Bay-Delta restoration activities; including but not limited to the Category III funds. Guidance as to objectives and targets will be provided by the Bay-Delta Program.

Both Proposition 204 and H.R. 4126 anticipate that this Ecosystem Roundtable structure will serve as the decision forum for funds made available under these authorities, at least until some other entity is developed to take on this role. In sum, there are substantial

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3

benefits to be derived from targeted near-term spending *as long as such expenditures are driven by ecological priorities*. We are confident that priorities identified in the Attachment, as refined by the Roundtable structure, are likely to produce meaningful ecological benefits and are worthy of immediate federal support.

VII: PROPOSAL FOR FISCAL YEAR 1998

Program Package Language The attached Restoration Program seeks approximately \$120 million in total federal appropriations in for the listed programs. The simplest allocation method from the perspective of the CALFED process would be a single appropriation through a single agency to the Bay-Delta Program, or a Bay-Delta Trust. However, to the extent that this option is not viable, EWC proposes in the alternative that the total budget request be divided among the appropriate agencies, and the Land and Water Conservation Fund. To ensure programmatic continuity, EWC further proposes adoption of unifying language for each agency's budget tying the new request to the CALFED process along the following lines:

\$ X for [agency] for [program activity (such as dam removal programs on the Upper Sacramento River)]. Funds appropriated under this section shall remain available until expended and shall be administered in accordance with procedures established by the CALFED Bay-Delta Program until Congress authorizes another entity that is recommended by the CALFED Bay-Delta Program to carry out this section.

Baseline Funding Issues H.R. 4126 authorizes new federal expenditures for Bay-Delta ecosystem activities "above the existing baseline." The current estimate of baseline federal spending on such actions is approximately **\$32 million annually**. This figure includes primarily federal expenditures on CVPIA-related activities. For example, the Shasta Temperature Control Device accounts for roughly one-third of this baseline spending, and a Programmatic Environmental Impact Statement accounts for just under one-quarter. Smaller sums have been spent on fish screening programs, land retirement and studies.

The attached proposal sets forth a program and rationale for expenditures of about \$120 million over this baseline for Fiscal Year 1998. Such additional sums are required to ensure that new activities and priorities identified through the CALFED process are able to get underway.

PROPOSED BAY-DELTA ECOSYSTEM RESTORATION PROGRAM FISCAL YEAR 1998 ACTIVITIES

The program outlined below is an expansion and refinement of the November 19, 1996 "Proposed Five Year Program Activities and Cost Estimate" matrix prepared by the Bay-Delta Program. It is our understanding that this matrix was intended to set forth the comprehensive Bay-Delta Program budget. Ecosystem restoration is one of four elements reflected in this budget. In addition, the November 19 matrix included anticipated spending from all sources, not only federal appropriations. EWC's proposal, set forth below, is consistent with the cost estimates included in the Bay-Delta Program's matrix and is not intended to substitute for those estimates. Instead, it is intended to accomplish two purposes:

- (1) To delineate those areas of federal spending for FY 1998 appropriate for the expenditure of funds targeted toward ecosystem restoration activities; and
- (2) To provide greater specificity with regard to the types of activities for which expenditures are required during this fiscal year and the anticipated ecological benefits of such expenditures.

A. Fish Screening and Passage

Total FY '98 Funding Request for Fish Screening and Passage Projects

\$10 million to be provided either through a CALFED Bay-Delta Program Trust or distributed to the following agencies for the actions listed below: (1) USFWS; (2) NFWF; and (3) USBR, and perhaps others as appropriate.

Ecological Objectives: To assist in the recovery of animal and plant species of concern (listed or potentially endangered species), in particular delta resident and migratory native fish species by: (1) increasing access to spawning habitat areas; (2) reducing direct mortality; (3) facilitating fish passage.

1. Delta Fish Passage

Action: Initiate first phase of program to install fish screens on Delta water diversions; and to consolidate and/or relocate diversion sites where feasible.

2. Sacramento River Fish Passage

Action: Design and implement demonstration projects to replace dams with "fish friendly" diversion facilities, and to remove obsolete dams and other obstructions where appropriate.

Action: Initiate first phase of program to install fish passage structures on existing facilities in the mainstem Sacramento River and appropriate tributaries, and to consolidate and/or relocate diversion sites where feasible.

3. San Joaquin River Passage

Actions: [Same as on Sacramento system.]

B. Exotic Species Management

Total FY '98 Funding Request for Exotic Species Management Element

\$2 million to be provided either through a CALFED Bay-Delta Program Trust or distributed to the USFWS and perhaps other agencies as appropriate.

Ecological Objectives: To assist in the recovery of animal and plant species of concern (listed or potentially endangered species), in particular delta resident and migratory native fish species, by: (1) limiting or controlling threats to native species created by exotics; and (2) protecting native species biodiversity.

Action: Control exotic species by regulating and enforcing ballast discharge requirements in the Delta, Suisun Bay and San Pablo Bay.

Action: Remove invasive vegetation in the Delta.

C. Habitat Acquisition and Restoration

Total FY '98 Funding Request for Habitat Acquisition and Restoration Element:

\$80 million to be provided either through a CALFED Bay-Delta Program Trust or distributed to individual agencies for the actions listed below: (1) USFWS, (2) USDA, (3) COE, (4) NFWF, (5) USBR and (6) USEPA and perhaps others as appropriate.

Ecological Objectives: To assist in the recovery of animal and plant species of concern (listed or potentially endangered species) by: (1) providing spawning, rearing, foraging and cover habitat, (2) increasing productivity of the food chain; and (3) improving temperature conditions.

1. Delta Habitats

Action: Expand National Wildlife Refuges in the Delta region.

Action: Design and implement immediate demonstration projects restoring freshwater tidal marshes and slough channels on shallower islands in the eastern, central and northwestern Delta. Options include, but are not limited to,

New Hope, Canal Ranch, Brack, Webb, Bouldin, Staten, Hastings, and Ryder Islands, as well as the west shore of the Sacramento River.

Action: Acquire islands, or portions of islands, in the western and/or central delta that are somewhat deeper (not ready for immediate action) in order to preserve opportunities for long-term restoration of freshwater tidal marshes and slough channels, as well as other desirable habitat types. Potential sites include, but are not limited to, the following islands: Twitchell, Mandeville, Brannan, Holland, Palm, Bacon, Macdonald.

Action: Design and implement demonstration projects to restore shaded river and riparian habitat, particularly in the northern and eastern Delta. Options include projects along the Sacramento, Mokelumne and Cosumnes Rivers as well as various sloughs including Cache Creek, Lindsay, Hess, Stag, Prospect, Sutter, Georgiana, Snodgrass, and 14 Mile Slough.

Action: Design and implement demonstration projects to restore channel islands and berms, as well as emergent vegetation and shallow shoals in existing sloughs and channels in the western, northwestern and central delta. Options include projects along Franks Tract, Taylor Slough, Sand Slough, Holland Slough, Connection Slough, Liberty Island and Prospect Island.

2. San Francisco Bay Wetlands

Action: Design and implement demonstration projects to restore brackish tidal wetlands and slough channels at creek mouths with particular attention to mimicking natural salinity levels. Critical areas are Suisun and San Pablo Bays, Petaluma and Napa Rivers, and Suisun Marsh.

Action: Design and implement demonstration projects to restore riparian corridors along key streams such as the Napa and Petaluma Rivers, and Sonoma, San Antonio, Novato, Miller, Wildcat and San Pablo Creeks as well as the tributary streams of Suisun Bay.

Action: Expand existing National Wildlife Refuges in the Bay Area.

3. Sacramento River Watershed Habitats

Action: Acquire existing meander corridors along the upper reaches of the Sacramento River for preservation and management.

Action: Expand existing National Wildlife Refuges in the Sacramento River watershed.

Action: Reconfigure major bypasses and management to restore various habitat types. For example, establish floodplain wetlands along the Colusa Drain, or modify Yolo Bypass to enhance spawning and rearing habitat and establish riparian woodland habitat.

Action: Design and implement demonstration projects to restore meander corridors along the middle reaches of the Sacramento River.

Action: Design and implement demonstration projects to restore floodplain wetlands along the middle reaches of the Sacramento River.

Action: Design and implement demonstration projects to restore shaded river habitat and riparian woodland habitat within the active meander corridor on the mainstem Sacramento River, tributaries and bypasses.

4. San Joaquin River Watershed Habitats

Action: Design and implement demonstration projects to restore shaded river habitat on the lower reaches of the Stanislaus, Tuolumne and Merced Rivers.

Action: Isolate and/or remove gravel pits (and related gravel mining debris) on the lower reaches of these rivers.

5. Water Acquisition

Action: Establish a trust to acquire water for long-term restoration of instream flows and Delta outflows.

D. Ecosystem Water Quality

Total FY '98 Funding Request for Water Quality Element

\$21 million to be provided either through a CALFED Bay-Delta Program Trust or distributed to USEPA and USDA and perhaps other agencies as appropriate.

Ecological Objectives: To assist in the recovery of animal and plant species of concern (listed or potentially endangered species) by preventing and/or limiting toxic or other harmful elements in aquatic environments in the Bay-Delta watershed.

Action: Reduction of toxic elements resulting from subsurface agricultural drainage. Such projects should be coordinated with implementation of the CVPIA land retirement program.

Action: Initiate pollution source control programs to reduce toxic discharges from point- and non-point sources in the study area. Areas of particular concern include: (1) control of mine drainage from the Sacramento River watershed; and (2) promotion of integrated pest management and other strategies to reduce pesticides in agricultural runoff from San Joaquin Valley.

Action: Conduct pilot program for watershed management quality improvement.

E. Comprehensive Monitoring of Ecosystem Health (Adaptive Management)

Total FY '98 Funding Request for Adaptive Management Element

\$1 million to be provided either through a CALFED Bay-Delta Program Trust or distributed to the USBR and perhaps other agencies as appropriate.

Ecological Objectives: To assist in the overall recovery and sustained health of the Bay-Delta watershed systems by generating information regarding (1) the factors contributing to species and habitat declines; and (2) the effectiveness of restoration demonstration projects.

Action: Monitor results of restoration activities.