CALFED
BAY-DELTA
PROGRAM

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Ronnie Cohen, et al.
Natural Resources Defense Council
71 Stevenson Street
San Francisco, CA 94105

Dear ~~Ms. Cohen~~ Ronnie:

This is in response to your letter of April 8, 1997 communicating the decisions of your organizations not to sign the Memorandum of Understanding Regarding Efficient Water Management Practices by Agricultural Water Suppliers in California (MOU) developed pursuant to AB 3616. We are disappointed that your organizations have chosen not to sign the MOU. More disturbing, however, is the implication in your letter that you equate the MOU with CALFED's approach to agricultural water use efficiency. The MOU is only one part of a much broader program, and your letter does not reflect an understanding of this important point.

The MOU establishes a dynamic process for maintaining a list of agricultural efficient water management practices. It also establishes a forum for endorsement of water management plans. The degree of balance in this forum depends completely on the range of signatories to the MOU. CALFED has embraced the MOU as a means to help assure the efficient use of existing water supplies. Toward this end, we have suggested as an implementation criterion that an acceptable majority of agricultural water suppliers should prepare, adopt, receive Council endorsement, and begin implementation of their agricultural water management plans by January 1, 1999. An acceptable majority includes irrigation districts that serve water to at least two-thirds of the total acreage served by districts in the CALFED solution area, including the Imperial Valley. This covers an area of approximately six million acres, far beyond the two million acre minimum cited in the MOU for establishment of the Council.

We have proposed that if this CALFED implementation criterion is not met, then an additional assurance mechanism will be needed to assure efficient use of existing water supplies. We have suggested legislation similar to the Urban Water Management Planning Act, and we welcome your additional suggestions regarding assurances.

The Department of Water Resources has made a commitment to provide technical and administrative support to the Ag Council, and has made a commitment that this support will be adequately funded. One benefit of this support is that signatories will not be burdened with the task of reviewing the dozens of plans and implementation progress reports that will be submitted for endorsement. With proper analytical guidelines, DWR technical support should enable signatories to focus on specific areas of concern before endorsement of plans and progress reports is considered.

The MOU does not target on-farm measures directly, but requires signatory districts to support the availability of water management services for water users. CALFED agencies have made a commitment to further support on-farm efficiency improvements through ambitious expanded programs of planning, technical, and financing assistance. CALFED agency programs to provide these services will be staffed and funded adequately to ensure that lack of planning, technical, or financing ability is not an impediment to the implementation of any efficiency improvement that is cost-effective to the district or water user.

Your letter correctly observes that such a cost-effectiveness test may fail to prompt the implementation of many desirable measures if a district pays less than market cost for water. We agree, and this is one reason why an open and active water transfers market is an essential part of our approach to water use efficiency. The ability to market conserved water will act as the most powerful incentive to implement efficiency measures. A water transfers market can help us to increase physical efficiency, increase economic efficiency, improve reliability for all beneficial uses including the environment, and accomplish this in a way that has widespread support.

CALFED's approach also recognizes that some changes in local water management may yield benefits related to ecosystem quality or water quality even when there are no additional water supply benefits. We are continuing to investigate the development of a program that could help identify and fund local water management actions that help meet CALFED objectives for ecosystem restoration and water quality, even when these actions would not otherwise be cost-effective for local districts or water users. Such a program could help reduce conflicts in the system and increase the compatibility of agricultural water use and other beneficial uses of water.

Measurement of water deliveries to customers and volumetric pricing are two areas where the MOU differs from established policies of CALFED agencies. We have acknowledged this issue in recent workshops and meetings of the BDAC Water Use Efficiency Work Group. We will carefully consider comments we receive and work to resolve this issue as the Program moves forward.

Finally, we have recognized that our actions to improve the efficiency of existing water use may not reach all water districts or water users. To add an even stronger assurance of efficient use, we have proposed linking the benefits of a CALFED program--access to new supplies and participation in water transfers or a drought water bank--to demonstration of efficient use.

Your letter suggested that the work of the AB 3616 Council should be incorporated into a larger effort to reduce agricultural water use. We have developed a broad program to assure efficient agricultural water use. As described above, it includes a dynamic process to maintain a list of efficient water management practices, the potential for a balanced endorsement process, a high threshold level of planning and implementation, administrative and technical assistance to the Ag Council, a commitment to provide planning, technical, and financing assistance to districts and water users, a more active and open water transfers market, pursuit of a program to improve local water management to achieve other CALFED objectives, continued review of the most appropriate approaches regarding measurement and pricing, a proposed mechanism to provide moderately strong assurance that existing water supplies are used efficiently, and a proposed mechanism to provide very strong assurance that demonstration of efficient use will be a prerequisite to receiving any additional water supply benefits from the CALFED Program. We believe this is a very comprehensive program, and we look forward to your continued constructive involvement as it is refined and implemented.

Sincerely,

Lester A. Snow
Executive Director

cc: David N. Kennedy