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Joint Hearing  
Senate Committee on Agriculture and Water Resources and  
Assembly Committee on Water, Parks and Wildlife  
Implementation of the 2000 Operations Plan for the State Water Project and the Central  
Valley Project  
February 1, 2000

Testimony provided by  
Thomas M. Hannigan  
Director  
Department of Water Resources

Mr. Chairmen and Committee Members:

Thank you for inviting me to testify regarding current plans for operating the State Water Project and Central Valley Project. I was before this joint committee last June to address project export reductions for Delta fish protection, the resulting low storage in San Luis Reservoir, and water deliveries. At that time, we were concerned with three things: 1) the projects' ability to meet immediate water deliveries; 2) water quality problems associated with the potential low storage level of San Luis Reservoir; and 3) the potential reduction in deliveries for year 2000. We were able to resolve the first two issues but, unfortunately, remain very concerned about delivery reductions this year as a result of the export reductions taken last year.

Since last summer, the Department of Water Resources and U.S. Bureau of Reclamation have struggled to coordinate SWP and CVP operations, while working with the U.S. Department of Interior's decision for implementing the Central Valley Project Improvement Act's b(2) program. The first Delta action defined by the decision for the 2000 water year was implemented in December. At that time, we modified CVP and SWP Delta operations, including reducing exports, in an attempt to protect juvenile salmon while not allowing water quality in the south Delta to degrade severely.

In December, the Department approved delivery of 2.06 million acre-feet of water to State Water Project customers in year 2000. This amount is about fifty-seven percent of what was requested by our contractors and about fifty percent of the long-term entitlement. Our initial water allocation is always conservative, with subsequent adjustments based on conservative estimates of available water supply.

Our immediate operational goal is to fill San Luis Reservoir as soon as possible. Last year's export reductions to protect fish caused the SWP share of San Luis Reservoir to be about half a million acre-feet lower. Making up this deficit has delayed filling our share. As an operational rule, we target filling our share by the end of December. We currently expect to fill by mid to late February. Achieving this goal will depend largely upon the weather. Until we accomplish this goal, I do not expect the

State's Delta pumping to be reduced unless the weather is very dry and there simply is not enough water to be pumped.

Each month, we update our operations plan with the latest water supply information. The Department and the Bureau have jointly submitted a package summarizing the SWP and CVP operations plan for this year. This year, our operations plan incorporates several other factors affecting the SWP and CVP. These factors, which I will discuss today, are:

1. The recovery of SWP water supply reductions caused by fishery actions implemented in 1999.
2. The proposed Central Valley Project Improvement Act Section 3406 b(2) actions for this year.
3. The supplemental water supply measures being considered.
4. An improved operations decision-making process.

I will review each of these topics separately in my presentation, but I want to start off with conclusions based on the information I will present. First, our water project operations continue to be stressed in meeting the sometimes competing needs of water supply, fish and water quality. Second, we are very concerned about the lack of payback by the federal government for cooperative actions we took last year and we are working with the Bureau and Fish and Wildlife Service to resolve differences. Third, the uncertainty in payback is impacting current water deliveries to State Water Project customers. Fourth, we are working cooperatively with the federal government on measures to improve water supplies. Finally we have developed an improved decision-making process which we will describe.

#### Impact of 1999 Fishery Actions on the SWP

Last spring, the Department and the Bureau jointly reduced SWP and CVP pumping by about 500,000 acre-feet for fishery protection, including 340,000 acre-feet due to concerns over adverse impacts to delta smelt. The majority of the reduction was made at the SWP facilities.

In December, the two projects again reduced exports when the Delta Cross Channel gates were closed to protect migrating salmon. These gates are owned and operated by the Bureau and provide a means for good quality water to enter the central Delta from the Sacramento River. While the Bureau is responsible for operating the gates, the operation must be consistent with State and federal regulatory provisions. For example, the Bureau must coordinate the gate operations with the National Marine Fisheries Service and comply with water rights decisions from the State Water Resources Control Board to protect juvenile salmon migrating through the Delta.

Closing the gates during low flow conditions, such as those that existed in November and December, can have adverse impacts on Delta water quality particularly during periods of high export. Both projects were pumping at high levels during this time to recover storage in San Luis Reservoir lost from the previous spring and summer efforts. To ameliorate the resulting water quality impacts, exports were reduced. In all, the Bureau cut nearly 94,000 acre-feet from the CVP exports and the Department reduced SWP pumping by 181,000 acre-feet. We have provided you with a chronology of the actions taken in December.

While we were able to meet our 1999 demands, the reduction lowered our storage at the beginning of this year. San Luis Reservoir is a key component of both the SWP and CVP. It provides a means for both projects to provide reliable deliveries during the dry season: both projects divert water from the Delta during periods of surplus and place the water into San Luis for use later in the year. We are operating to fill San Luis Reservoir as soon as possible but by April 15 at the latest. After April 15, regulatory provisions require that our pumping be reduced to very low levels for 30 days. It is also probable that the exports could be curtailed for more than 30 days to minimize taking listed fish. If the reservoir cannot be filled before this date, summer water deliveries could be reduced to both agricultural and urban users, and the quality of water delivered from the reservoir to Santa Clara Valley Water District could be impaired.

Our SWP water users are affected by a lower San Luis Reservoir storage in another way, namely they may be denied Interruptible Water deliveries. When the State share of San Luis Reservoir is not full, Interruptible Water is not available to the SWP contractors. My January 7, 2000 letter to the Bureau and Fish and Wildlife Service outlines our longstanding payback concerns. The letter also described the importance of meeting Interruptible Water demands as required in our water supply contracts. Availability of Interruptible Water to our water users has allowed them to develop water supply flexibility that can be used for dry season and dry year purposes. This flexibility has also been offered for cooperative proposals to implement environmental programs. Loss of Interruptible Water reduces system flexibility.

#### Proposed CVPIA b(2) Actions for 2000 and How They Impact the SWP

As you may recall, the federal Central Valley Project Improvement Act was enacted in 1992 and requires the Department of Interior to take actions to double the populations of anadromous fish within the Central Valley. The U.S. Fish and Wildlife Service developed a list of actions to accomplish this task and the Bureau adopted changes in Central Valley Project operations to implement the actions. The CVPIA requires that 800,000 acre-feet of CVP yield be redirected from agricultural and urban uses to fish and wildlife. Last October, DOI issued a decision on how it would accomplish the annual dedication and management of this water. Implementing that decision requires coordination between the Bureau and the Department in the operation of the CVP and SWP, and coordination among the fishery agencies to implement

measures to protect fish. The result is a plan for implementing the fishery protection measures that is adjusted monthly to account for changes in hydrology and SWP operations. The federal agencies will update you on their current plans today.

Implementation of the b(2) actions is not supposed to impact the SWP. However, our cooperation in helping out in the b(2) measures last year has caused impacts which the federal government has not yet addressed. Last year, we reduced our exports by 63,000 acre-feet to assist Interior with implementing b(2). So far, we have received 38,000 acre-feet that were pumped into San Luis Reservoir and another 12,000 acre-feet are sitting in Lake Oroville waiting to be released and pumped. Our reduction in exports has delayed filling the SWP share of San Luis Reservoir and has caused SWP contractors not to receive about 20,000 acre-feet of Interruptible Water.

On January 27, the Bureau and the Fish and Wildlife Service replied to my January 7 letter (both letters are attached for your reference). In the letter, the federal agencies recognized a payback obligation of only 13,000 acre-feet. We disagree with this amount and several of the supporting arguments. We have arranged to meet with the federal agencies immediately to discuss their reply. Obviously how this is handled will affect our willingness to risk SWP water supplies and our ability to cooperate in future federal actions.

#### Supplemental Water Supply Measures

Last year, the Department and Bureau began developing a list of potential water supply assets to help offset impacts associated with implementation of CVPIA and operational changes to reduce conflicts with fish. The assets included adjustments in operations allowed by State regulations, acquisition of water south of the Delta, and adjustments in the source of water during various times of the year to reduce the potential for adverse storage conditions in San Luis Reservoir. Some of the assets, such as adjusting operations, require little funding. Others, namely water acquisitions, will require substantial funding sources. To date, 20 million dollars have been earmarked as potential funds for year 2000 water acquisitions. Of that amount, \$10 million are to be provided by the federal government through CALFED. The other \$10 million are included in the Governor's fiscal year 2000-01 budget. Recently, a number of discretionary operational measures have been identified which could also lessen impacts to water users. These include use of SWP facilities to deliver water to the federal wildlife refuges and additional operational flexibility in implementing the federal b(2) plan. State and the federal agencies are evaluating which of these are feasible. Both administrations will have to carefully consider how best to proceed with these measures.

Included in our operations plan is a table describing the various tools, the amount of water they are likely to produce, and an estimate of the cost to implement each. All together, the tools could cost \$31 million to implement, provide up to 250 TAF of additional water supplies in water year 2000, and also provide about 270 TAF of

water for San Luis Reservoir storage. These quantities of water are based on optimistic hydrologic conditions; during a dry year these figures would be much lower. For example, if dry weather patterns continue through the spring, the flexible operations tools will provide little or no benefit. Furthermore, Kern County interests would not have the flexibility to sell banked ground water because they would be using it in their own area to make up for shortages of surface water supplies from the SWP.

### Improved Operational Decision-making Process

The December 1999 water management conflict proved the existing decision-making process was slow. Therefore, the CALFED agencies involved in operations (the Bureau, Department, Department of Fish and Game, FWS, and National Marine Fisheries Service) developed an improved process for deciding how best to proceed in the face of conflict among competing objectives. The new process is intended to:

1. Ensure full consideration of all appropriate factors required for a decision, particularly including water supply, water quality, and endangered species.
2. Expedite the elevation of conflicts among these sometimes-competing objectives.
3. Provide an "early warning" to senior policymakers in the state and federal governments.
4. Draw on stakeholder knowledge and creativity in resolving issues.

Most operational conflicts are expected to continue to be resolved at the operator or director level, but senior levels of government need to remain informed as conflicts develop. In those few instances where conflicts cannot be resolved, senior policymakers can participate in resolving those issues.

The new process improves on our historical process by: (1) scheduling weekly or more frequent meetings so agency leaders can resolve problems and make decisions; and (2) ensuring that there is thorough discussion at the policy level of technical and policy factors. As we have historically, we will continue to rely on frequent meetings among agency and stakeholder staff to frame the issues and potential conflicts.

### Closing Remarks

Finally, we have witnessed California weather being as unpredictable as possible. December 1999 will be recorded as one of the driest in the past one hundred years, and it has been followed by an above normal January. The outlook for the rest of the water year is as always uncertain. Regardless of our near-term rain and snow, events of the past few years as well as the past month reinforce the need to be as careful as we can be in allocating water to meet the wide range of legitimate and sometimes competing water needs.