

**Western Water Policy Review Commission  
California Resources Agency  
February 18, 1997**

**1. Resources Agency Programs and Budget Capability**

The California Resources Agency administers 18 Departments, Boards, Commissions, and Conservancies with a work force of 12,000 and an annual budget of approximately \$2 billion. Among those departments, boards, and commissions which have responsibilities for water resource management and aquatic and riparian habitat protection are the Department of Water Resources, Department of Fish and Game, California Water Commission, Delta Protection Commission, Fish and Game Commission, Colorado River Board, State Reclamation Board, California Coastal Conservancy, California Coastal Commission, Tahoe Conservancy, and San Joaquin River Conservancy.

**2. Resources Agency Database on Western Rivers and Aquatic Ecosystems**

The Resources Agency, through the California Environmental Resources Evaluation System (CERES) maintains an extensive database of information about California's rivers and streams (California Rivers Assessment or "CARA" at [http://ice.ucdavis.edu/California\\_Rivers\\_Assessment/](http://ice.ucdavis.edu/California_Rivers_Assessment/)), wetlands (California Wetlands Page at <http://ceres.ca.gov/wetlands/>), watersheds (Watershed Information Technical System or "WITS" at <http://ceres.ca.gov/watershed/plan/assessment.html>), and flood conditions (California Flood Page at <http://ceres.ca.gov/topic/flood2.html>). These databases are easily accessible through the Internet and are maintained by the staff of the CERES Program (for more information, <http://ceres.ca.gov/>)

**3. Resources Agency Innovations and Initiatives**

**A. Natural Community Conservation Planning Program**

Authorized by the Natural Community Conservation Planning (NCCP) Act of 1991, the NCCP program addresses the decline of biodiversity and wildlife, the need for continuing economic development, and the increasing conflicts between conservation and compatible land use. The initial application of the NCCP program targeted the coastal sage scrub ecosystem in southern California, a 6,000 square mile area where agricultural, residential, and industrial development have reduced the extent of this habitat to a small portion of the historical coverage. The NCCP program offers a method to resolve the conflict between conservation and development by conserving large blocks of

habitat in a series of regional, ecosystem-based preserves. The NCCP also streamlines the permitting process for development projects that are consistent with the NCCP Plan and preserve system.

At the beginning of the NCCP program, the coastal sage scrub ecosystem was divided into 12 different subregions in order to simplify the planning process. To date, only the Orange County Central-Coastal NCCP has been completed. The Orange County Central-Coastal Plan protects 38,000 acres of habitat over a 205,000 acre planning area. The San Diego Multiple Species Conservation Program (MSCP) NCCP is near completion and will protect 85 species in a preserve system covering 172,000 acres of the 500,000 acre planning area. Other subregional NCCP efforts in Western Riverside County, the Palos Verdes Peninsula, Southern Orange County, San Bernardino County, and the Coachella Valley are making important progress toward completion.

#### **B. California Biodiversity Council**

The California Biodiversity Council is an organization consisting of over two dozen State and federal resource agencies, county boards of supervisors, and resource conservation districts dedicated to regional efforts to protect biodiversity. Chaired by California's Secretary for Resources Douglas Wheeler, the California Biodiversity Council works with local communities to conserve local resources through an ecosystem approach, while also accommodating economic development which is sustainable and consistent with the protection of biodiversity.

#### **C. Governor's Water Policy Council**

The Secretary of the Resources Agency chairs Governor Wilson's Water Policy Council. The Water Policy Council provides a forum for discussing important water policy questions and addressing California's long-term water resources issues. Over the past several years, the Water Policy Council has dealt with a number of important issues, such as the restoration of the San Francisco/Sacramento Bay-Delta, the sustainable management and use of the Colorado River, and flood plain management throughout the State. The Water Policy Council includes representatives from the Governor's Office; the Resources Agency; the CalFed Bay-Delta Program; Cal EPA; the Department of Fish and Game; the Department of Water Resources; the Department of Business, Transportation, and Housing; the Department of Food and Agriculture; and the State Water Resources Control Board,.

#### **D. Governor's Watershed Initiative**

In order to build upon California's comprehensive ecosystem management efforts, Governor Wilson recently proposed a Watershed Initiative to address adverse environmental impacts in key watersheds in the State. The Watershed

Initiative will first undertake watershed and wildlife assessments to establish priorities and identify management practices to protect environmental assets (e.g. water quality, riparian habitat, etc.). As part of this proposal, the Department of Fish and Game will participate on inter-agency watershed management teams, provide guidance and technical assistance to community-based watershed groups, and make grants for habitat restoration. The Departments of Conservation and Forestry and Fire Protection would also receive funding to participate in this effort.

#### **E. Wetlands Clearinghouse**

The Resources Agency Wetlands Clearinghouse Program seeks to develop a coordinated plan for the preservation and restoration of California's coastal wetlands. In contrast to current wetlands management strategies, which often allow mitigation of project impacts on an *ad hoc* basis, the Wetlands Clearinghouse has begun a process to prioritize wetlands restoration efforts, establish a vision of future wetlands in southern California, and develop a process through which wetland restoration projects will occur prior to project impacts. This program is being implemented through the Resources Agency's Coastal Conservancy and Department of Fish and Game in cooperation with other State and federal agencies.

#### **F. Headwaters Forest Protection/Pacific Lumber Habitat Conservation Plan**

In September of 1996, the Resources Agency, the federal government, and Pacific Lumber Company reached an historic agreement in principle to acquire and permanently protect the Headwaters Forest in Humboldt County. The elements of the agreement include protection of 7,500 acres of virgin and second-generation old-growth redwoods and provisions for the development of Sustained Yield and Habitat Conservation plans for another 190,000 acres of Pacific Lumber forest land.

In December of 1996, the Resources Agency provided a list of properties valued at over \$200 million dollars for review by Pacific Lumber. Pacific Lumber Company is to select properties valued at \$130 million from this list (the federal government, under the agreement, is to provide \$250 million in cash or properties). Completion of the Headwaters Forest Agreement will secure important habitat for the federally listed Marbled Murrelet, Coho Salmon, and other aquatic species.

#### **G. Drought Water Bank**

In 1991, after 4 years of drought, the Resources Agency and the Department of Water Resources instituted the Drought Water Bank (DWB). The DWB operated in 1991, 1992, and 1994, allowing urban areas, fish and wildlife, and farmers to access much needed water. The DWB made available over

800,000 acre feet in 1991, 150,000 acre feet in 1992, and 160,000 acre feet in 1994. As part of the DWB, additional water was made available for wildlife refuges and for instream fisheries and specific agreements were reached to minimize impacts to fish and wildlife resulting from shifts in timing and location of water use. The Department of Water Resources maintains an office for the purpose of implementing the DWB should it be necessary in the future.

### Principal Limitations to the Protection of Aquatic Ecosystems in California

The principle water management challenge facing California is the need to accommodate an ever growing population base and the associated water demand. California is projected to add 19 million people to our current population of 32 million by the year 2020. This population increase translates into an additional urban water demand of nearly 4 million acre feet per year. At the same time, California also has the highest number of listed and candidate species under the federal Endangered Species Act.

To simultaneously address water and environmental needs, California must look to new and innovative approaches to water management, such as conjunctive groundwater management and water transfers. These encounter some difficulties under the current water management system. Water use in California is regulated under a complex set of regulations (Water Code) which conform generally to "prior appropriation" system of water law. Under the Water Code, groundwater resources are regulated separately from surface water supplies--a situation which complicates both conjunctive use and water transfers. The appropriative water rights system also does not grant ownership to water resources. As a result, many senior water users who might be able to increase water use efficiency have little incentive to do so because conserved water would simply "flow" to the subsequent water right holder.

In the area of groundwater and conjunctive use, California passed AB 3030 in 1992 to provide local jurisdictions with greater leverage in groundwater management. To date, 30 agencies in the State have adopted management plans under AB 3030 and another 96 are in the process of developing plans. AB 3030 includes 12 components that may be included in a groundwater management plan: control of saline water intrusion; identification and management of wellhead protection areas and recharge areas; regulation of the migration of contaminated groundwater; administration of a well abandonment and destruction program; replenishment of groundwater extracted by water producers; mitigation of conditions of overdraft, monitoring of groundwater levels and storage; facilitating conjunctive use operations; identification of well construction policies; construction and operation by local agencies of groundwater contamination cleanup, recharge, storage, conservation, water recycling, and extraction projects; development of relationships with State and federal regulatory agencies; and review of land

use plans and coordination with land use planning agencies to assess activities which create a reasonable risk of groundwater contamination. The results of AB 3030 have been promising, but it is still not clear how well it will serve to improve groundwater management on a wide-scale.

To effectively deal with these limitations, the California legislature will have to provide additional statutory guidance on these issues. The legislature is expected to address the issue of water transfers during the current session drawing, in part, on the Model Water Transfer Act study prepared in 1996 by the California Business Roundtable, California Chamber of Commerce, California Farm Bureau Federation, and California Manufacturers Association.

### Cooperative Efforts of The Resources Agency to Address Aquatic Ecosystems

#### **CalFed Bay-Delta Program**

The Resources Agency participates in the CalFed Bay-Delta Program as a member and co-chair of the CalFed Management Team (Other State members include the Department of Water Resources, Department of Fish and Game, Environmental Protection Agency, and State Water Resources Control Board. The federal members include the Department of the Interior, U.S. Fish and Wildlife Service, Bureau of Reclamation, National Resources Conservation Service, Environmental Protection Agency, National Marine Fisheries Service, and Army Corps of Engineers).

The CalFed Program resulted from the June 1994 Framework Agreement, which formalized the State-federal cooperation in developing a solution to the problems of the Bay-Delta. The Framework Agreement pledged that State and federal agencies would work together in three areas of Bay-Delta management: water quality standards formulation, coordination of State Water Project and Central Valley Project operations with regulatory requirements, and long-term solutions to the problems in the Bay-Delta. An additional milestone in furthering efforts in the Bay-Delta was the December 15, 1994 Accord (Accord) which set water quality and ESA standards that would remain in effect for three years, thereby providing important "breathing space" for reaching a long-term solution.

The long-term solution to the problems of the Bay-Delta has four major objectives: ecosystem health, water supply reliability, system integrity/levee stability, and water quality. In pursuing this solution, CalFed also established six principles to guide its development, 1) affordable, 2) equitable, 3) durable, 4) implementable, 5) must reduce conflict, and 6) no significant redirected impacts. These guiding parameters have been quite valuable in helping to educate stakeholders and agency personnel and to frame discussions related to the CalFed Program.

The comprehensive solution to the Bay-Delta Program is being developed through a three staged process. During phase one, the CalFed Program evaluated the range of issues, problems, and actions related to the Bay-Delta estuary through a series of public meetings and workshops. At the conclusion of Phase I, the range of alternatives was narrowed to three for the purpose of environmental review. The CalFed Program is currently in the midst of Phase II, during which a preferred alternative will be selected from among the three and certified by the appropriate public entities. Phase III, implementation, is expected to begin in Fall of 1998 and will occur over a 20 to 30 year period.

Recognizing that improvements to the Bay-Delta ecosystem should not be delayed until an overall plan is complete, CalFed initiated in 1995 the Category III Program to implement short-term, non-flow ecosystem needs of the Bay-Delta. Category III projects, to date, have included actions ranging from the screening of large diversions from the Sacramento River and its tributaries to the purchase of key land parcels along riparian corridors to genetic studies to differentiate among races and species of Chinook Salmon. Funding for these projects has come from urban water users in the amount of \$23 million, with an additional \$10 million expected in 1997. In November 1996, California voters overwhelmingly passed Prop. 204, which provides another \$60 million in bond monies for the Category III Program to fund ecosystem restoration projects over the next two years. In October of 1996, the 1997 federal Omnibus Appropriations Act was signed into law authorizing a total of \$429 million over three years for solving environmental and water supply needs of the Bay-Delta. The CalFed Program anticipates up to \$143 million in fiscal year 1998 to assist in implementing the Category III Program.

As part of CalFed efforts, a comprehensive Ecosystem Restoration Program Plan (ERPP) is being prepared for the Bay-Delta. The ERPP identifies key habitats, ecosystem functions, and species and sets targets and objectives based upon these indicators for restoring the Bay-Delta. Proposition 204 includes \$390 million dollars for implementation of the ERPP.

In December of 1996, CalFed constituted an 18-member advisory body consisting of major stakeholders in the process, "The Ecosystem Roundtable", to provide direction about priorities for Category III ecosystem restoration. The Ecosystem Roundtable has met several times since December and has developed an "Implementation Strategy and Priorities for Bay-Delta Ecosystem Restoration" (Ecosystem Roundtable Implementation Strategy). The Ecosystem Roundtable Implementation Strategy presents a rationale for selecting priority habitats and species for near-term restoration projects based upon the CalFed Mission, High Risk, and Ecosystem Benefits.

While the CalFed Program has been successful to date, several difficult steps toward reaching a comprehensive solution remain. The release of the draft

Environmental Impact Report/Environmental Impact Statement in September of 1997 is expected to generate vigorous debate about the preferred alternative and its various elements. Already, there are some who are attempting to characterize CalFed as repackaging of the Peripheral Canal battle of the early 1980s. The onus will be on CalFed, component agencies, and interested stakeholders to ensure that the discussion about alternatives is framed accurately and not polarized by special interests.

Over the next several years, there will also be a lot of attention paid to the track record of the Category III Program and other ecosystem programs related to the Bay-Delta (e.g. CVPIA). The stakeholder community will clearly be looking for measurable indicators of success before fully endorsing the more ambitious ERPP.

Another critical issue will be the future of CalFed. While most consider the innovative State-federal partnership to be a success, no decision has been made as to what form it will take in the future and what role it will have in implementing the CalFed solution.

### **Colorado River Multiple Species Habitat Conservation Plan**

The Resources Agency, through the Department of Fish and Game and the Colorado River Board, is a signatory to the Memorandum of Agreement to develop a long-term "Lower Colorado River Species Conservation Program". The MOA states that the purpose of the program is "to accommodate current water diversions and power production and optimize opportunities for future water and power development, while working toward the conservation of habitat and toward the recovery of included species, and reducing the likelihood of additional species listings." The planning area for this effort is from Glen Canyon Dam south to the International Border with Mexico and includes the mainstem, the 100-year floodplain, and reservoirs.

### **Funding Programs to Address Aquatic Ecosystem Problems**

The Resources Agency is the principal overseer of the Safe, Clean, and Reliable Drinking Water Act Bond Funds (Proposition 204). Proposition 204, approved by California voters on November 4, 1996, provides \$995 million dollars in five separate areas: the Delta Improvement Account (\$193 million, including \$60 million for Category III and \$93 million CVPIA match), the Clean Water and Water Recycling Program (\$225 million, including \$15 million for the Delta Tributary Watershed Program), the Water Supply Reliability Program (\$127 million, including \$10 million for Lake Tahoe Water Quality and \$27 million for the River Parkways Program), the CalFed Bay-Delta Ecosystem Restoration Program (\$390 million), and the Flood Control and Prevention Program (\$60 million). The purpose of Proposition 204 is to restore the Bay-

Delta ecosystem and other watersheds which are tributary to the Sacramento and San Joaquin Rivers, while also addressing flood control and water supply needs.

### Management of Aquatic Ecosystems in the West: The Next 20 Years

California clearly faces water management challenges in the future. While the State has made great strides in addressing ecosystem problems, as well as other water management needs, we will need to continue looking for innovative solutions to water resource problems. Two areas with particular importance are institutions and water management mechanisms.

Much attention has been focused recently on the CalFed Bay-Delta process and the successes that have been achieved. CalFed has, for example, helped to develop a consensus among stakeholders in support Prop. 204 (a factor which was eminently important to its passage), reorganized the Category III Program into the more functional Ecosystem Roundtable, and maintained high levels of support and involvement in the process. Equally important have been the institutional innovations which are "built into" the CalFed process. As a joint federal-State entity, CalFed has been able to avoid much of the problems that typically plague large-scale, multi-agency efforts. The cooperative nature of CalFed, as well as the CalFed Agency Workgroups, allows the various agencies to address problems in a coordinated manner. The regular interactions of the agencies and stakeholders also engender mutual education and provide for resolution of misunderstandings and disagreements before major rifts develop.

A good example of the benefits of crafting new institutions is the CalFed Operations Group (Ops Group), which consists of the State Departments of Water Resources, Fish and Game, the federal Bureau of Reclamation, U.S. Fish and Wildlife Service, National Marine Fisheries Service, the Interagency Ecosystem Program, and stakeholders from the environmental and water user communities. The Ops Group meets on a monthly basis to discuss the operations of the State Water Project and federal Central Valley Project in relation to fisheries and water quality conditions. Over the past two years, the Ops Group has been able to resolve several contentious issues through open discussion and debate.

In order to support the innovative institutions which are currently in California's water management, there will need to be a parallel commitment to formalizing new water management approaches such as water banking, water transfers, and conjunctive use. These mechanisms not only increase efficiency and water supply reliability, but also improve ecosystem conditions in the State.

**Western Water Policy Review Commission  
Aquatic Ecosystems Forum  
February 18, 1997 Tempe Arizona**

**Guidance for Agency Testimony**

Questions for agency representatives to address in written testimony submitted two weeks in advance of the forum. Oral presentations will be limited to 20 minutes, leaving time for questions and discussion with the Commission. Speakers will be asked to use their time to address what programs are working, where there are problems, and any recommendations that could improve western aquatic ecosystem protection and restoration.

**Proposed Questions**

1. Summarize and describe your agency's programs and budget capability that currently address the protection and restoration of aquatic ecosystems in the 19 western states, including habitat acquisition and management, wetlands and riparian systems, water and power management, water quality, endangered and threatened species, and land management programs.
2. Describe the extent of your agency's data base related to western rivers and aquatic ecosystems, where sufficient data is not available, and how this information is utilized and made available to others.
3. Describe any new and innovative initiatives, policies or partnerships your agency has undertaken or is in the process of implementing related to the protection or restoration of aquatic ecosystems in the west.
4. Describe any legislative, resource or institutional restraints or limitations that inhibit your agency's ability to do an adequate job of protecting aquatic ecosystems in the west.
5. Describe any cooperative efforts your agency has undertaken in recent years with other federal, state or local entities to address environmental degradation of aquatic ecosystems.
6. Describe, if applicable, any programs administered by your agency that provide funding or other resources to state and local agencies or organizations to address aquatic ecosystem problems.
7. What, if any, comments or recommendations can you provide concerning the proper role of your agency in western aquatic ecosystems over the next 20 years?