



February 15, 2017

**Attention: Imported Water Committee**

**Review of the Final Environmental Impact Report/Supplemental Environmental Impact Statement for California WaterFix (Presentation).**

**Purpose**

The purpose of this memo is to provide a review of California WaterFix's final environmental documents.

**Background**

The Sacramento-San Joaquin Bay-Delta (Bay-Delta) is an important water source for southern California as the hub of the State Water Project, yet its ecosystem has been, and continues to be in decline due to development, farming, water exports, climate change and various other factors. As such, water deliveries south of the Bay-Delta are becoming less reliable. In 2009, the Delta Reform Act was adopted to address the decline of the Bay-Delta ecosystem and water supply reliability. Included within the Act was an important state policy to reduce supply reliance on the Bay-Delta.<sup>1</sup>

The Water Authority supports a cost effective and environmentally sustainable Bay-Delta solution. This position on the Delta is long standing and is encompassed within the Board of Directors' approved Bay-Delta Policy Principles.<sup>2</sup> All actions the Water Authority has taken since the 1990s to diversify its supplies have reduced its reliance on Metropolitan Water District (MWD) – the Water Authority's only source of Bay-Delta supply. In 1991, the Water Authority received 95 percent of the region's water supply from MWD. Today, the Water Authority's reliance on MWD has dropped to 41 percent, and in 2016, only 4 percent of water used in the San Diego region came from the Delta.

In December 2013, the Department of Water Resources (DWR) and the U.S. Bureau of Reclamation released the Bay Delta Conservation Plan (BDCP) document and Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for review. The BDCP was intended to address the State's co-equal goals established in the Delta Reform Act. The Water Authority, under the oversight of the Board's Imported Water Committee, conducted an extensive review of the BDCP and submitted formal comment letters through the environmental review process, as well as policy letters to the California Resources Agency.<sup>3,4</sup>

---

<sup>1</sup> Water code: 85021. The policy of the State of California is to reduce reliance on the Delta in meeting California's future water supply needs through a statewide strategy of investing in improved regional supplies, conservation, and water use efficiency. Each region that depends on water from the Delta watershed shall improve its regional self-reliance for water through investment in water use efficiency, water recycling, advanced water technologies, local and regional water supply projects, and improved regional coordination of local and regional water supply efforts.

<sup>2</sup> See the Water Authority's Bay-Delta Policy Principles at <http://www.sdcwa.org/bdcp>.

<sup>3</sup> See "Comment letter on the Bay Delta Conservation Plan/California WaterFix Partially Recirculated Draft Environmental Impact Report/ Supplemental Draft Environmental Impact Statement." Memo and attachments dated October 14, 2015, available at: [http://www.sdcwa.org/sites/default/files/files/board/2015-10-14\\_BDCP-CAWaterFix\\_all-attachments.pdf](http://www.sdcwa.org/sites/default/files/files/board/2015-10-14_BDCP-CAWaterFix_all-attachments.pdf).

<sup>4</sup> See "Draft Environmental Impact Report/Environmental Impact Statement for the Proposed Bay Delta Conservation Plan, Alameda, Contra Costa, Sacramento, Solano and Yolo Counties, California- Additional Comments on Draft Implementing Agreement," dated July 28, 2014, available at: <http://www.sdcwa.org/sites/default/files/files/2014-0728GMletter-draft-agreement-BDCP.pdf>

By April of 2015, after it became clear that the 50-year Endangered Species Act (ESA) permits set-forth in the BDCP were unachievable,<sup>5</sup> the BDCP was bifurcated into California EcoRestore and California WaterFix (Alternative 4A), ecosystem restoration and conveyance pieces, respectively. A Partially Recirculated Draft EIR/Supplemental Draft EIS (RDEIR/SDEIS) for the Bay Delta Conservation Plan/California WaterFix was made available.<sup>6</sup> The Board has held 40 public meetings and workshops on various aspects of the BDCP and WaterFix over the past several years.<sup>7</sup>

Although the Water Authority has long been a proponent of a fix to the Bay-Delta problem, due to the lack of clarity on how the project will be structured and how costs would be shared, the Water Authority Board has not taken a position on WaterFix. The consistent questions raised by the Water Authority about BDCP/WaterFix have been:

- How much will it cost?
- How much water will San Diego County receive?
- What portion of the cost will San Diego County be obligated to pay?
- Which agencies statewide will commit to paying for the WaterFix?
- How will San Diego County ratepayers be protected if other funding doesn't materialize?

## Discussion

On December 22, 2016 the 90,000-page Final EIR/EIS for California WaterFix was released by the Bureau of Reclamation and the California Department of Water Resources (DWR).<sup>8</sup> The purpose of the EIR/EIS is to analyze the impacts of the alternative on the environment under the legal framework of the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). The Final EIR/EIS combines the information released in the Draft EIR/EIS and the RDEIR/SDEIS. Water Authority staff reviewed the Final EIR/EIS to assess the degree to which the comments the Water Authority had submitted on the earlier draft environmental planning documents were addressed. Because the documentation is so extensive, the Final EIR/EIS was reviewed using a similar inter-departmental, multi-disciplinary approach employed during the review of the BDCP during the release of the Draft EIR/DIS. The key issues reviewed by Water Authority staff in the Draft EIR/EIS focused on identifying and analyzing possible environmental impacts and ways in which the significant effects of the BDCP could be mitigated. The review of the Water Authority's comments related to the project's key areas: engineering, supply, and the associated costs.<sup>9</sup> Because the project's affordability to the Water Authority is

---

<sup>5</sup> The BDCP was a Habitat Conservation Plan/Natural Community Conservation Plan (HCP/NCCP), seeking to secure 50-year incidental take permits under state and federal endangered species laws requiring Endangered Species Act (ESA) permits through Section 10 and Section 2835 of the respective federal and state laws. Permitting for WaterFix was altered to a Section 7 ESA permit, the same species-by-species permit under which the State Water Project (SWP) currently operates, and is subject to change should additional species become listed.

<sup>6</sup> Public Review Partially Recirculated Draft Environmental Impact Report/Supplemental Draft Environmental Impact Statement (RDEIR/SDEIS) available at:

<http://baydeltaconservationplan.com/2015PublicReview/PublicReviewRDEIRSDEIS.aspx>

<sup>7</sup>All Water Authority Bay-Delta memos and presentations can be found here: <http://www.sdcwa.org/bay-delta-board-memos-presentations>

<sup>8</sup> Final Environmental Document for WaterFix Released, available at <https://www.usbr.gov/newsroom/newsrelease/detail.cfm?RecordID=57743>.

<sup>9</sup> In response to several of the comments, DWR referenced the generalized Master Response documents. Available at [http://baydeltaconservationplan.com/Libraries/Dynamic\\_Document\\_Library/Final\\_EIR-EIS\\_Vol\\_II\\_Part\\_1.sflb.ashx](http://baydeltaconservationplan.com/Libraries/Dynamic_Document_Library/Final_EIR-EIS_Vol_II_Part_1.sflb.ashx) (pp1-52 for Master Response 5:BDCP).

important, “what-if” analyses were also conducted in an attempt to provide a book-end cost impact evaluation to the Water Authority’s ratepayers.<sup>10</sup>

### *Engineering*

Citing they are not related to the environmental impact analysis, Water Authority comments on the Conceptual Engineering Report were not addressed. These comments include questions related to property acquisition, project schedule and project risks. Left unaddressed, the project may be vulnerable to cost increases. Responses to the Water Authority’s comments related to the cost estimate methodology—with respect to engineering—were addressed.<sup>11</sup> However, for a project of this magnitude and complexity, opining on the overall accuracy of the estimate or likelihood of the final project being within a predicted range would require a significant independent effort to verify underlying estimate assumptions relating to the geotechnical work, property acquisition, environmental permit requirements, and litigation risks.

### *Supply*

Since the Draft EIR/EIS was last reviewed, both the Water Authority and MWD adopted their respective 2015 Urban Water Management Plans (UWMPs). MWD’s 2015 UWMP assumes its supplies from the State Water Project would deteriorate without California WaterFix under the “Existing Supply Programs.” Based on the Water Authority’s 2015 UWMP, the Water Authority plans to manage its projected MWD demand within MWD’s “Existing Supply Programs.” Accordingly, the Water Authority projected demand on MWD is not the cause for MWD to invest in supplies beyond existing supply programs.

### *Cost Allocation*

Although the Final EIR/EIS addressed some of the questions the Water Authority raised as related to the environmental requirements, questions about the total project cost, how project cost will be allocated among water contractors, and how MWD plans to recover its share of the cost from the San Diego region remain unanswered. At a recent MWD Special Committee on Bay Delta,<sup>12</sup> MWD staff clarified that the \$15 billion cost estimate is based on 2014 dollars. Taking into account that the project will not start now and that it will be financed over the construction period, it is likely the cost estimate will eventually be adjusted higher than the current \$15 billion. Any delay to the project will also increase the project costs.

New to the equation is the Water Authority’s 2015 UWMP finding that the San Diego region plans to manage its projected MWD demands without WaterFix. How would WaterFix benefit the San Diego ratepayers? While the Final EIR/EIS reiterates the project’s goals of minimizing and avoiding take of listed species to the maximum extent practicable, the permitting approach set forth for Alternative 4A does not guarantee the 50-year permitting process of the BDCP. Rather, WaterFix relies on a species-

---

<sup>10</sup> See “Bay Delta Conservation Plan/California WaterFix: Potential Cost Impact to the Water Authority.” Memo dated December 2, 2015, available at: [http://www.sdcwa.org/sites/default/files/files/board/2015\\_12\\_SDCWAWaterFix\\_all-attachments.pdf](http://www.sdcwa.org/sites/default/files/files/board/2015_12_SDCWAWaterFix_all-attachments.pdf).

<sup>11</sup> Letter numbers 628 of 6999, 1931 of 6999 and 1932 of 6999 were addressed. The specific responses relating to the cost estimate are contained in Master Response No. 5 of 47, p1-72, available at: [http://baydeltaconservationplan.com/Libraries/Dynamic\\_Document\\_Library/Final\\_EIR-EIS\\_Vol\\_II\\_Part\\_1.sflb.ashx](http://baydeltaconservationplan.com/Libraries/Dynamic_Document_Library/Final_EIR-EIS_Vol_II_Part_1.sflb.ashx).

<sup>12</sup> On January 24, 2017. Agenda and materials available at [http://mwdh2o.granicus.com/GeneratedAgendaViewer.php?view\\_id=12&clip\\_id=5839](http://mwdh2o.granicus.com/GeneratedAgendaViewer.php?view_id=12&clip_id=5839).

by-species approach; hence there is no assurance that any of the “restored” supplies – even if the Water Authority ratepayers needed them – would be maintained.

**Next steps**

A Federal or State decision cannot be made until the Final EIR/EIS has been publicly available for at least 30 days, at which point the U.S. Bureau of Reclamation (USBR) and DWR will complete a Notice of Decision. The Water Authority Board has not adopted a position on WaterFix (Alternative 4a)—neither in favor nor opposed—and has consistently asked questions regarding cost and benefit to the San Diego region and the need for WaterFix. To-date, those important questions remain unanswered. Water Authority staff will continue to monitor the issue and report back to the Board regarding cost allocation.

Prepared by: Anne Middleton, Water Resources Specialist  
Mark Tegio, Senior Water Resources Specialist  
Gary Bousquet, Senior Engineering Manager

Reviewed by: Amy Chen, Director of MWD Program  
Glenn Farrel, Government Relations Manager  
Jerry Reed, Director of Engineering  
Bob Yamada, Director of Water Resources

Approved by: Dennis A. Cushman, Assistant General Manager