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**Testimony of
Patrick Wright, Director
California Bay-Delta Authority**

**before the
Subcommittee on Water and Power
Committee on Resources
U.S. House of Representatives
regarding
Bay-Delta Program Cross-cut Budget**

May 15, 2003

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Chairman Calvert, Ranking Member Napolitano, and members of the Subcommittee on Water and Power, thank you for the opportunity to appear before you this morning. My testimony will provide background on the Bay-Delta Program, the Cross-cut Budget, and Federal authorization for the Program.

The Bay-Delta Program is an unprecedented effort to implement a long-term comprehensive plan that addresses ecological health and water supply reliability problems in the Bay-Delta. On August 28, 2000, the State and Federal CALFED agencies signed the Record of Decision (ROD), formally approving this long-term plan.

The Bay-Delta Program is unique in its approach to solving water and ecosystem problems because it addresses four resource management issues concurrently and in a balanced fashion: water supply reliability, water quality, ecosystem restoration, and levee system integrity. Conflicts in the Bay-Delta system have broad effects statewide. The Bay-Delta system:

- Provides drinking water to 22 million people
- Supports a trillion dollar economy including a \$27 billion agricultural industry
- Protect farms and homes in the Delta
- Is the largest estuary on the west coast and is home to 750 plant and animal species and supports 80% of the State's commercial salmon fisheries.

In the Department of the Interior's recently released *Water 2025: Preventing Crises and Conflict in the West*, DOI includes a ranking of areas where existing water supplies are not adequate to meet demands for people, farms, and the environment, and where there are potential water supply crises by 2025.

- The California Bay-Delta was rated with a conflict potential of "Highly Likely", which was the highest rating in the report.
- The Bay-Delta Program, through implementation of the commitments in the ROD, is in fact addressing this potential crisis.

California Bay-Delta Authority Act of 2003

The California Bay-Delta Authority (Authority), established by California legislation enacted in 2002 (California Bay-Delta Authority Act), provides a permanent governance structure for the collaborative State-Federal effort that began in 1994. The Authority is charged specifically with ensuring balanced implementation of the Program, providing accountability to the Legislature, Congress and the public, and ensuring the use of sound science across all Program areas.

The Authority is composed of representatives from six State agencies and six Federal agencies, five public members from the Program's five regions, two at-large public members, a representative from the Bay-Delta Public Advisory Committee, and four ex officio members, namely the chairs and vice-chairs of the California Senate and Assembly water committees. Figure 1 (attached) provides more information regarding the governance structure for the Bay-Delta Program.

Cross-cut Budget

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The purpose of the Cross-cut Budget is to identify the level of funding (State, Federal, Water User and Local) that is available to meet the Bay-Delta Program objectives as stated in the Record of Decision (ROD). This information is used to determine additional funding needed to stay on schedule and in balance.

At the time of the ROD, existing programs and projects were reviewed to determine which were currently contributing to Bay-Delta objectives and therefore should be integrated into a CALFED process that included review by State and Federal agencies, science and technical panels, and the public. Those programs and projects were labeled "Category A" programs. Only Category A funding is included in the Bay-Delta Cross-cut Budget because only those programs and activities are consistent with the goals and commitments in the ROD.

All other programs and projects (referred to as "Category B") are not reviewed and funding is not tracked. Agency coordination is encouraged to avoid conflicts or duplication of efforts. Category B programs include programs or projects that have related objectives, or whose geographic area overlaps with the Bay-Delta Program solution area. However, Category B programs do not necessarily meet the commitments in the ROD, so the Authority does not include those programs in the Cross-cut Budget.

The Cross-cut Budget display is developed by the Authority staff in coordination with all State and Federal agencies. The funding amounts associated with Category A programs are requested from each of the agencies, and then packaged by the Authority staff for each fiscal year showing the total funding by agency, program element, and fund source. The Cross-cut Budget is finalized and distributed publicly only after all affected agencies have had the opportunity to provide comments and verify the accuracy of the numbers used in the display.

Cross-cut Budget Differences

The Office of Management and Budget (OMB) Cross-cut Budget (May 2003) includes Category B programs and funding. The numbers developed by OMB differ from those developed by the Authority staff due to the inclusion of these Category B programs – programs that are not integrated into the CALFED process or reviewed to determine if they are meeting the commitments of the ROD. Table 1 (attached) is a Bay-Delta Federal Cross-cut Budget for FY 01-04 that includes funding only for Category A programs and projects. The Bay-Delta Program will continue to develop annual Cross-cut Budgets and coordinate with the Federal CALFED agencies to identify those programs and funds dedicated to the objectives of the Program.

At the time of the Record of Decision in 2000, support for the Bay-Delta Program was generally to be divided equally between the Federal, State, and Local /Water user interests. For a variety of reasons, Federal funding has been lacking in the first 3 years of the Program. With the renewed commitment to the Bay-Delta Program by the Department of Interior in the "Water 2025 Report", we hope that the Federal involvement will increase.

Federal Authorization

The California Bay-Delta Program strongly supports authorizing legislation which would provide necessary Federal funding to successfully implement a balanced Program in the future. Table 2 (attached) shows

State, Federal, and Local & Water User funding contributions to date during Stage 1 for the Bay-Delta Program. Federal funding has accounted for 11% of the total funding to date for the Program. State funding has primarily been from bond funds, which are projected to run out in 3-4 years. Given the current fiscal climate in the State, it is uncertain whether taxpayers will continue to support the passage of bond initiatives to fund the Program. A balanced package of State, Federal, Local, and Water User contributions is crucial to maintain Program progress. Failure to authorize the Program may jeopardize the progress of a balanced Bay-Delta Program.

We also support the idea of a "Cross-Cut Appropriation" for the Bay-Delta Program, which would allocate appropriations for projects and programs to all of the Federal agencies that would be implementing the Program, rather than appropriating all of the funding through the Bureau of Reclamation budget, as has been done in the past. We believe this approach would be more efficient and would further enhance agency participation in the Program.

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Attachments

Table 1 - Federal Funding Cross-cut Budget FY 2001 - 2004

Table 2 - California Bay-Delta Program Cross-cut Budget FY 2001 - 2004

Table 1.

| California Bay-Delta Program Federal Funding | | | | |
|---|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Cross-Cut Budget | | | | |
| Federal Fiscal Year 2001 - 2004 | | | | |
| (dollars in millions) | | | | |
| | Stage 1 - includes Category A | | | |
| | FY 2001 ¹ | FY 2002 ¹ | FY 2003 ² | FY 2004 ² |
| USBR | \$55.125 | \$98.528 | \$64.033 | \$49.079 |
| USACE ³ | \$0.889 | \$0.285 | \$0.387 | \$1.400 |

| | | | | |
|--|-----------------|------------------|-----------------|-----------------|
| NRCS | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| NMFS | \$0.450 | \$0.475 | \$0.675 | \$0.675 |
| USGS | \$1.555 | \$1.555 | \$1.543 | \$1.392 |
| USF&W | \$1.523 | \$1.523 | \$1.523 | \$1.523 |
| USEPA | \$0.000 | \$0.000 | \$0.040 | \$0.000 |
| | | | | |
| Total | \$59.542 | \$102.366 | \$68.201 | \$54.069 |
| ¹ FY 2001 - FY 2002 totals include obligations. | | | | |
| ² FY 2003 & 2004 totals reflect amounts requested in President's Budget. | | | | |
| ³ FY 2001-2002 Actual Allocations, FY 2003 Planned Work Allowance, FY 2004 President's Budget | | | | |

Table 2.

| | | | | | | |
|---|--------------------------------------|----------------|----------------|----------------|--------------|----------|
| California Bay-Delta Program Funding | | | | | | |
| Cross-Cut Budget FY 2001-2004 | | | | | | |
| (dollars in millions) | | | | | | |
| | | | | | | |
| | Stage 1 - includes Category A | | | | | |
| | FY 2001 | FY 2002 | FY 2003 | FY 2004 | Total | % |
| | | | | | | |

| | | | | | | |
|---|----------------|----------------|----------------|----------------|------------------|-------------|
| | | | | | | |
| State ¹ | \$383.5 | \$449.9 | \$476.7 | \$496.6 | \$1,806.7 | 70% |
| Federal ² | \$59.5 | \$102.4 | \$68.2 | \$54.1 | \$284.2 | 11% |
| Local/Water User ³ | \$174.0 | \$76.8 | \$242.7 | not available | \$493.5 | 19% |
| | | | | | | |
| Total | \$617.0 | \$629.1 | \$787.6 | \$550.7 | \$2,584.4 | 100% |
| <p>¹ FY 2001-2003 amounts are from the 2002 CALFED Annual Report. FY 2004 reflects amounts requested in Governor's Budget.</p> | | | | | | |
| <p>² FY 2001-2002 reflect obligations. FY 2003-2004 reflect amounts requested in President's Budget.</p> | | | | | | |
| <p>³ FY 2001-2003 amounts are from the 2002 CALFED Annual Report. FY 2004 amounts are unknown at this time.</p> | | | | | | |