

Committee on Resources

Subcommittee on Water & Power

Witness Statement

**TESTIMONY OF
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HOUSE RESOURCES COMMITTEE
SUBCOMMITTEE ON WATER AND POWER

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Introduction

Governor Gray Davis thanks you for the invitation to testify but, unfortunately, he is unavailable today. The Governor requested that I serve as his designee, and I welcome the opportunity to present information regarding the status of water conditions for the State Water Project and the Central Valley Project, the current discussions with the Department of Interior regarding stabilizing and improving water supply reliability for the near future and the long term, and the extension of the CALFED Program.

State-Federal Discussions

As you may know, Governor Davis has assigned a State team to work with Interior Secretary Babbitt on developing more specifics for the CALFED program. Meetings began two months ago and are scheduled to continue for at least two more meetings between now and the end of April. In addition to resolving ongoing operational issues, the larger goal has been to reach conceptual agreement on some of the specifics for implementation within the permanent CALFED program. We had a productive meeting on Monday of this week, at which we discussed Delta conveyance issues and details of a workable Environmental Water Account. The “EWA” is a concept whereby the needs of endangered fish to ultimately reach “recovery” can be accomplished by the environment acquiring water in a non-regulatory manner. We contemplate that the EWA would develop storage and new water supplies, participate in a water transfers market, and use water project operational flexibility “tools” to provide more stable fishery protection without loss of additional water from urban and agricultural water users.

Topics that we expect to discuss at meetings over the next month include: water storage, the ecosystem restoration program, water transfers, water quality, an overall Endangered Species Act assurances package, water use efficiency, financing and governance, and further details on how we can begin to develop the concept of the EWA into a real program. Finally, we need to deal with how science and long-term monitoring fit into the program, since we all want to be sure that expenditure of resources and money is focused on real improvements for the environment and water users.

It is clear from discussions to date that early implementation of meaningful programs is essential. The CALFED Final Programmatic EIR/EIS and the accompanying Record of Decision this summer will end the five-year CALFED “planning” program and begin the “doing.” The State-Federal discussions are intended to fine-tune what will be in the Record of Decision and provide policy guidance for CALFED implementation. Continuing studies will be necessary in some areas, consistent with making sure we implement the program using the best scientific understanding.

Continued CALFED Authorization and Funding

The Department, as well as the Governor, supports extending the CALFED funding authorization of \$430 million enacted in 1996. We view this as essential to maintaining the momentum of the program. The State has \$390 million waiting to fund CALFED ecosystem actions upon certification of the program’s environmental documents. In addition, California voters passed Proposition 13 this month that provides \$1.97 billion for a variety of key water programs, including \$250 million to fund projects identified in the CALFED EIS/EIR as CALFED Stage 1 actions. Extension of the federal authorization for CALFED funding is necessary to maintain the federal share of support for the program and, as you may know, federal agencies have requested a three-year extension in the President’s budget proposal.

Last fall, Secretary Nichols submitted a comprehensive reauthorization plan to this subcommittee. The plan proposes to extend CALFED for one additional year, through fiscal year 2001. The plan also calls for two-thirds of the appropriated funds to be directed towards ecosystem restoration projects, and one-third for other program elements. In addition, the legislative language includes a provision requiring CALFED to provide quarterly reports to Congress that include the following information: 1) a list of projects underway, 2) status of each project expressed as a percent of total completion, 3) estimated date of completion, 4) local participating agencies, and lead federal agency. Bottom line: our proposal represents a balanced approach to CALFED, and we believe it is a good starting point for discussions within this subcommittee.

Year 2000 Water Conditions

Water conditions in California have improved dramatically since the end of last year. December 1999 was one of the driest on record and prompted all of us to worry about what the future held for our water supply. Today, I am happy to report that water contractors of the State Water Project are to receive 100% of their requested deliveries this year. Deliveries to Central Valley Project contractors have also improved. CVP agricultural contractors in the San Joaquin Valley that are impacted by the implementation of the CVPIA Section 3406 (b)(2) were recently told their deliveries have increased from 50% to 60%. This increase was due largely to the SWP pumping water for the CVP early this year.

The Department of Water Resources continues to work closely with the U.S. Bureau of Reclamation to coordinate the operation of the SWP and CVP. Due to the dry conditions last November and December, two issues arose regarding project operations. We have successfully resolved the first issue and have learned from the second. The first involved the repayment by the USBR of water supply impacts to the SWP caused by fish protection actions implemented in 1999. The USBR and DWR have agreed that repayment of 70,000 acre-feet this year is an equitable solution. The other issue involved a situation in which water quality was degraded for several weeks due to operational conflicts for the Delta Cross Channel involving fishery, water quality and water supply needs. We have responded to this problem by improving the operations decision-making process. Most significantly, we have established a State-Federal Water Operations Management Team consisting of executives of U.S. Fish and Wildlife Service, California Department of Fish and Game, National Marine Fisheries Service, DWR, and USBR. This Management Team meets weekly to review

operational status and make decisions on key operational issues. In addition, the CALFED Ops Group, which includes water user and environmental stakeholders, is developing an improved method for predicting how water quality will respond to operation of the Delta Cross Channel.

With these concerns behind us, we are preparing for this year's operation. Our first, and most significant, fish protection action this year is the implementation of the Vernalis Adaptive Management Plan. This action begins in mid to late-April, lasts for 30 days, and involves maintaining a high, stable flow on the San Joaquin River while the CVP and SWP reduce pumping from the south Delta to a low, stable rate. The VAMP is a 12-year program designed to evaluate the relative impact San Joaquin River flows and water project exports have upon out-migrating salmon. Our operation plan shows that this action, which cannot be taken without State cooperation, can be accomplished and the curtailed exports recovered by the end of the year. To do this requires using most of our remaining operational flexibility this year. An issue currently being discussed between DWR and the USBR is repayment to the SWP if things do not happen according to the plan and the SWP incurs a water supply impact. We would like to have this situation settled prior to the beginning of the VAMP pumping reduction. The 1994 Bay-Delta Accord helped to stabilize the water supply reliability of both of California's largest water projects while we developed a longer-term plan through the CALFED process. As you know the past five years has not proven as stable as we hoped. Implementation of Section 3406(b)(2) of the 1992 Central Valley Project Improvement Act reallocated 800,000 acre-feet of water from CVP water users to environmental purposes. "Take" restrictions due to conflicts between our Delta water diversions and endangered fish species disrupted water project operations in an unpredictable manner, resulting in adverse impacts to both water supplies and quality. The bottom line is that we need CALFED to be a success in order for us to restore the level of reliability we once enjoyed in our developed water supplies.

Thank you. I will be happy to answer any questions you have for me.

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