

Section 1: Status of All CALFED Program Elements

The following information was first published as the “Statement of Progress” in the 2003 Annual Report produced by the California Bay-Delta Authority and is presented in this assessment package to provide the larger context in which the milestones assessment is taking place. This information was accurate at the time of publication (December 2003); however, some information now may be outdated as program elements have continued to be implemented. The completed CALFED Annual report can be accessed through the Internet at http://www.calwater.ca.gov/AboutCalfed/AnnualReport2003/AnnualReport_2003.pdf. Printed versions of the CALFED Program Annual Report may be obtained by calling (916) 445-5511.

2003 Statement of Progress. The Record of Decision (ROD) and the California Bay-Delta Authority Act require the California Bay-Delta Authority to report on the status of implementation of all elements of the California Bay-Delta Program (CALFED Program) each year. The following is a brief description of the status of each program element.

Levee System Integrity. In the first three years of the CALFED Program, funding through the Delta Levees Subvention Program helped preserve 700 miles of Delta levees and make minor improvements while enhancing the Delta environment. Although the program has been impacted by the State’s fiscal crisis, Proposition 50 provides \$70 million, or approximately two additional years of funding. This will allow the levee program to move beyond maintenance and make some long-term levee improvements. Without a reliable source of adequate long-term funds, the Levee System Integrity Program will not be able to make the long-term improvements necessary to protect Delta assets including: land and infrastructure, the environment, Delta and export water quality, and water supply reliability for the State and Federal water projects. Lack of Federal authorization for the Levee System Integrity Program continues to have an adverse effect on program implementation.

Conveyance. Significant research has been conducted and new information developed regarding the movement of fish and salt in the Delta, which will provide knowledge about how to better operate Delta facilities for fish protection and water quality. Completion of the planning phase for increasing south Delta pumping capacity to 8,500 cfs, construction of permanent operable barriers in the south Delta, construction of an intertie between the State Water Project and the Central Valley Project and construction of the North Delta Improvements project was delayed approximately one year to 2004. Although the availability of Federal funds and cost sharing on several of the projects continues to be uncertain, Proposition 50 provides \$75 million to continue the implementation of water conveyance facilities.

Storage. Groundwater storage has shown greater potential to provide short-term water supply benefits than originally anticipated in the ROD. Significant funding from Proposition 13 has allowed many locally managed and controlled groundwater feasibility studies and pilot projects to be developed. Work has progressed on surface storage feasibility studies for all five projects under investigation, although lack of stable and adequate State and Federal funding has caused some delays. Federal authorization to conduct feasibility studies for three of the projects was not provided until Year 3. The In-Delta Storage program has not received Federal feasibility authorization. Proposition 50 provided \$50 million for surface storage investigations. These funds will be expended before the investigations are completed. A decision on whether to move forward on in-Delta storage,

and a voter proposition for Los Vaqueros Reservoir expansion are expected in Year 4. Decisions on whether other surface storage projects should move forward are expected in 2005-06.

Watersheds. Contracts have been finalized and work initiated on 51 of 83 local watershed projects funded in the first two years of the CALFED Program. The Year 3 grant funding process currently administered by the State Water Resources Control Board will be completed in early 2004. Contracting delays have put implementation of all second-year grant projects well behind schedule. The current State budget crisis and lack of funding for Federal agencies to implement the Watershed Program has affected staffing, technical assistance, science and outreach efforts. Proposition 50 provides \$90 million for implementation of the watershed program in Year 3 and over the next 2 years.

Drinking Water Quality. In the first three years of the CALFED Program, implementing agencies awarded \$34 million for 21 water quality projects, with an emphasis on source improvement, treatment technology and science. Contracts are in place for 13 of the projects. Significant progress was made on treatment technology demonstration projects. The Drinking Water Quality Program has been adversely impacted by the lack of consistent funding and has been unable to make significant progress toward achieving some ROD goals. Contracting issues, staff reductions resulting from the State's budget crisis, and the lack of funding have affected implementation of projects. Proposition 50, however, provides nearly \$2 billion for statewide water quality programs, of which, more than \$500 million could contribute to Bay-Delta Program drinking water quality objectives.

Environmental Water Account. In its first three years, the Environmental Water Account has been successful in providing fisheries protection and water supply reliability benefits. The third annual science review of EWA operations was held, and new levels of multi-agency cooperation were reached on regulatory and fish protection issues. EWA managers continued to acquire and manage water in 2003 to provide fish protection and preserve baseline water supply reliability for State Water Project and Central Valley Project contractors. A key focus of Year 3 has been the discussion and negotiations to establish a long-term EWA for succeeding years.

The reader is referred to **Section 5: Efficacy of the Environmental Water Account (EWA)** for the most up-to-date information regarding the EWA's status and progress.

Water Use Efficiency. CALFED agencies provided more than \$40 million in financial support through grants and loans and technical support for more than 200 different local water conservation and recycling projects that contribute to the goals of the CALFED Program. Proposition 50 provides an additional \$180 million that will provide funding over the next three years to support portions of the Water Use Efficiency program. The program continues to move forward with efforts to develop "appropriate measurement" of both urban and agricultural water use. Completion of water measurement proposals that will assist in the successful long-term implementation of water conservation measures is anticipated in Year 4.

Water Transfers. The program is on track, assisting in the transfer of 515,000 acre-feet of water in 2003, including the Environmental Water Account, and more than 1 million acre-feet in the first three years of the Bay-Delta Program. The On Tap web site is operational, although refinements have been delayed. The development of in-stream water tracking protocols also has been delayed.

Ecosystem Restoration. Since its inception seven years ago, Implementing Agencies and staff of the Ecosystem Restoration Program (ERP) have made significant improvements in the habitats and species associated with the Bay-Delta and its watersheds. The CALFED agencies have invested more than \$476 million on more than 400 projects aimed at improving and restoring ecosystems, with more than \$80 million awarded in 2003. Progress is being made on restoring ecological processes and habitats, recovery of at-risk species, the Environmental Water Program, Upper Yuba River Studies Program, development of a mercury strategy with the science program, dissolved oxygen in the San Joaquin River and other ongoing activities. The State's fiscal crisis has impacted staff resources, and contracting constraints have delayed preparation of a Delta-wide ecosystem restoration plan and implementation of aspects of the Single Blueprint for restoration activities. Proposition 50 provides \$180 million to support ERP implementation over the next two years, including not less than \$20 million to assist farmers in integrating agricultural activities with ecosystem restoration.

Science. During Year 3, the Bay-Delta Science Program staff continued an intensive effort to clarify the state of knowledge and identify knowledge gaps in a number of specific scientific areas by organizing workshops and symposia, commissioning white papers, launching the program's web site and a peer reviewed online journal that highlights relevant local research and monitoring. A major milestone accomplishment for Year 3 has been the establishment of the Independent Science Board and appointment of world-renowned science experts to advise the Authority on science issues within the Bay-Delta Program and provide external peer review for all program elements. Proposition 50 provides funding to support program-wide science for the next two years. Progress in other areas – integration of science within each program element, development and implementation of performance measures, identifying cross-program conflicts and opportunities – has been much more limited.

Oversight and Coordination. The California Bay-Delta Authority was established in January 2003 to provide long-term governance for the California Bay-Delta Program. The Authority is a 24-member body composed of State and Federal agency directors, public members, Bay-Delta Public Advisory Committee representative and *ex officio* elected officials. The Bay-Delta Public Advisory Committee continues to provide an important public forum for the CALFED Program, and provides advice to the State and Federal Bay-Delta agencies and the Authority. The Authority has begun work on the development of the long-term finance plan which is expected to be more fully developed in Year 4. Environmental justice and tribal coordinators at the Authority continue to work towards effective implementation of environmental justice and tribal activities across all program elements and agencies. In coordination with the Department of Water Resource's California Water Plan, the Authority is developing regional profiles that will provide information on regional water use and needs, funding, priorities and opportunities to build State/Federal and local partnerships to maximize regional and statewide benefits.

Year 3 Conclusions

In the first three years, progress was made in all program areas. Major accomplishments include:

Invested \$2 Billion - More than \$2 billion was invested in projects and programs to meet the CALFED Program objectives.

Reduced Conflicts - Conflicts over Delta operations were reduced significantly. The Environmental Water Account provided water to protect fish and stabilize water supplies.

Increased Coordination - Agencies increased the level of their coordination and continue to work towards efficient, integrated, scientifically-based funding processes.

Established Governance Structure - The California Bay-Delta Authority was established, and the Bay-Delta Public Advisory Committee charter was renewed.

Expanded Science Program - Increased integration of science into all program elements and formed an Independent Science Board comprised of nationally renowned experts to assist in the development and implementation of the science agenda.

Passed Water Bond – Secured passage of Proposition 50, the largest water bond in the State's history, to provide the State's share of funding for the next few years. Securing reliable State and Federal funding continues to be the greatest challenge for the CALFED Program. In the first three years, the Drinking Water Quality, Agricultural Water Use Efficiency, Levee System Integrity and Science Programs have been particularly short of funds when compared to levels projected in the ROD. Lack of Federal authorization has adversely affected implementation of projects in the Water Use Efficiency, Conveyance and Levee System Integrity Programs. All program elements have been affected by budget cuts and staffing reductions associated with the State's fiscal crisis. The passage of legislation establishing the California Bay-Delta Authority and the passage of Proposition 50 should provide the funding and oversight necessary to keep the CALFED Program in balance for the next two years.

Year 4 and Beyond

To ensure ongoing balanced implementation of the CALFED Program, priorities for 2004 include:

Federal Authorization - Aggressive pursuit of Federal authorization for full Federal participation in the CALFED Program and adequate Federal funding to support program implementation.

Finance Plan - Development of a long-term finance plan and user fee proposal that addresses financing questions and linkages for all program elements.

Delta Improvements - Completion of a coordinated package of Delta improvements that will better integrate SWP and CVP operations with an increase in SWP pumping capacity to 8,500 cfs, along with development of a long-term Environmental Water Account and improvements to in-Delta water quality.

Integrated Funding - Coordination of Proposition 50 grants and loans to ensure progress in the Bay-Delta Program, with a particular focus on the use of Proposition 50 drinking water funding to support key objectives of the Bay-Delta Drinking Water Quality Program.

Regional Profiles – In cooperation with the California Water Plan, development of regional profiles that provide insight into regional water use and needs, regional funding, regional priorities and opportunities to build State/Federal and local partnerships to maximize regional and statewide benefits.

Performance Measures - Continued development of appropriate performance measures that will evaluate how well specific program elements are meeting the objectives of the CALFED Program.

In addition to these priorities, the California Bay-Delta Authority directed staff to work with State, Federal and local agencies to refine the mechanism used to track progress, and to re-evaluate the targets and budgets for all program elements necessary to meet Program goals. This effort will include Year 4 assessments of the Water Use Efficiency, Drinking Water Quality and ERP as described in the CALFED ROD.