



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

June 11, 2015

Via Email

Carole D'Elia
Executive Director
Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814
carole.d'elia@lhc.ca.gov

Dear Ms. D'Elia,

Metropolitan Testimony for June 25, 2015, Little Hoover Commission
Hearing on the Salton Sea

The Metropolitan Water District of Southern California (Metropolitan) appreciates the opportunity to provide testimony for the June 25, 2015 Little Hoover Commission Hearing on the Salton Sea. Our written testimony is enclosed, and I appreciate the opportunity to provide oral testimony at the Hearing.

If you have any questions about our testimony, feel free to contact me at (213) 217-6520.

Sincerely,

A handwritten signature in cursive script, reading "Bill Hasencamp".

William J. Hasencamp
Manager, Colorado River Resources
Metropolitan Water District

cc: Krystal Beckham, Research Analyst (Krystal.Beacham@lhc.ca.gov)

Enclosure

Testimony from the Metropolitan Water District of Southern California for the Little Hoover Commission's Hearing on the Salton Sea

Introduction

The Metropolitan Water District of Southern California (Metropolitan) appreciates the opportunity to provide testimony for the Little Hoover Commission's hearing on the Salton Sea. The water supplies from the Colorado River are vital in meeting Southern California's water supply needs, and issues surrounding the Salton Sea may have an impact on those supplies. Legislation enacted in 2003 enabled completion of agreements that allowed the transfer of water from Imperial Irrigation District (IID) to San Diego County Water Authority (SDCWA) and Coachella Valley Water District (CVWD). The legislation also included provisions that could create a source of revenue to aid restoration of the Salton Sea. We believe the State of California should consider those provisions when developing a long-term plan for the Salton Sea.

Background on Metropolitan

Metropolitan was created in 1928 under authority of the Metropolitan Water District Act. Metropolitan's primary purpose is to provide a supplemental supply of water for the residents and businesses within its 26 member agencies, which are comprised of 14 cities, 11 municipal water districts, and a county water authority. Metropolitan's service area comprises approximately 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura, with about 19 million people living in its service area. The economy of the six counties which contain Metropolitan's service area has a gross domestic product larger than all but fifteen nations of the world. Metropolitan is the water supply wholesaler to the region, and provides about half of the water used within its service area. Metropolitan's principal sources of water originate from the Colorado River and Northern California, and are delivered via the Colorado River Aqueduct and the California State Water Project. Metropolitan also partners with its member agencies to incentivize local supply development and conservation, including water recycling, conjunctive groundwater use, water desalination, rebates for water conservation devices, and turf removal programs.

Metropolitan's Colorado River Supplies

The 1922 Colorado River Compact allocated the waters of the Colorado River, apportioning 7.5 million acre-feet (maf) annually to the Upper Basin States of Colorado, New Mexico, Utah, and Wyoming, and another 7.5 maf annually to the Lower Basin States of Arizona, California, and Nevada. In 1944, an international treaty provided 1.5 maf annually to the Republic of Mexico. Within the Lower Basin's 7.5 maf share, the 1928 Boulder Canyon Project Act apportioned to California the use of 4.4 maf annually from the Colorado River, plus one-half of any surplus water that may be available for use collectively in the Lower Basin. In addition, California has been able to use Colorado River water apportioned to, but not used by, Arizona and Nevada. The Boulder Canyon Project Act also authorized construction of Hoover Dam and the All-

American Canal and required a water supply contract with the Secretary of the Interior for the delivery and use of Colorado River water within the Lower Basin. The United States Supreme Court has held that the Secretary of Interior's contract authority is not limited by state laws in choosing the users of water within each state or settling the terms of contracts for delivery and use of the water. (*Arizona v. California* (1963) 373 U.S. 546, 586.)

In 1931, the users of Colorado River water in California agreed to a priority system in the Seven Party Agreement, the terms of which the Secretary of Interior subsequently included in each agency's water supply contract. The priority system allows each agency to reasonably and beneficially use an amount of water up to its allocated amount with any unused water becoming available for the next priority user. Metropolitan holds the fourth priority right to 550,000 acre-feet per year, which is the last priority within California's basic allocation of 4.4 maf. Agricultural agencies in California -- Palo Verde Irrigation District, the Yuma Project, IID and CVWD -- hold the first three priorities for a total of 88% of California's basic apportionment. Metropolitan also holds the fifth priority right to 662,000 acre-feet of water, which is above California's basic allocation.

Prior to 2003, California used more than its basic apportionment, as Arizona and Nevada were not using all of their allotted supplies and because of the availability of surplus water. This enabled Metropolitan to take full advantage of its fifth priority right, providing for a full Colorado River Aqueduct each year. However as Arizona and Nevada increased their use of water from the Colorado River during the 1990s, it became apparent that California would eventually no longer be able to use water that was allocated to other states.

California's Colorado River Water Use Plan and the Quantification Settlement Agreement

In the late 1990s, California developed a plan, known as the Colorado River Water Use Plan (4.4 Plan) to live within its basic allocation of 4.4 maf per year. Because Metropolitan had the most water to lose when California was reduced to its basic apportionment, the 4.4 Plan focused on implementing conservation measures in the agricultural agencies so the conserved water could be transferred to urban Southern California. The 4.4 Plan included funding water conservation activities in IID and transferring the conserve water to SDCWA and CVWD, lining the All-American and Coachella Canals, and other measures. Before those transfers could be implemented, however, higher priority agricultural users needed to establish water use entitlements against which to measure water conservation. To accomplish that goal, the Quantification Settlement Agreement (QSA) was executed in 2003, establishing water budgets for IID and CVWD. Along with the QSA, a number of related agreements were approved that allowed for California to reduce its use of Colorado River water, while at the same time allowing supplies to be rebuilt for urban Southern California.

Water Transfers and the Salton Sea

The Salton Sea was created in 1905 when an irrigation ditch flowed uncontrollably into the formerly dry Salton Sink and has been sustained by agricultural runoff ever since. For much of the 20th Century, the Sea was about as salty as the ocean, and introduced species of ocean fish thrived in it. However, with no natural outlet, the Salton Sea has grown increasingly saline, leading the Sea to eventually become hypersaline and unable to support a fish population.

One of the components of the 4.4 Plan included the transfer of up to 200,000 acre-feet of conserved water annually by IID to SDCWA. In 1998, IID and SDCWA filed a joint petition to the State Water Resources Control Board (State Board) to approve the transfer. In 2002, the State Board issued Revised Order WRO 2002-0013 (2002 State Board Order) which approved conserved water transfers from IID to SDCWA and CVWD.

It was recognized, however, that the transfers would reduce agricultural drainage from IID, reducing the inflow to the Salton Sea, hastening the salinity increase of the Sea and exposing playa from the receding shoreline. The 2002 State Board Order required environmental mitigation measures to address impacts of the IID-SDCWA transfer, including a requirement that IID provide replacement water to the Salton Sea for a period of 15 years. That period was intended to allow the state and federal governments time to study the feasibility of restoration. The 2002 State Board Order concluded that the source of such replacement water would be water conserved by IID. Under federal law, the Salton Sea has no right to receive Colorado River water, so an arrangement was made for mitigation water for the IID-SDCWA transfer to originate from State Water Project supplies, which are being exchanged for Colorado River water. IID, CVWD, and SDCWA approved funding to cover anticipated mitigation costs for the transfers, but were concerned that the ultimate mitigation costs could be higher than was estimated. Eventually, the State of California agreed to develop a restoration plan for the Salton Sea and cover increased mitigation costs for the transfers to SDCWA and CVWD. The 2003 QSA legislation includes provisions that protect the water agencies against any obligation for Salton Sea restoration or mitigation above the commitments required at the time the QSA was executed. With the agreements in place, the Resources Agency, which was tasked with developing a Salton Sea Restoration Plan, had a 15-year timeline to develop and implement a long-term plan for the Salton Sea.

Fish and Game Code Section 2081.7(c) Transfers

The State of California was interested in potential additional sources of funding for Salton Sea restoration. Metropolitan agreed that if it received new water supplies directly from the QSA, it would contribute funds for the benefit of the Salton Sea. The 2003 state QSA legislation provides that, except under specific circumstances, no further funding obligations or in-kind contributions of any kind for restoration of the Salton Sea can be required of Metropolitan. (Stats. 2003, ch. 613, sec. 3(c).) However, the legislation includes three provisions under which Metropolitan could receive water under the QSA agreements and thus provide funding for Salton Sea restoration. Under Fish and Game Code section 2087.1(c)(1), IID could conserve up to 800,000 acre-feet of additional water for transfer to the Department of Water Resources (DWR) for purchase by Metropolitan. Under Fish and Game Code section 2087.1(c)(2), instead of delivering conserved water to the Salton Sea, IID could transfer up to 800,000 acre-feet of conserved water to DWR for purchase by Metropolitan. Finally, under Fish and Game Code section 2087.1(c)(5), because special surplus water from the Colorado River was tied to execution of the QSA, Metropolitan would make a contribution to the Salton Sea for any special surplus water it might receive from the Department of Interior. Under each provision, the proceeds would be deposited in the Salton Sea Restoration Fund to provide a source of funding for projects that provide an environmental benefit to the Salton Sea. To date, no water has been provided to Metropolitan pursuant to these provisions, and no funds have been contributed.

Under current Colorado River conditions, surplus water will not be available. This leaves the remaining portion of IID's mitigation obligation, which could be shifted from the Salton Sea to Metropolitan. Currently, there remain about 390,000 acre-feet of scheduled mitigation water which could generate about \$127 million in revenue from Metropolitan to the Salton Sea Restoration Fund. In order to implement this transfer, the Secretary for Natural Resources would need to find that the transfer is consistent with the preferred alternative for Salton Sea Restoration. Additionally, the State Board would need to modify its 2002 State Board Order to allow water scheduled to be delivered to the Salton Sea to be delivered instead to DWR for transfer to Metropolitan. In March of 2015, Metropolitan provided comments to the State Board in response to its public workshop on the Salton Sea and Revised Order WRO 2002-0013, in which Metropolitan provided a summary of Fish and Game Code section 2087.1(c)(2) to the State Board.

Conclusion

California has implemented a number of very successful water transfers from agricultural to urban use and provide a reliable water supply to urban Southern California. These investments have allowed California to stay within its basic allocation of 4.4 maf from the Colorado River, protect both the urban and agricultural economies of Southern California and avoid internal water wars and protracted litigation. The long-term viability for some of those transfers may be dependent upon the state of California developing and implementing a more sustainable restoration plan for the Salton Sea. No matter what plan is developed, additional funds beyond what are currently available will likely be needed. The State of California should consider implementation of Fish and Game Code Section 2081.7(c)(2) as a means of providing additional funds to benefit the Salton Sea, as well as providing some relief to our drought stricken state.