

September 21, 2007

Mr. Phillip Isenberg
Chair, Delta Vision Blue Ribbon
Task Force
650 Capitol Mall
Sacramento, CA 95814

Water and Business Delta Vision Stakeholders Comments on September 11, 2007, A
Vision for Durable Management of a Sustainable Delta, and related Delta Vision Issues

Dear Chair Isenberg,

The undersigned represent business and water agency stakeholders on the Delta Vision Stakeholder Coordination Group. This letter provides our comments on the "First Draft Vision" of the subject document and provides comments relative to other issues raised and questions asked of our members at your last Blue Ribbon Task Force meeting, as well as throughout the Delta Vision process.

General Comments on the Embryonic Draft

There is much to commend this draft. It provides the initial basis for crafting a useful tool to define policy objectives for a Delta Vision as well as outlines criteria for evaluating the performance of physical and institutional alternatives. To that end, it meshes well with the products of the Stakeholder Coordination Group, which has taken a more mechanistic approach to developing alternative visions.

However, we believe it contains at least one fundamental misconception about the functions of the Delta as it relates to water supply for California's economy and lacks a factual grounding relative to statements concerning how water made available for human use may conflict with Delta ecosystem goals.

Below we provide detailed comments on the subject draft, address other policy issues related to Delta Vision, and respond to a direct request from Task Force Member McPeak relative to a previous business stakeholders document.

Specific Comments

The First Draft Vision makes many commendable statements useful to advancing sustainable management of a durable Delta. In particular, we note the following:

“Our vision accepts the judgment that the current situation of the Delta is not sustainable. We recognize among all the uses that must be accommodated in planning for the future of the Delta two overriding priorities – ecosystem protection and water provision” (pg. 2 at line 19). This is beyond reasonable dispute.

“By giving a priority to ecosystem protection we do not mean restoration to historic conditions that prevailed prior to the alterations that humans have effected over the past two centuries. We mean adapting patterns of construction and settlement to enhance the functioning of healthy natural systems to the extent practicable within a relative mature and developed economy” (page 2 at line 23). This statement appropriately defines the practical position from which California must proceed in pursuing “restoration”. Given that over 90% of the biomass in the Delta is non-native, that only minor remnants of undisturbed habitat remain, that Delta hydrology has been fundamentally altered for various purposes, and that major drivers like climate change and seismic threats now loom, specifically defining our objectives for a future Delta ecosystem in light of this altered state is critical to achieving the other overriding priority established by the Task Force, water provision.

“The Delta watershed is critical to the future of California and changes in conveyance and storage are required but these actions must occur as the ecosystem is protected and all California moves to a more efficient and resilient water system” (pg. 2 at line 43). Conveyance changes are critical to efficient utilization of existing storage and key to realizing utility from expanded storage. Conveyance limitations currently pose intractable conflict between ecosystem protection and human water supply needs wholly apart from amounts of water that may be necessary to implement an ecosystem restoration vision. Additional storage can be operated to benefit multiple needs and result in improved ecosystem function.

“Given the Delta’s unique history and topography, however it is impossible to return the system to anything resembling its native condition” (pg. 9 at line 44). Again, a concerted effort must be made to define, in actionable terms, a reasonably achievable, managed Delta ecosystem. Too often we see ecosystem restoration and water supply portrayed as a zero-sum proposition, where water for human uses and environmental improvement are portrayed as contradictory. This is a false dichotomy. As this document states, the true reality is that **“protecting the water-supply and ecosystem may only be achievable in tandem”** (pg. 10 at line 20). We would go further and replace “may” with “can”.

“Over the coming decades, California’s Delta will be subject to powerful external sources of change. The physical configuration of the Delta as it exists today is not stable....we must design for resiliency, both in the Delta and in the water system as a whole” (page 10 at line 42). This recognition of reality fundamentally raises the stakes for a Delta decision. Inaction or inadequate action would leave the State highly vulnerable to economic catastrophe from seismic and flood events. It would also leave the State’s economy chronically anemic, unable to produce enough revenue for the many public policy challenges unrelated to water and would abandon the Delta ecosystem and

local population to find its own unstable equilibrium. This could not be viewed as beneficial from anyone's perspective. Those who will benefit from a healthy and resilient Delta can and should shoulder the financial burden of providing the necessary improvements, consistent with the benefits afforded.

"Equally significant, that uncertainty will not likely be eradicated in a system as complex as the Delta in the near-term" (pg. 11 at line 14). We believe there is far greater risk from inaction than action. This is a time when the broad needs of the state need to be paramount.

"There is too much reliance on a single fragile linchpin that itself is too vulnerable" (pg. 12 at line 7). When the Loma Prieta earthquake revealed that the Bay Bridge could not withstand an earthquake expected in the next thirty years, the State quickly found the money (nearly \$6 billion) to avoid a projected six-week disruption in regional commerce and threat to motorists. The same faults threatening the Bay Bridge are ones we now know pose unacceptable threats to Delta levees, and in turn to the bulk of the State's water supply and economy. This one comparison alone fully justifies the need to fix water conveyance in the Delta in a way that insulates the economy from catastrophe.

"The resilient California Delta treats the water supply and its ecosystem as co-equal values, each central to the future of the region and the state. In order for both to thrive, however, a greater physical separation of the two must be achieved. The aquatic ecosystem cannot recover to a state of enduring health if it remains vulnerable to the operations of the water conveyance system. Likewise, water supply reliability cannot be achieved if species endangerments and other ecological problems continually disrupt deliveries" (pg. 12 at line 13). While we concur with the concepts represented by this section, we find the use of the term "co-equal values" to be problematic and potentially overly constraining. We think the intent is better represented by the use of the term "two overriding priorities" as was expressed in the Executive Summary on page 2 at lines 20-21.

We now turn to the following statements that we believe are either incorrect or inadequately supported.

"By assigning a priority to water provision we do not envision any increases in available supplies outside the Delta. To do so would compromise our priority for ecosystem protection" (pg. 2 at line 28). This statement is problematic from numerous perspectives. Fundamentally, it assumes far more knowledge about what is needed to create a sound, resilient Delta ecosystem than now exists or is likely to exist for some time into the future. It also presumes that a specific form and function of a restored ecosystem has been defined, which has not happened. Until that is done, it is impossible to logically and scientifically define a given quantity and timing of water flow into and out of the Delta that is necessary from an ecosystem perspective. While we recognize the popular view that "too much water is diverted from the Delta" we find nothing but conjecture supporting this view and we know of no one who's designed a desirable

ecosystem credibly connected to any given flow regime. The statement above is further undermined by recognition that if it were true that there could not be "any increases in available supplies for transport outside the Delta", then the same would have to be true for any diversions from the Delta watershed, whatsoever. This document fails to recognize or explain that inconsistency.

Fundamentally, we believe current conveyance restrictions pose unnecessary conflicts between consumptive water use and fisheries quite apart from any desired flow regime. Current restrictions cause water appropriated in upstream storage to be held in the hopes that it can be conveyed across the Delta when minimal fish conflicts exist. Those conveyance windows hardly exist anymore. This causes hundreds of thousands of acre-feet of water to be "wasted" when releases are eventually forced to meet flood control protection needs. These releases provide little ancillary benefit to the environment. Finally, the statement does not seem to recognize that a large percentage of the water diverted at the Delta pumping plants is appropriated to storage upstream and then released to be rediverted in the Delta when nature otherwise would not have placed the water there¹. Further, this storage serves additional purpose by protecting the current landforms in the Delta that would long since have been permanently inundated under natural flow conditions. We believe this statement must be revised to recognize the above and to recognize that water ultimately available from diversion out of the Delta watershed or diverted from the Delta itself will be a function of a combination regulatory requirements addressing hydrology, water quality, defined in-Delta ecosystem needs, conveyance capability, and the ability of the state to develop alternative sources of supply. This amount is likely to vary over time and changed circumstance and should not be prejudged by this document.

On page 3 in the Future Conditions box at the top of the table, "**Highly resilient California Water system, built on regional self sufficiency, varied conveyance, improved storage (in and above ground) and effective ways to transfer water among uses and locations with individual and provider incentives to use water efficiently**", overstates the practicality of regional self-sufficiency. California passed a practically irreversible threshold in 1957 when it recognized in Bulletin No. 3, the California Water Plan, that redistribution of the State's water resources was necessary to meet the demands of its growing population and commerce. Explicitly recognized was the insufficiency of water available under natural circumstances in many regions of the state. Similarly today, these patterns persist and local water resources are simply unable to meet anywhere near the needs of current population and in some cases imported supplies constitute 100% of the available water supply. This statement should be revised to read, "built on practicably maximized local water supplies" rather than "regional self-sufficiency". In our modern society no region is self-sufficient in all major natural resource inputs or locally developed economic production. We live in an interdependent world where economic inputs move across political and watershed boundaries according to the rules of economics as tempered by regulation. Further, maximization of locally

¹ A number of water projects including the works of the San Francisco Public Utilities Commission, East Bay Municipal Water District and soon the County of Sacramento store and divert water directly to consumptive uses, bypassing the Delta altogether.

available storage opportunities requires reliability in imported supplies where local precipitation is scarce. With the stroke of a pen, new court restrictions on Delta conveyance have significantly reduced the value of billions of dollars invested in groundwater and surface storage in California that was previously filled during wet years for use in dry periods. This storage was developed because the earlier Delta restrictions resulted in a system that could not convey enough water in dry years while protecting other resource values. Water consumers have now paid twice for reliability improvements that have been regulated away. This is unsustainable.

“There are numerous legal, regulatory and economic incentives to misuse or overuse Delta water that ensure a constant over-subscription of the resource” (pg.9 at line 19) The use of the term “Delta water” in this instance again incorrectly identifies the origin of much of the water diverted from the Delta. Without agreeing or disagreeing, this statement is a sweeping value judgment for which there’s no evident support. Future versions should cite specific examples of such perverse incentives that should be addressed and how addressing them is germane to a Delta Vision.

At page 14, Governance is discussed. We concur that new, effective governance is likely needed to successfully address Delta management over the long-term. We also believe that the draft prematurely attempts to define what an effective governance system must do. The draft should stop at identifying the limitations of the existing structure and not arrive at any conclusions until a concerted work effort is undertaken by a working group of stakeholders and responsible agencies. A proposal to begin those discussions in earnest should be made. Failure to address these concerns in the past contributed greatly to the faltering of the CALFED Bay-Delta Program.

Other Related Delta Vision Topics

Affirmation of 1998 “Recommendations from the Business Community on CALFED”

After the last meeting of the Blue Ribbon Task Force, Ms. McPeak asked if the water and business representatives involved in the Stakeholder process concurred with recommendations made by a broad business coalition in 1998 regarding the CALFED Bay-Delta Program (attached).

The 1998 statement accurately reflects the general perspective of the undersigned in the current Delta Vision process, excepting those actions specifically related to CALFED Stage 1 implementation, which are now moot. We remain dedicated to a comprehensive solution as expressed in the 1998 statement’s opening paragraph, including the commitment to ecosystem restoration and water use efficiency. Moreover, we are committed to pursuing near-term actions, including optimizing through-Delta conveyance, which will help to stabilize the system, bolster water supply reliability and provide environmental benefits as we progress toward a long-term, resilient solution.

Notwithstanding this general agreement, it bears noting one particular concept that is no longer operative and another general area of activity that has become further refined since the 1998 statement.

The 1998 statement affirms a desire for a consensus-based solution. We share that desire, but we do not believe the Delta Vision process should be held hostage to it. Indeed, abandonment of this notion as it was practiced in CALFED could very well become necessary if we are to break out of the inertia that has plagued attempts at a resolution to problems related to the Delta. This view is consistent with both the PPIC Envisioning Futures for the Sacramento-San Joaquin Delta report's conclusions as well as with how the Delta Vision process has been carried out to date. There is no question choices must be made and that not all interests can or will be satisfied. Underpinning this perspective is the recognition that doing nothing is no longer an option, so we must move beyond stalemate. Furthermore, seismic and climate change threats (sea level rise, increased flood flows, loss of snow pack) that were not evident in 1998 are now known and can't be ignored. Leadership must supplant consensus.

The 1998 recommendations regarding conveyance are still applicable, except for the timing of feasibility studies, which should have already been completed per the 1998 recommendation. The undersigned recognize and have previously indicated to the Blue Ribbon Task Force that it is our belief that a dual-facility allowing water to be diverted from existing Delta locations and through an isolated facility is likely necessary to restore water supply reliability and ecosystem health with the greatest degree of flexibility. The desire to immediately undertake the technical and operational studies associated with an isolated facility, as part of a dual conveyance system, should in no way be interpreted as indicating a desire to "abandon" the Delta.

We also note that the 1998 document called for a decision on planning and finance of a solution by the end of 1998, nearly a decade ago. Population increases predicted for 2020 are now expected to increase by another 3 million residents by 2030.

Role of Demand Management and Water Conservation in a Delta Solution

The Vision assumes that there will be significant future increases in water conservation, particularly urban water conservation. We certainly agree with this assumption, but caution that this component of the Vision (like all components) needs to be placed in perspective. It would be naïve to assume that conservation is uniquely "easy to implement", nor accurate to suggest that it's a sole solution to a complex set of problems, as some have promoted.

There has been a great deal of focus on the theoretical potential for additional urban water conservation in the Pacific Institute's 2003 report, "Waste Not, Want Not". While advancing the understanding of potential conservation savings that report ironically does not address the practical challenges to increasing conservation savings. CALFED's 2006 Water Use Efficiency Comprehensive Evaluation and the 2005 California Water Plan Update come closer to addressing implementation challenges, but neither does a

comprehensive job of evaluating conservation program successes and challenges. Fortunately we have dozens of case studies in the real world, and urban water conservation has made significant gains in recent years.

The 2005 California Water Plan notes that water conservation holds the largest promise for creating "new water" of the alternatives available in the near term. This broad promise masks the fact that on a regional level, the potential varies dramatically and the effect of those savings on the Delta differ dramatically. Savings potential in one region that may have surplus water do not necessarily translate to an improvement in supply in another, as often that water cannot easily move between regions due to water right limitations, or more often, conveyance limitations, and including conveyance limitations in the Delta. Additionally, twenty years of declining reliability of supplies delivered through the Delta have already forced water purveyors and users to invest heavily in water conservation. On the west side of the San Joaquin Valley, conversion of all permanent crops to micro-irrigation has been a matter of survival and is now nearly universal. Yet under current Delta conveyance limitations, growers in this part of the state can expect less than 20% of their contract supplies in dry years. When you have done all the conservation available in your region and you are still severely short of water, aggregating theoretical statewide conservation potential and calling the problem solvable is a simplistic and erroneous conclusion to a much more complex problem. Additional conservation in the export areas will only have the effect of reducing the amount of water pumped from the Delta in wetter years, when full needs in export regions are able to be met from the full mix of available supplies. In dryer years, there is unmet demand. Thus, the conservation effect in dryer years is only to reduce unmet demand, which will not result in a reduction of water pumped from the Delta.

In-Delta Needs

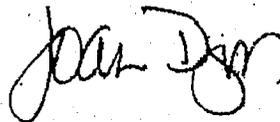
At the last Blue Ribbon Task Force meeting, reference was made by some to the need to make sure the Delta receives all its needs prior to other water uses was made. Attempts to define and address Delta water needs, as with any other water need, must occur in the context of California water law. Not all needs can be met and perceived needs by any particular party not now satisfied cannot be met by water legally appropriated to others outside the Delta absent a negotiated settlement among the parties of interest. If there is a desire to revisit diversions of water that historically reached the Delta, such a review would necessarily encompass all who divert in the watershed.

We appreciate the opportunity to review this initial draft vision statement and look forward to participation in its refinement.

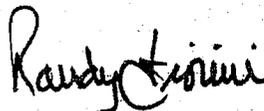
Sincerely,



Thomas W. Birmingham, General Manager
Westlands Water District



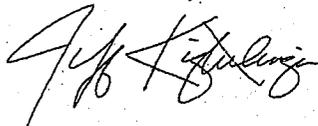
Joan Anderson Dym, Executive Director
Southern California Water Committee



Randy Fiorini, President,
Association of California Water Agencies
Board Member, Turlock Irrigation District



Thomas Hurlbutt, Director
Tulare Lake Basin Water Storage District



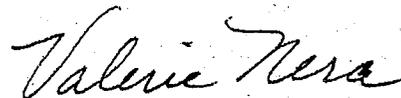
Jeffrey Kightlinger, General Manager
Metropolitan Water District of Southern CA



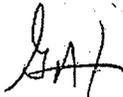
Steve LaMar, Chair
Water Resources Subcommittee of the
California Building Industry Assn.



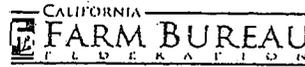
James Levine P.E., Managing Member
Montezuma Wetlands, LLC
& Bay Area Council Director



Valerie Nera, Policy Advocate
California Chamber of Commerce



Gregory Zlotnick, Special Counsel to the
CEO
Santa Clara Valley Water District &
Vice Chair, Bay Area Water Forum



RECOMMENDATIONS FROM THE BUSINESS COMMUNITY ON CALFED

November 20, 1998

The following statement from business and employer organizations in California sets forth recommendations for a balanced CALFED Bay-Delta solution including Ecosystem restoration, water use efficiency, water quality, levee integrity, watershed management, voluntary water transfers, water supply reliability, surface and groundwater storage, conveyance, financing, and assurances and institutional arrangements.

CALFED OVERALL

- California's economy depends on a reliable, affordable, adequate supply of high-quality water. Adequate supplies are currently maintained only by intensive management of complex, overtaxed, and aging water infrastructure. By 2020, California's population is projected to grow almost 50 percent, to more than 47 million people. Drinking water standards are expected to become more stringent. The cost of drinking water treatment and water recycling continues to increase.
- The CALFED Bay-Delta Program is the single best opportunity to resolve in a timely and equitable manner water issues that threaten California's environmental quality and economic prosperity. The CALFED Bay-Delta Program remains the best means of achieving a Delta "fix" that is a balanced, consensus-based solution that meets the needs of all Californians.
- We urge a decision on the planning, financing, and scheduling of all components of an overall CALFED Bay-Delta solution by the end of 1998--4 years after the signing of the original Bay-Delta Accord.
- A balanced program including each of the following components should be included in the framework of a CALFED Bay-Delta solution.

PRINCIPLES

- Any water solution must consider the broad impacts on California's economy. Water is vital to virtually all parts of our diverse economy.
- When investments in water need to be made, those who benefit should pay--be it an individual or the entire California population.
- Competing interests should seek balanced solutions that benefit California as a whole and are consistent with California water rights.

ECOSYSTEM RESTORATION

- It is imperative that the Bay-Delta Ecosystem habitat and wildlife be restored to sustainable ecological and biological health.
- Explicit outcome performance measures must be established as part of a balanced Bay-Delta Program, including the Ecosystem restoration process.
- Existing Ecosystem programs and efforts must be integrated and coordinated in order to optimize benefits.

WATER USE EFFICIENCY

- All reasonable and economically feasible water-use efficiency measures should be supported and implemented to ensure that the current available supply is being used wisely.
- Conservation and recycling should be supported and encouraged where it makes economic sense and is consistent with existing programs and agreements (such as the Memorandum of Understanding for urban Best Management Practices). Funding should be provided for technical assistance and implementation.
- Steps must be taken to ensure that the development of new water supply does not inadvertently inhibit the implementation of conservation, recycling, and other water-use efficiency measures. The combined economic effect of conservation, recycling, other water efficiency efforts, water transfers, and new water supply development should be considered collectively, not just on individual merit, so that optimum system-wide solutions are achieved.

WATER QUALITY

- The CALFED Bay-Delta solution must improve water quality to acceptable levels for all beneficial uses, including complying with water quality standards. Such an improvement would have the added benefit of reduced treatment costs at the local level.
- Stage One should provide measurable progress towards improved water quality. Stage One investments and other actions must help resolve what needs to be done to meet present and future water quality standards.
- The impact of run-off and drainage that now degrade water quality must be assessed and appropriate action should be taken to protect water quality. The increase in new pollution loading in the watershed must be mitigated.

LEVEE INTEGRITY

- Delta levee integrity must be improved to protect the Ecosystem as well as adjoining properties, meet flood control objectives, improve water quality, efficiently use the existing water supply, protect export water supply, and facilitate adequate flow through the Delta.
- The existing federal-state-local cost-sharing agreement should be fully-funded and expanded to complement the approved Bay-Delta Program.

WATERSHED MANAGEMENT

- Watershed ecology and habitat must be protected and improved.
- Improved watershed management can result in improved Ecosystem performance and water supply yield.
- Area of origin and counties of origin rights must be protected. Existing water rights must be protected or compensated for as provided by law.

VOLUNTARY WATER TRANSFERS

- Voluntary transfers should be facilitated and an expanded water market should be established. An expanded water market is essential to a long-term solution. If needed, State and federal legislation should be expeditiously enacted after careful consideration to determine what is necessary to accomplish this objective. Clear and coherent rules governing short-term transfers will enable water transfers to become a greater part of water resource management for California.

- An expanded water market can introduce economic incentives into water management and will help assure taxpayers and ratepayers that neither water nor money are being wasted. A general statement of the public benefit of a water market and voluntary transfers would serve to encourage the approval of transfers. Criteria must be developed to support the importance of water transfers to state water policy.
- Existing water rights must be affirmed and assured for those parties voluntarily entering into transfers.
- Safeguards and assurances must be enacted to protect areas of origin and to prohibit inappropriate transfers out of over-drafted basins and from over-committed river systems.
- Water transfers should not be viewed as a mechanism to satisfy the long-term needs of urban areas by shifting water out of the agriculture sector that is needed for the efficient cultivation of California's productive farm land. A method to implement exchanges and replacements should be considered.

WATER SUPPLY RELIABILITY

- California's economy and environment require a safe, clean, reliable, and adequate water supply. Reliability includes improving predictability, quality, availability, and flexibility, and reducing drought impacts. Water supply should sustain our State's anticipated future population and economy. CALFED must strengthen and extend the Bay-Delta Accord to ensure urban, agricultural, industrial, and environmental water supply during Stage One.
- Water supply reliability depends on restoring the Bay-Delta Ecosystem, optimizing water-use efficiency, and developing new facilities. Conservation and construction are both needed for future water supply and reliability, and to reduce the conflict between the environment and the economy. A full range of management measures and funding are needed to meet environmental needs and to provide opportunities to export water in excess of what is needed to restore the Ecosystem.

STORAGE

- All reasonable analyses of future water supply (including the increased supplies expected to result from water use efficiency improvements) in comparison to documented growing future demands conclude that additional storage will still be needed to responsibly manage California's water resources for the future, including providing improved environmental flows at critical times and meeting the needs of a healthy environment. A mix of actions including efficient water use, voluntary transfers, and storage must be part of the package to deal with California's water resource future.

- New storage facilities also are needed both for flood control and greater flexibility in managing the state and federal systems to restore and protect the Bay-Delta Ecosystem without significant dislocations in some sectors of the economy. New storage facilities in Stage One, as well as future stages, must be designed to make the Delta system more flexible and reliable for all beneficial uses.
- Use of both surface and groundwater storage--often referred to as "conjunctive use"--should be optimized. Off-stream surface reservoirs can provide the capability of capturing water during periods of heavy precipitation or run-off and storing it until groundwater basins can be recharged.
- Feasibility studies and environmental assessment for prospective off-stream reservoirs and groundwater banks identified in the CALFED Bay-Delta Programmatic Draft EIS/EIR should be undertaken immediately. Analyses of who benefits (and therefore who pays) should be undertaken as the results become available. At the outset of Stage One, a programmatic 404 permit must be granted for surface and groundwater storage.
- The federal government in cooperation with the state should study the feasibility of an environmentally-sensitive increase to the height of Shasta Dam.
- If the studies result in the identification of viable off-stream reservoir and groundwater basin sites and/or the viability of modestly raising Shasta Dam, and analyses identify payers for that portion of storage not dedicated for environmental purposes, then state and federal officials should move expeditiously to construct such facilities.

CONVEYANCE

- The existing Delta conveyance facility must be improved in order to reduce impacts on the Bay-Delta Ecosystem and to ensure improved water quality and water supply reliability.
- Short and long term conveyance needs must be analyzed and the performance standards defined necessary to achieve needed improvements in the Ecosystem, water quality and water supply.
- In Stage One expeditiously implement optimal through-Delta improvements. Evaluate their effectiveness in meeting a defined set of performance standards, including for the Ecosystem, water quality, and water supply reliability.
- If within a reasonable and agreed upon time, optimal through-Delta improvements alone cannot meet the performance standards for Ecosystem restoration, water quality, and/or water supply reliability, then implement an appropriately-sized isolated conveyance system. In order to minimize risk of delays if isolated conveyance is needed to meet performance standards, requisite feasibility studies of isolated conveyance should be conducted during Stage One.

FINANCING

- Financing and funding should use benefits-based principles and methods to allocate the costs of the Bay-Delta program equitably.
- New facilities should be developed on the basis that contractors/users pay for that portion of storage not dedicated for the environment and other public benefits. New conveyance facilities should be paid for by who benefits. State and/or federal public financing mechanisms could be deployed for construction of facilities for user benefits if the costs are recovered from the sale price of water to all users equitably. These should be agreed to and set prior to construction. Other funding mechanisms and ownership options should be explored so that the most economical financing is achieved. Users who are public agencies could use public financing and funding methods available to them to pay for storage and other water management measures. Other funding mechanisms and ownership options should be explored so that the most economical financing is achieved.
- Public financing and funding of new programs and facilities are appropriate to the extent that the implementation of efficient water use measures is accelerated and new water supply is developed for environmental or non-consumptive purposes and/or facilities, such as fish screens which improve the Ecosystem. Recognizing the State and federal interests in restoring, preserving, and enhancing the environmental health of the Delta, financing solutions for Ecosystem restoration need to draw upon public funding sources.

ASSURANCES AND INSTITUTIONAL ARRANGEMENTS

- Assurance agreements are needed for the proper timing, staging, and financing of construction, maintenance and operation of new facilities. It is important that the implementation of the Ecosystem restoration and water efficiency programs be accompanied by the implementation of the facilities components necessary for improved management and reliability of the water supply.
- There is a need for institutional reform as well as integrated and consolidated decision-making. An appropriate institutional structure must be established to ensure timely and balanced implementation and adaptive management for the full CALFED Bay-Delta Program. The institutional structure must encourage continued cooperation of all CALFED agencies and ensure that no single agency can unilaterally block implementation of any component of the Program.
- The CALFED Bay-Delta solution must include assurances that all stakeholders can rely upon in good faith that agreements will be honored and that all segments and regions of California will benefit.