

Response to Delta Stewardship Council's Questions

Ecosystem Panel

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A. Top 3 priorities related to managing the Delta's water and environmental resources and the water resources of the state over the long term.

- Develop clear goals for Delta environmental restoration, for water supply management in the Delta and for water supply management in the state. These goals need to incorporate expected long term changes such as sea level rise and climate change.

Much of the work identifying goals is already in the Delta Vision Strategic Plan. Many, if not all the goals, strategies and actions in the Strategic Plan are relevant to the Delta Plan.

- Recommend that a system be developed that provides for a statewide systematic accounting of water supply and consumptive use for surface water and groundwater.

The State Water Board, in their presentation to the Delta Task Force two years ago made it clear that they cannot account for consumptive use of groundwater and do not account for consumptive use of surface water.

- Improved water use efficiency and improved infrastructure to provide our water system with increased flexibility to meet environmental and water supply goals.

B. The top 3 priorities to protect, maintain and where possible, enhance and restore the overall quality of the Delta environment, including but not limited to agriculture, wildlife habitat and recreational activities.

- Restoring Delta Ecosystem Functions: to address current needs and longer term expected conditions (such as sea level rise).

- a) Restore habitat. Reconnect the land and water in the Delta and Suisun Marsh in places where we can, in accordance with a scientifically based strategic plan of restoration.
- b) Restore more natural flow conditions in the Delta – in terms of inflow, outflow and reduced reverse flow
- c) Reduce / eliminate water quality contaminants that are contributed through point source and non-point sources.

- New Water Conveyance System

A system isolated from Delta channels, most likely a tunnel. Has to be operated for environmental conservation and water supply objectives. Has to be operated to maintain water quality sufficient to protect beneficial uses in the Delta.

- The Delta

It is imperative we recognize that a large part of our work will be in the Delta. Inclusion of local government and Delta residents is essential if we wish to accomplish the first two priorities (restoration and new conveyance). Solutions in the Delta for water supply reliability and ecosystem restoration must be implemented in a manner that supports efforts to protect and enhance the Delta.

List of some examples for Delta protections:

- Provide the means to continue to pay property taxes to local government even after lands are restored to mitigate for loss of tax revenue; seeking an economic balance; no net loss of tax revenue.
- Must be done on a willing seller basis, but do not preclude the use of eminent domain only as a last resort.
- Must be done in a manner that encourages the involvement of landowners
- Look for projects that provide benefit to Delta landowners as well as the ecosystem. For example, projects that can reduce the risk of flooding in the Delta through creation of floodplains and marshes. McCormack Williamson Tract in the North Delta is one example of such a project. Another is the establishment of a flood plain like Pescadero Tract in the south Delta, between Paradise Cut and Tom Paine Slough.
- Create restoration projects that involve working landscapes – like Staten Island in the Delta. One quarter to one third of the Central valley's Sandhill Crane population roosts on Staten in the winter as a result of habitat friendly agricultural practices. It has now become a popular location for birdwatchers which contributes to Delta tourism and the Delta economy.
- Establish new venues for agriculture in the Delta – agricultural activities that can accrete peat soil, sequester carbon and create revenue for Delta farmers. TNC, EDF, DWR, MWD, USGS and other partners are working on developing

protocols for establishment of carbon sequestration markets using the Delta's native tule vegetation. A carbon sequestration market using portions of the Delta as a base for market activities will provide Delta farmers with a means for not only eliminating peat soil subsidence, but also for accreting the soil while generating a revenue. If successful, we envision this kind of activity as a win for Delta farmers, a win in addressing climate change, and a win for the terrestrial and aquatic habitats in the Delta.

- Any new conveyance facilities must be operated to maintain water quality sufficient to protect beneficial uses in the Delta. Such beneficial uses include domestic and municipal uses, agriculture, and fish and wildlife.

C. Top three priorities to restore and enhance the Delta ecosystem:

- Cause to be developed a scientifically based strategic implementation plan for restoration of the Delta and Suisun Marsh.

This plan should define the areas with the greatest restoration potential, identify restoration principles to guide implementation, describe goals and objectives and identify indicators and targets for restoration areas.

A lot of this work has already been started by BDCP and the Delta Vision Strategic Plan. The Council should ensure it is completed. Consideration should be given to making the Delta Conservancy and Fish and Game responsible for ensuring its completion.

- Develop the organizational structure to start implementing restoration.

This includes assigning responsibilities to agencies for their roles, including the Delta Conservancy and Fish and Game, pulling together the restoration practitioners, and developing the structure for the adaptive management component – which means restoration monitoring and a program of focused research.

- Do It. Start the Restoration.

BDCP and the Delta Vision Strategic Plan have taken huge steps in identifying the quantities of acres to be restored, the types of habitat, the rationale and a time schedule for restoration. There is no single correct answer for how much to restore. What is most important is that we start restoration and from that, through our adaptive management program, we start learning whether or not we are doing any good.

COST:

Ecosystem Restoration Cost (From Chapter 8 of BDCP)

About \$3.4 billion over 50 years. Does not include monitoring or research.

Does include:

20% - 30% contingency, land acquisition and habitat construction

Vernal pools – 300 acres

Alkali wetlands – 400 acres

Grasslands – 8,000 acres

Agricultural lands – 32,000 acres

Tidal habitat – 65,000 acres

Flood plain – 10,000 acres

Channel margin habitat – 20 linear acres

Riparian habitat – 5,000 acres

Who Pays for Non-Mitigation Elements of Restoration?

Public: General Obligation Bond

Users: User Fee

It might it make sense to discuss Delta finance in the context of Proposition 26. By all measures, Prop 26 makes passing a bill to assess a traditional mitigation fee essentially impossible in the current political climate. Yet, we have to find:

- Reasonable and durable mechanisms for ecosystem financing. This is essential to accomplishing the co-equal goals.
- The November 2010 passage of Proposition 26 imposes an additional political hurdle, likely an impassable hurdle, in the path towards the establishment of a traditional user fee mechanism for Delta finance.
- Proposition 26 forces stakeholders as well as the Delta Stewardship Council to begin to think differently about these issues.
- We need to recognize that water is a public good, essential to people and the environment. As a public good we need to apportion some cost of use to the user.

What is possible in a Prop. 26 era?

- One possibility is to shift the focus away from a traditional ecosystem mitigation fee structure and towards a more regulatory approach.
- Specifically, the Legislature could pass a law requiring all water diverters to meet a new regulatory standard (e.g. some level of habitat restoration) based on their particular sector: upstream diverter, in-Delta diverter, or exporter. Additionally, the amount of water diverted could be factored into the amount of habitat restoration required.
- Water diverters could then be given two options for satisfying their new regulatory requirements:
 - Directly engage in habitat/ecosystem restoration; or
 - Pay into a fund under the control of an existing state agency such as the Delta Conservancy which would then provide the ecosystem restoration.
- This is one of likely many options that stakeholders and the DSC should begin considering.