

**Statement of Michael L. Connor, Commissioner
Bureau of Reclamation
Committee on Natural Resources
Subcommittee on Water and Power
U.S. House of Representatives
Field hearing – Creating Jobs by Overcoming Man-Made Drought: Time for Congress to
Listen and Act
Fresno, CA**

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Chairman McClintock, Ranking Member Napolitano and members of the Subcommittee, I am Michael Connor, Commissioner of the Bureau of Reclamation (Reclamation). I am pleased to provide the views of the Department of the Interior (Department) on challenges and opportunities associated with California's water supply.

The title of this hearing is "Creating Jobs by Overcoming Man-Made Drought." The Administration strongly supports the idea of protecting and creating jobs through water and environmental policies intended to promote certainty, sustainability, and balance in the use of our finite water resources. California has been experiencing a two-fold crisis over the past several years – one related to water supply, and the other related to the collapsing Bay-Delta ecosystem. The issues, of course, are inextricably linked, and the 3-year drought that recently ended made painfully evident the unsustainability of California's present water supply system. Acres of land have been fallowed, once productive fisheries have been shut down, and many communities within the Delta itself and in coastal California are concerned about their long-term survival. In today's testimony, I'll focus on near-term water supplies, as well as efforts being made to improve the situation for the long-term.

Fortunately, the Obama Administration, together with the State of California, water users, community leaders, and members of the NGO community, are not relying on the status quo – but are seeking to bring back certainty, sustainability, and balance to all those relying on California's Bay-Delta. In September 2009, the Department entered into an MOU with the Departments of Agriculture and Commerce, the Environmental Protection Agency, the U.S. Army Corps of Engineers, and the Council on Environmental Quality to coordinate the federal response to the California water supply crisis and to facilitate a partnership with the State of California in addressing California's water supply and environmental challenges. In December of that year, these same agencies released an Interim Federal Action Plan for the California Bay-Delta which outlines priority actions being taken by these agencies to work closely with the State and local authorities, promote science-based decisions, and ensure effective performance.

In 2011, California's water supply conditions have improved significantly, and improved even more markedly since the Subcommittee last conducted a field hearing in the state in January 2010. Federal Central Valley Project (CVP) reservoirs are at or near capacity for this point in the water year. The state's most recent snow surveys reported statewide snow water equivalents to be 160% of normal statewide as of this date, with snow water equivalents in the Northern Sierras at 172% of normal for this date¹. As a result of the large amount of precipitation over the winter,

¹ <http://cdec.water.ca.gov/cgi-progs/snow/DLYSWEQ>

projected run-off, and other factors, the U.S. Fish and Wildlife Service (FWS) and National Marine Fisheries Service (NMFS) biological opinions that apply to CVP operations are expected to have little impact on this year's water supply. As of March 31 this year, the FWS biological opinion for delta smelt has not resulted in any restrictions on pumping. With respect to the NMFS biological opinion for salmon and other species, to date it has caused some restrictions on pumping, but only in an amount of approximately 10,000 acre-feet – or 0.3% of total south-of-Delta contractual quantities, and because of the flexibility offered by the wet conditions those impacts will most likely be offset in April and May.

In view of this year's hydrology and the fact that the Endangered Species Act (ESA) restrictions have had little impact to water operations, the Subcommittee and some of our customers are asking a very reasonable question: how can Reclamation announce agricultural water supply allocations south of the Delta of only 75%?

Reclamation appreciates the opportunity to address these issues and answer questions of the Subcommittee. The question of allocations goes to the heart of many of our activities underway in California, from planning activities to daily operations to ongoing construction projects. Before speaking to this year's allocations, some context is in order regarding CVP operations and the factors affecting the allocation.

First, it is important to understand that this year, Reclamation will deliver 100% of the contractual water supplies for most CVP contractors, including agricultural contracts and refuge level 2 water, as well as municipal and industrial (M&I) water. We have contracts for a total of about 9 million acre-feet of water from the CVP each year. And, as of this date, we have allocated over 7 million acre-feet for delivery in 2011, with the potential for higher South-of-Delta allocations before a final allocation is made in June.

Second, the 75% figure is specific to a sub-set of the CVP's contracts, known as South-of-Delta agricultural water service contracts. The volume of South-of-Delta contracts is roughly 1.965 million acre-feet, or about 20% of the CVP's total contracted amount. Prior to 1990, South-of-Delta agricultural water service contractors received a 100% allocation in most years. As designed, the CVP pumps must essentially operate at full capacity all the time, to meet 100% of the contracted South-of-Delta quantity. Since 1990, however, these contracts have been allocated 100% only three times. This phenomenon did not develop overnight. It has been driven by a host of factors over the last 20 years that have affected the quantity and reliability of South-of-Delta supplies, including drought conditions, listing of numerous fish species under the ESA, state imposed flow and water quality requirements, state water rights priorities, and enactment and implementation of the Central Valley Project Improvement Act (CVPIA).

Third, the delivery of water for the 2011 contract year began on March 1. The state recently completed its fourth snow survey and runoff forecasts². Reclamation made its initial allocation of water on February 18, 2011, and since that time has been updating its operations forecasts based upon the survey results and continuous monitoring of conditions, including precipitation, timing of snowmelt, and water demands, to determine if additional increases to the allocation can be made.

² <http://cdec.water.ca.gov/cgi-progs/snow/COURSES.04>

Fourth, South-of-Delta agricultural and M&I water users are dependent on the movement of water via the state and Federal export pumps in the Delta, and these exports are subject to the water quality standards under the California State Water Resources Control Board's (SWRCB) Water Right Decision 1641. The Delta is home to people and wildlife reliant on a safe and dependable water supply. Urban areas like Alameda and Contra Costa County draw drinking water from the Delta, and agricultural water districts like the North, Central, and South Delta Water Agencies draw water for crops directly from the Delta. People also fish and recreate there. Commercial fisheries in the area are dependent on adequate water quality. Water quality is a significant factor in Reclamation's state permits to export water, and for these reasons, water quality requirements for salinity and Delta outflow heavily govern operation of the export pumps, including, at times, restrictions on pumping.

Fifth, the Delta was historically a 700,000-acre tidal freshwater marsh. Over a hundred years ago, much of this marsh land was reclaimed by constructing 1,100 miles of levees and then draining the lands behind them to allow for crop production. Wetland, marsh, and riparian areas in the Delta have been transformed into farmland or urban developments. Many factors in addition to the export pumps affect species health in the Delta, including toxic substances, other water quality issues, nonnative species, hatchery management, illegal fishing, and smaller, local water diversions. The Delta of the future will be affected by worsening land subsidence, heightened seismic risk and possible effects of climate change which could include both sea level rise and changes in storm timing, intensity, and frequency.

As a result of many of the factors just cited and as noted earlier, the Delta's biologically-diverse ecosystem is in serious decline. Several fish species have declined to the lowest population numbers in their recorded histories. The commercial and recreational salmon fishing season in California was completely closed in 2008 and 2009, and the delta smelt population has continued to decline. As a result, water exports through the Delta have been modified to protect at risk fish species and the overall aquatic ecosystem, which affects water deliveries to urban and agricultural water users who rely on the Delta for their water deliveries. Notwithstanding their limited applicability so far this year, the FWS and NMFS biological opinions for delta smelt, salmon, steelhead, and sturgeon do address water exports at the State and Federal pumps. The opinions, issued in 2008 and 2009 by the FWS and NMFS respectively, determined that operation of the CVP and the State Water Project (SWP) as proposed would jeopardize fish species protected under the ESA and adversely modify their critical habitat. Both opinions included a Reasonable and Prudent Alternative (RPA) to the proposed CVP/SWP operations to avoid jeopardizing the listed fish, and in both cases, under certain conditions, the RPAs limit the ability of the projects to export water at certain times of the year. Both opinions are the subject of ongoing litigation.

Hopefully, this context helps explain all the factors that influence the South-of-Delta allocation. As noted earlier, at this point in time, this year's allocation for South-of-Delta agricultural water service contractors is 75% – which is above the 20-year average final allocation of 62%. There could be an opportunity to increase that allocation in the next month based on runoff conditions South-of-Delta. For example, in 2006, the last year when a final allocation hit 100%, the initial allocation was 65%, increased to 85% at the end of April, and revised to 100% in mid-May. Any increase above 75% will result in South-of-Delta water supplies for agricultural water service contractors to be well in excess of the twenty-year average. Nonetheless, we understand that reliability and certainty of the water supply South-of-Delta is not what it once was. We therefore

remain committed to working with our partners to develop short- and long-term solutions, including those currently under consideration in the Bay Delta Conservation Plan (BDCP). I would like to take this opportunity for the rest of my statement to describe actions the Department and Reclamation (as well as other Federal agencies) are taking to assure that water reliability can be maximized not just in 2011, but for decades into the future.

Reclamation is committed to optimizing the use of available water supplies. Through our WaterSMART program, we are focused on projects that improve water management efficiency and provide funding for projects focused on water conservation activities, water banking, and water transfers. Over the last two years Reclamation has provided almost \$15 million in cost share funding for the development and expansion of numerous groundwater banking conjunctive use projects in the San Joaquin Valley. In addition to conjunctive use projects, funding for water use efficiency projects was provided to several Central Valley water agencies to improve water measurement and delivery system automation that resulted in improved water accounting and reduced water losses. Further, through our water recycling program, Reclamation has provided over \$477 million in cost-shared funding to recycling projects in California through FY 2010. Statewide, these projects are producing over 240,000 acre-feet of water per year.

Reclamation has a long history of working to address the water supply needs of California. For the past several decades Reclamation has been working toward solutions to resolve complex environmental and water supply issues under the CALFED program and the CVPIA. Under the CALFED program, Reclamation has been working with other Federal, State, and local agencies to study ways to increase water storage in California. Many of these studies are nearing completion and last month, Reclamation issued a Record of Decision for a water operations agreement with the Contra Costa Water District which will facilitate the District's efforts to expand Los Vaqueros Reservoir in Contra Costa County. The expansion project will increase the existing reservoir's storage from 100,000 acre-feet to 160,000 acre-feet. In addition, Reclamation is midway to completing construction of the Delta-Mendota Canal/California Aqueduct Intertie. This project will provide increased water deliveries by restoring and improving CVP conveyance capacity to match the Jones Pumping Plant capacity in the Delta. Improving existing facilities and maximizing the use and flexibility of existing facilities is cost-effective with less environmental impact.

When the current biological opinions were released in 2008 and 2009, all parties recognized the dire condition of the listed species and their Delta habitat as well as the likely effects on water supplies, and multiple lawsuits were filed almost immediately. As a result, the National Academies of Science (NAS) were retained by the Departments in late 2009 to conduct a phased review of the science in the biological opinions, the RPAs, and the initial draft of the BDCP. The first phase, concluded in March 2010, included a review report that focused on the basis for the RPAs. In the second phase, the panel has been asked to evaluate the use of science in the BDCP and to publish its findings in a written report later this year. The final phase of the National Academies study, due in late 2011, will address how to most effectively incorporate science and adaptive management concepts into holistic programs for management and restoration of the Bay Delta. The request by both Department of the Interior and Department of Commerce for the NAS to undertake this multi-layered study underscores our commitment to ensuring that the Opinions and future regulatory actions pertaining to the Bay Delta are based on sound science.

Bay Delta Conservation Plan

At the foundation of the jeopardy findings in the FWS and NMFS opinions is the understanding that the CVP and SWP operate export facilities in the middle of an aquatic ecosystem. For this reason, the BDCP has been underway since 2007 and is currently investigating water conveyance alternatives to move CVP and SWP water through, around, or under the Delta while restoring the Delta ecosystem. The purpose of the BDCP is to provide for a sustainable Delta and a more reliable water supply to meet California's water needs.

BDCP participants are drafting a Habitat Conservation Plan under the ESA that identifies proposed conservation measures addressing water conveyance and project operations, habitat restoration, and other stressors on the Delta environment. Options currently being considered include water exports via dual conveyance facilities (using existing south Delta intakes, new intake facilities in the north Delta, and a new isolated conveyance facility around, under, or through the Delta); large-scale restoration of tidal marsh habitat; and measures to address other stressors such as pollutants, introduced species, predation, and hatcheries management.

The BDCP will serve as the basis for the permitting of new water conveyance facilities. It will also establish the parameters for modifications to the operation of the CVP that are subject to consultation under the ESA. These facilities and the operational and restoration actions that would accompany them offer the best chance at present to address the export constraints discussed above and address the critically important concerns of water users regarding the vulnerability of Delta levees and the potential impact of their catastrophic failure upon the water supply. At the same time, it would provide for a sustainable Delta that will meet the needs of people and fish species dependent upon it. Over the last six months, federal and state agencies, working with affected interests, have made significant progress in working through a number of important issues related to the BDCP. While there is still much analysis and review to be done, Reclamation and the other Federal agencies are working with the State of California and other appropriate parties toward a draft BDCP and EIR/EIS.

As this process unfolds, it is important to bear in mind that the BDCP is a collaborative, public planning process that will provide for the conservation of species while improving water system reliability. Reclamation is participating in this effort to help facilitate activities of the BDCP with other State and Federal agencies because we understand the importance of reliable water supplies and a restored Delta environment. A significant amount of ecosystem restoration and water conservation work is already underway in the Delta, through the CALFED Program, and through initiatives by some of the water districts participating in this hearing today. Throughout all the public meetings, draft reports, workshops, town hall meetings and even Congressional hearings, we will remain focused on the dual objectives of this Program.

Conclusion

At last year's hearing, Reclamation highlighted the broad set of actions underway today at the Bureau and Departmental levels to improve California's water supply infrastructure and our ongoing operations. The Interim Federal Action Plan for the California Bay-Delta released in 2009 by six Federal agencies continues to leverage available Federal resources, particularly in

the areas of drought relief and financial assistance. In the construction arena, more than 40% of Reclamation's funding from the American Recovery and Reinvestment Act (ARRA) has been invested in this state. Many projects like the intertie between the Delta-Mendota Canal and the California Aqueduct underway northwest of here near Tracy and the Red Bluff Fish Passage Improvement Project near Redding will be complete or are nearing completion this year. We also have a suite of water transfer programs that facilitate the transfer of water from willing sellers to willing buyers throughout the CVP. We are pleased to discuss these actions in greater detail with the Subcommittee today.

Understanding the need of farm operators to make early planting decisions, Reclamation also developed a series of actions for the 2011 water year to help support water allocations earlier and higher and is intended to be used to respond to dry-year conditions as necessary. Those actions are identified in the CVP Water Plan for 2011.

Reclamation has a long history of commitment to science across the agency including in the California Bay-Delta estuary. Reclamation is a founding member of the Interagency Ecological Program, a four-decade-old partnership of six federal and three state agencies that carries out or coordinates most of the monitoring and research conducted in the Bay-Delta. Reclamation believes that sound, peer-reviewed science is key to the success of an adaptive management approach to achieving the goal of increasing water supply reliability while continuing to protect and enhance the Bay-Delta ecosystem.

In closing, I would like to emphasize that the Department and Reclamation are acutely aware of this Subcommittee's interest in water and power related issues in the Bay Delta region. The water supply and Delta conditions have declined over several decades and the long-term solution needs to be thoughtful, implementable, and supported by the public. It will take time to achieve the goals of the BDCP. In the interim, Reclamation is taking actions in cooperation with our State and local partners to provide some relief to the environment and to water users to prevent the loss of valuable resources before we are able to find and implement long-term solutions.

As people who administer contracts for water and power, and who work with water districts and farmers on a daily basis, we understand the very real ramifications of water shortage and declining fish populations on peoples' businesses, on families, and on communities. We will continue to work to maximize our reliability in light of the challenges presented by hydrologic droughts, environmental conditions, or regulatory actions.

Thank you again for this opportunity to testify on this important topic. I would be happy to answer any questions the subcommittee may have.