



- **Board of Directors**
Water Planning and Stewardship

8/15/2022 Board Meeting

9-2

Subject

Review of Policy Principles Regarding the Sacramento-San Joaquin River Bay-Delta

Executive Summary

At the April 2021 Bay-Delta Committee meeting, staff was requested to provide a review of Metropolitan's Bay-Delta Policies. Metropolitan's overarching Bay-Delta Policies were last updated in 2006, with additional policy actions that occurred in the following few years regarding Delta Action Plan, Conveyance Criteria, Governance, and other policy areas (see description of these developments below). Since that time many significant factors have arisen related to statewide water resources management, including changed conditions in the Bay-Delta region and throughout Metropolitan's service area. Staff went through an extensive internal process to review and consolidate the existing Bay-Delta Policies and develop a draft Bay-Delta Policy Framework to facilitate discussion and input from the Board. Based on board feedback, staff have further revised the draft Bay-Delta Policy Framework into three policy objectives and nine policy principles that restate existing policy and include key updates based on emerging trends. This information letter provides an overview of existing Bay-Delta Policies and the process to consolidate, review and restate the Bay-Delta Policies based on Board feedback to date. Staff is seeking additional Board feedback regarding the restated Bay-Delta Policies in preparation for a board action in fall 2022 described in the information letter below.

Details

Since the adoption of Metropolitan's existing Bay-Delta Policies in the mid-1990s and early-to-mid 2000s, many significant factors have arisen related to statewide water resources management, including changed conditions in the Bay-Delta region and throughout Metropolitan's service area. In addition, the current policy structure, while comprehensive, is embodied in several board actions and can be challenging to reference and difficult for the Board, outside decision-makers, and the public to understand. The Board's future oversight and actions could be better supported by updating the Bay-Delta Policies to align with emerging trends, while clarifying and preserving topics that continue to be relevant to the Board's ongoing direction.

Background

Overview of Existing Bay-Delta Policies

Since the mid-1990s, Metropolitan's Board has taken a number of actions and adopted policy principles that support staff implementation of activities related to the Bay-Delta. These activities include day-to-day tasks, projects, policy and program development, program management, engagement with external parties, long-term planning, and key investments. Collectively, staff refer to this set of board policy actions as the "Bay-Delta Policies."

Pre 2006 – Bay-Delta Board actions and related policies: Key Metropolitan board-approved policies were adopted following the passage of the Central Valley Project Improvement Act (CVPIA) of 1992, which aimed to solve water conflicts by establishing a balance between requirements for fish and wildlife, agriculture, municipal, industrial and power interests.

April 2006 – Board adoption of policy principles regarding long-term actions for the Sacramento-San Joaquin River Delta. In recognition of then-recent events including Hurricane Katrina, the Jones Tract levee failure, declining fish species in the Delta, and renewed state efforts to protect the Delta, the Board adopted 13 policy principles that reflected the importance of the Delta to Metropolitan. These policy principles included a Delta Mission Statement.

Based on the four central themes, 13 specific policy principles were adopted to ensure long-term challenges in the Delta could be successfully met.

June 2007 – Board support, in principle, of the proposed framework for Metropolitan’s Delta Action Plan: Following Board adoption of the 13 policy principles for the Delta, development of Metropolitan’s Delta Action Plan began. At its April 2007 Board of Directors Retreat, the Board discussed a proposed framework for directing Metropolitan’s staff action on Delta-related issues.

September 2007 – Board adoption of criteria for conveyance options in implementation of the Long-Term Delta Action Plan: In September 2007, Metropolitan’s Board adopted six key policy criteria for considering the water supply conveyance options being developed by the State of California: (1) provide water supply reliability; (2) improve export water quality; (3) allow flexible pumping operations in a dynamic fishery environment; (4) enhance the Delta ecosystem; (5) reduce seismic risks; and (6) reduce climate change risks.

August 2008 and January 2009 – Board approval of Delta Governance Principles and support of the Final Delta Vision Implementation Report: In August 2008, the Board adopted Delta Governance Principles in response to the governance strategy established by the Governor’s Blue-Ribbon Task Force. The Governor’s Blue-Ribbon Task Force adopted a Delta Vision Plan to describe an overarching vision for the future of the Delta, followed by a subsequent Delta Vision Strategic Plan.

Current Update Process

Overview of Process to Consolidate, Review, and Update the Bay-Delta Board Policies

At the April 2021 Bay-Delta Committee meeting, staff was directed to review and propose updates to Metropolitan’s Bay-Delta policies. In November 2021, staff followed up with a presentation to the Bay-Delta Committee that provided a high-level overview of the history of Metropolitan’s Bay-Delta Policies and a proposed process to review and consider updates to those policies.

Internal Review and Development Process

During the fall of 2021 and into early 2022, staff went through a process to review and consolidate the existing Bay-Delta actions and policies described above. Staff subject matter experts throughout Metropolitan provided input on key policy areas to identify changed conditions and emerging trends.

Based on that process, a background information document was developed and transmitted to the Water Planning and Stewardship committee prior to the April 2022 committee meeting to serve as background and a reference and to promote continued discussion. It provided an overview of existing Bay-Delta policies, a description of the policy update process, and proposed next steps. The background document also included two attachments that provided additional detailed information, a staff paper on emerging trends and a document summarizing feedback received in staff workshops.

Bay-Delta Review of Policy Principles – Session #1

The first review with the Board of the Bay-Delta Policy Principles was held at the May 2022 Water Planning and Stewardship Committee meeting (the item was deferred from the previous month due to Committee time constraints). Staff provided background on existing board-adopted Bay-Delta Policies and the internal staff review process. Staff then described the six key policy areas that were identified in the internal review and development process and how those key policy areas were used to develop a policy framework and draft policy principles. Further, staff provided examples of how the policy framework could be used in different policy applications. The following lists the components of the draft Bay-Delta Policy Framework that was presented by staff at that time, including six key policy areas and specific policy principles:

Draft Bay-Delta Policy Framework (initial version)

<p><u>Policy Area 1: Statewide Water Resources Management</u></p> <ul style="list-style-type: none"> • Promote statewide climate adaptation solutions for water resources • Encourage statewide investments in regional water resources • Support long-term Delta sustainability and multi-benefit outcomes
<p><u>Policy Area 2: Bay-Delta Science, Watershed Management, and Land Use</u></p> <ul style="list-style-type: none"> • Provide for sustainable environmental protections • Consider all watershed elements: upper watershed and in-Delta • Implement and support sustainable Delta land uses
<p><u>Policy Area 3: Bay-Delta Operational Resilience</u></p> <ul style="list-style-type: none"> • Actively pursue actions to ensure flexible water operations • Ensure equitable and informed water resource management • Actively ensure water quality is protected
<p><u>Policy Area 4: Bay-Delta Infrastructure Reliability</u></p> <ul style="list-style-type: none"> • Pursue infrastructure improvements which address climate change • Support water supply actions and investments for seismic resiliency • Seek flexible operational and supply reliability infrastructure solutions
<p><u>Policy Area 5: Community Investments and Partnerships</u></p> <ul style="list-style-type: none"> • Pursue cost-effective and equitable financial investments • Support public engagement statewide and within Metropolitan's service area • Participate and develop collaborative partnerships
<p><u>Policy Area 6: Statewide Water Resources Management Supports Metropolitan's One Water</u></p> <ul style="list-style-type: none"> • Recognize the importance of SWP in supporting local supplies • Use storage and transfers to effectively manage Delta supplies • Pursue actions that improve reliability for SWP-dependent areas

Review of Policy Principles – Session #2

Staff received additional feedback at the second review of the Bay-Delta Policy Principles at the June 2022 Water Planning and Stewardship Committee meeting. Metropolitan staff also received feedback from member agencies through discussions with Metropolitan staff, member agency meetings, and requests for staff to provide updates at member agency board meetings. In response,

staff updated and consolidated the draft Bay-Delta Policy Framework into three Bay-Delta policy objectives, three policy areas, and nine specific policy principles below.

Revised Bay-Delta Policy Objectives and Framework

<p><i>Objective 1: Promote a Sustainable Bay-Delta within Metropolitan's One Water Approach</i></p> <p><i>Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability</i></p> <p><i>Objective 3: Address the Risks Associated with Climate Change</i></p>
<p><u>Policy Area 1: Science and Watershed Management</u></p> <p>1A Protect and restore aquatic species and habitats based on best available science</p> <p>1B Partner in watershed-wide approaches to develop comprehensive solutions</p> <p>1C Advance responsible stewardship of Metropolitan's Delta islands</p>
<p><u>Policy Area 2: Water Supply Reliability and Resilience</u></p> <p>2A Protect water supply reliability and water quality</p> <p>2B Invest in actions that provide seismic and climate resiliency</p> <p>2C Seek flexible operations, water management actions, and infrastructure solutions</p>
<p><u>Policy Area 3: Partnerships and Cost-Effective Investments</u></p> <p>3A Maintain and pursue cost-effective financial investments</p> <p>3B Foster broad and inclusive engagement of Delta interests and beneficiaries</p> <p>3C Promote innovative and multi-benefit initiatives</p>

Input from the office of the General Manager, External Affairs, Water Resource Management, Real Estate, Finance, and Legal was also solicited and is reflected in this draft Bay-Delta Policy Objectives and Framework, which is attached to this board information letter (**Attachment 1**) along with an overview document (**Attachment 2**). The overview document summarizes how to navigate the framework, key descriptors of each element of the framework, and examples that illustrate how the policy principles might be applied.

Next Steps

Staff is soliciting feedback from the Committee this month for board action in Fall 2022. The revised Bay-Delta policy objectives and policy principles include key updates consistent with emerging trends: (1) strengthening policies as they relate to risks associated with climate change; (2) redefining cost-effective investments to advance partnerships and seek funding for both climate adaptation for water supply and public benefits; and (3) broadening and including engagement with Delta interests and beneficiaries. The forthcoming board action will provide the Board an option to adopt the restated Bay-Delta Policies (three policy objectives and nine policy principles) to supersede previous Bay-Delta Policies. Alternatively, an option will also be presented to accept and file the draft Bay-Delta Policies as a staff report, and staff will continue to operate under previous board-adopted policies and actions.

Policy

By Minute Item 41504, dated July 13, 1995, the Board adopted principles guiding development of an urban position on amendment of the Central Valley Project Improvement Act (P.L. 102-575).

By Minute Item 45753, dated May 11, 2004, and Minute Item 46637, dated April 11, 2006, the Board adopted a set of Delta policy principles to ensure a solid foundation for development of future Metropolitan positions and to provide guidance to Metropolitan staff.

By Minute Item 47135, dated May 25, 2007, the Board supported, in principle, the proposed Delta Action Plan, as set forth in the letter signed by the General Manager.

By Minute Item 47232, dated September 11, 2007, the Board adopted criteria for support of conveyance options in implementation of a long-term Delta improvement plan.

By Minute Item 47605, dated August 19, 2008, the Board approved the Ad Hoc Subcommittee recommendations as outlined in the board letter.

By Minute Item 47769, dated January 13, 2009, the Board expressed a support position regarding the Final Delta Vision Implementation Report.

Fiscal Impact

Fiscal Impact: None


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8/8/2022
Date


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8/10/2022
Date

Attachment 1 – Revised Bay-Delta Policy Objectives and Framework

Attachment 2 – Emerging Trends

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Attachment 1: *Revised* Bay-Delta Policy Objectives and Framework

Overview

The *Revised* Bay-Delta Policy Objectives and Framework is a consolidation and restatement of existing Bay-Delta Policies; however, it also takes into consideration recent trends relevant to Metropolitan's interests. This document describes each of the three revised Bay-Delta Policy Objectives and Bay-Delta Framework (nine policy principles) with relevant examples listed under each of the nine policy principles.

The Bay-Delta Policy Objectives define Metropolitan's overarching goals to protect reliable, high quality water supplies in an environmentally sensitive manner, consistent with Metropolitan's Mission Statement. The Bay-Delta Framework includes nine policy principles intended to advance the Bay-Delta policy objectives. Once adopted, the Bay-Delta Policy Objectives and Framework collectively will guide Metropolitan staff and will inform future Board actions.

<i>Revised</i> Bay-Delta Policy Objectives		
Promote a Sustainable Bay-Delta Within Metropolitan's One Water Approach Support Statewide and Regional Actions that Improve Bay-Delta Sustainability Address the Risks Associated with Climate Change		
<i>Revised</i> Bay-Delta Policy Framework		
Science and Watershed Management	Water Supply Reliability and Resilience	Partnerships and Cost-Effective Investments
Protect and restore aquatic species and habitats based on best available science	Protect water supply reliability and water quality	Maintain and pursue cost-effective financial investments
Partner in watershed-wide approaches to develop comprehensive solutions	Invest in actions that provide seismic and climate resiliency	Foster broad and inclusive engagement of Delta interests and beneficiaries
Advance responsible stewardship of Metropolitan's Delta islands	Seek flexible operations, water management actions, and infrastructure solutions	Promote innovative and multi-benefit initiatives

Bay-Delta Policy Objectives

Objective 1: Promote a Sustainable Bay-Delta Within Metropolitan's One Water Approach

Supplies from the Bay-Delta watershed are integral to implementing Metropolitan's One Water Approach, an integrated planning and implementation approach to managing finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs. Bay-Delta supplies are foundational to the One Water approach as they meet demands in Metropolitan's service area (including the SWP Dependent Area) and acts as source water for local supply projects such as water recycling and groundwater basin replenishment.

Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability

Ongoing statewide and regional investments in ecosystem restoration, flood control, water supplies, multi-benefit projects in the Bay-Delta, and upstream watersheds are essential to building and maintaining resilient water supplies from the Bay-Delta. Effective implementation of state policies related to reduced reliance, water use efficiency, the Sustainable Groundwater Management Act, and initiatives such as the governor's Water Resilience Portfolio will be essential. Likewise, additional funding and permitting efficiencies can help expedite regional and local supply development, and projects that supply ecologically beneficial flows in the Bay-Delta or Bay-Delta watershed.

Objective 3: Address the Risks Associated with Climate Change

Climate change is impacting California's water resources: sea levels are rising, snowpack is decreasing, and water temperatures are increasing. Droughts are expected to become more frequent and more severe, and storm intensities are expected to increase. These climate change trends are anticipated to continue, posing a prolonged threat to the Bay-Delta and Metropolitan's water supplies. An integrated federal, state, regional, and local approach to developing and managing water supply programs and projects is critical to managing for the future with climate change impacts that are occurring.

Bay-Delta Policy Framework

Policy Area 1: Science and Watershed Management

1A Protect and restore aquatic species and habitats based on best available science

Sustainable and resilient water supplies rely, in part, on the health of the Delta ecosystem. As populations of native aquatic wildlife continue to trend downwards, rigorous and peer reviewed science protects the environment and Metropolitan's water supply by supporting informed decision-making.

Examples include: Metropolitan staff authored papers on topics including Delta Smelt Habitat, Salmon Growth, and Delta Stressors, the Lower Yolo Tidal Marsh Restoration Project, and participation in the Collaborative Science and Adaptive Management Program and inter-agency consultations on coordinated long term operations of the State Water and Central Valley Projects.

1B Partner in watershed-wide approaches to develop comprehensive solutions

With much of the state's water supply originating in the mountains, the health and management of the upper watersheds are critically important to California's water quality and water supply.

Examples include: potential partnerships and opportunities in the upper watershed focused on the long-term potential for climate change adaptation (including adjustments for loss of snowpack), reduction in the impacts of variable precipitation patterns on runoff, and improvements in water quality and water temperature.

1C Advance responsible stewardship of Metropolitan's Delta islands

The Delta Islands provide a unique opportunity for research, innovation, and collaboration with other stakeholders to develop sustainable strategies for Delta land use and environmental stewardship. Staff is engaged in specific processes and opportunities for responsible long-term stewardship of Metropolitan's Delta islands properties. Further advancements on Metropolitan's Delta Islands would comport with both the Bay-Delta Policy Framework and the Board's adopted Climate Action Plan.

Examples include: levee enhancements that protect the freshwater pathways to the State Water Project south-Delta pumps, pilot projects and scientific investigations to evaluate strategies for carbon sequestration, floating organic marshes that can support sensitive fish species, sustainable agriculture that halts or reverses subsidence, experiments to improve measurement of water diversions and water use, compensatory mitigation, habitat restoration for native aquatic species, native fish species preservation, and reduction in stressors affecting state and federal listed fish species.

Policy Area 2: Water Supply Reliability and Resilience

2A Protect water supply reliability and water quality

Two of the core tenets of Metropolitan's mission statement are to provide reliable and high-quality water supplies to its service area. The Delta is a major pathway for the source of water for most of the state and the sustainability of Delta water supplies is a critical element of Southern California's water reliability. This reliability is protected through science-based regulatory frameworks, long term water supply planning, collaborative partnerships, and pursuing water supply infrastructure solutions.

Delta water quality should be protected for public health and managing salinity. Measures that reduce the salinity of Delta supplies will help meet regional salinity objectives of urban and agricultural agencies throughout California. This includes benefits to Metropolitan's service area to enhance management of Southern California groundwater basins and to develop additional recycled water.

Examples include: Water supply and quality initiatives including new Delta conveyance, Voluntary Agreements to implement State Water Resources Control Board Water Quality regulations, Delta Regional Monitoring Program, CV-SALTS, and Delta Nutrient Research Plan

2B Invest in actions that provide seismic and climate resiliency

Earthquakes in the Delta region, sea level rise and subsidence can result in levee failure and saltwater intrusion into the Delta from the San Francisco Bay and the ocean. Changing weather patterns will result in longer periods of drought and more intense storms and storm periods. Resiliency requires continued participation and investment in actions including flood emergency planning, levee improvements, water storage, and water supply management.

Examples include: the DWR/USACE Delta Flood Emergency Integration Plan, the Governor's Water Resilience Portfolio, and new storage and conveyance projects.

2C Seek flexible operations, water management actions, and infrastructure solutions

Current operations of the State Water Project and Central Valley Project facilities are subject to prescriptive flow and other regulatory standards. Metropolitan staff is working with partners to advance technology and monitoring that could be used to develop more effective water project operations that are protective of aquatic wildlife, with the support of new technological capabilities and better real-time information systems.

Examples include: Improved atmospheric river and runoff forecasting, forecast-informed reservoir operations, improved fish monitoring, including steelhead, artificial intelligence, modeling of aquatic wildlife behavior, improved rapid genetic testing of salvaged salmonids, and the use of true adaptive management and structured decision-making processes.

Policy Area 3: Partnerships and Cost-Effective Investments

3A Maintain and pursue cost-effective financial investments

Completion and maintenance of large multi-benefit water supply projects require partnership and multiple funding sources to be cost-effective. Advancing partnerships and seeking multiple funding sources can offset or reduce expenditures associated with climate change adaptation for water supply and other public benefits, which are instrumental to future Metropolitan water supply reliability.

Examples include: repair of California Aqueduct subsidence, new Delta conveyance, Sites Reservoir, Pure Water and other local and regional projects.

3B Foster broad and inclusive engagement of Delta interests and beneficiaries

The Bay-Delta is a lifeline to multiple entities with diverse interests including tribes, public water agencies, local, state and federal agencies, non-governmental organizations and agricultural interests. Engagement can yield new perspectives on Bay-Delta related issues and identify opportunities for collaboration.

Examples include: Engaging in the development of a Community Benefits Program for the Delta Conveyance Project, participating in the multi-interest Collaborative Science and Adaptive Management Program, opportunities for projects on Metropolitan's Delta Islands, participating in State Water Project Contractors, serving on the Delta Protection Commission Advisory Committee, participating in the Plumas Watershed Forum, and Sites Reservoir Committee and subcommittee engagement.

3C Promote innovative and multi-benefit initiatives

The Delta region is at the intersection of many social, political, environmental and climate related factors. As a result, Delta issues are significantly complex, with a significant degree of uncertainty given the range of physical and biological factors that are involved. Metropolitan recognizes that new technologies and approaches are needed to address current and future challenges in the Bay-Delta.

Examples include: Collaborative and innovative solutions including the use of structured decision making, environmental DNA to detect aquatic species, the Reorienting to Salmon Recovery effort, the Bouldin Island Levee Setback Project, and the Delta Smelt and Native Species Preservation Project.

Bay-Delta Policies Update Process

Attachment 2: Emerging Trends

Policy Objective 1: Promote a Sustainable Bay-Delta Within Metropolitan's One Water Approach

Local Resources Sustainability

SWP Interrelationship with Local Resources

Current Trends

Production from existing local groundwater, surface water, and Los Angeles Aqueduct supplies have decreased over the last decades. New recycled water, seawater desalination, and groundwater recovery local supply projects have proven difficult to implement due to permitting and regulatory requirements, technical complexities, and costs. The development of new local supply production has fallen short of the planning goals described in Metropolitan's Integrated Water Resources Plan (IRP). Shortfalls in local supply production and development put additional pressure on other local supplies and imported water sources. The importance of new local supplies is described in the 2020 IRP Regional Needs Assessment, as follows:

- Maintaining existing and developing new local supplies is critical in helping manage demands on Metropolitan, which increases sustainability and reduces dependency on imported supplies.
- Impacts to reliability occur if local supply assumptions are not achieved.
- Additional actions may be needed should existing and future local supply levels deviate from IRP assumptions.

Groundwater supplies meet around 30 percent of total retail demands in Metropolitan's service area. Since 2000, regional groundwater production has declined by about 25 percent. Groundwater production has decreased due to reductions in replenishment from imported sources, reductions in recharge from local precipitation, and outdoor irrigation, water quality regulations, and emerging contaminants. Currently there is about 5.5 million acre-feet of storage space in the region's groundwater basins. At the current rate of decline, the region would reach 7 million acre-feet of storage space, a critical threshold for reduced groundwater production, in the next few years.

Over the past 20 years, the region has made substantial gains in recycled water development. However, future recycled water projects face challenges due to the declining availability and quality of wastewater effluent as a result of effective water conservation measures. Large recycled water reuse projects are becoming more established in Metropolitan's service area. A future prospect for many of these programs is to produce water for direct potable reuse as well as indirect potable reuse (groundwater augmentation). A number of large reuse projects are either in the planning stages or have already been implemented:

- Metropolitan and Los Angeles County Sanitation Districts: Pure Water Southern California (150 mgd)

- Los Angeles Department of Water and Power: Operation Next (~175 mgd)
- City of San Diego: Pure Water Program (+30 mgd)
- Orange County Water District: Groundwater Replenishment System (130 mgd)

State Water Project (SWP) supplies play a critical role in supporting existing and new local supply production from groundwater and recycled water in Metropolitan's service area. Replenishment from imported sources and recycled water are needed to maintain groundwater basin health in the region. Due to groundwater basin plan objectives set by the Regional Water Quality Control Boards, many basins are only able to use SWP supplies for groundwater recharge without additional treatment. In addition, state and Regional Water Quality Control Board regulations dictate total dissolved solids standards for recycled water used for groundwater recharge and reservoir augmentation, as well as for other non-potable uses.

Importance to Metropolitan

Local supply production and imported SWP supplies from the Delta are intrinsically linked. Ensuring sufficient Delta supplies as source water is key to the success of large recycling projects and maintaining sustainable groundwater production in Metropolitan's service area. Groundwater is the largest source of local supply in the region, and large recycled water projects have great potential for improving reliability in the region. In turn, increased regional self-reliance and reduced reliance on the Delta are achieved through the continued sustainability and development of local supplies and conservation. In addition, demonstrating reduced reliance is key to ensuring new water supply projects like the Delta Conveyance Project can show consistency with the Delta Plan, a prerequisite to construction.

Metropolitan's Supply Portfolio and Operations

Storage and Transfers/Exchanges

Current Trends

Over the past decades, Metropolitan's storage programs and the transfer and exchange of water from willing partners have played an integral role in maintaining water supply reliability. The 2020 IRP Needs Assessment key findings highlights some of the important roles of storage:

- Storage is a vital component in maintaining reliability under current and future conditions.
- Expanding existing or developing new storage programs may be needed to help balance new core supply development in order to meet potential future shortages.
- Storage programs with even modest put/take capacities can help reduce the need for transfers

Metropolitan has developed a large regional storage portfolio that includes both dry-year and emergency storage capacity. Storage is a key component of Metropolitan's overall resource management strategy. Storage enables the capture of surplus water in normal and wet years so that it can be used to meet demands in dry years. Since the last drought period of 2012-2015, Metropolitan was able to increase its total storage reserves from a low point of less than a million acre-feet in 2015 to over 3 million acre-feet at the beginning of the current drought period. In 2021, withdrawals from storage of around 600 thousand acre-feet played a critical role in meeting demands under a 5 percent SWP Table A allocation.

In recent years, the water transfer market's ability to provide dry-year reliability has been uncertain. The water transfer market in recent dry and critically dry years has had limited supply and high prices, and therefore the water market should not be relied upon as the primary source of water during future droughts. However, water transfers and exchanges in average and above-average water years may prove to be both plentiful and affordable. Due to investments in storage and distribution system conveyance, Metropolitan has the capability to purchase transfers or exchange supplies in normal and wet years.

The main constraint to moving water through the Delta to Metropolitan's storage facilities continues to be regulatory constraints at the SWP's export facilities in the south Delta. With projects such as new Delta Conveyance and Sites Reservoir, Metropolitan's ability to capture and move water in wetter water years would be expected to increase. With the recent Water Management Amendment to the State Water Contract, SWP Contractors are increasingly able to engage in short term transfers and developing exchanges with others. Wetter year exchanges provide an effective tool for Metropolitan to take and store water in years where competition for transfers is low and previously stored water can be used in dry years. Transfers and exchanges can also help facilitate partnerships in local water supply projects such as regional recycling with outside entities of the region. Transfers and exchanges could be made within the SWP to generate environmental flows and in recognition of multiple benefits to the Delta or upper watershed, as well as dry-year reliability (e.g., Chino basin).

Importance to Metropolitan

Storage and transfers and exchanges are critical to the long-term sustainability and effective management of Metropolitan's water resources portfolio. SWP supplies, which are highly susceptible to varying hydrological conditions, provide water for storage in normal and wet years for use in dry years. A flexible water transfer approach that can take advantage of water when it is available will help to stabilize and build storage reserves; the combination of storage and transfers/exchanges work together to manage water supplies more efficiently between years and help reduce demands on the Delta in dry years.

SWP Dependent Areas

Current Trends

Metropolitan's distribution system is large and complex, supplies and demands are not evenly distributed across the system. Historically, there has been enough system flexibility to manage this uneven distribution between supplies and demands, however in the extreme drought year of 2021, with only a five percent SWP allocation, this flexibility was put to the test. The SWP Dependent Area is the portion of Metropolitan's system that is typically entirely dependent on SWP supplies. The 2020 IRP Regional Needs Assessment recognizes the importance of taking actions that address issues associated with SWP Dependent Areas.

- Vulnerabilities in the SWP Dependent Areas are more severe given reduced reliability of SWP supplies. Actions identified in the implementation phase must prioritize addressing the SWP Dependent Area's reliability challenges.
- New core supplies and new/or existing storage must first address and reach SWP Dependent Areas.

- System flexibility and distribution system investments can increase SWP Dependent Areas' access to existing core supplies and storage.
- Shortages on the Colorado River Aqueduct limit the effectiveness of system distribution improvements.

Metropolitan was able to meet all SWP Dependent Area demands in 2021 by implementing a number of actions and coordinating closely with the member agencies. The new DVL-to-Mills plant operation and the new Operational Shift Cost-Offset Program expanded system flexibility and made it possible to bring alternative supplies to SWP Dependent Areas. Metropolitan purchased transfers and increased the yield of SWP Banking Programs. Member agencies conserved consumptive demands and deferred replenishment deliveries. Supplies were also drawn from SWP Carryover storage in San Luis Reservoir (storage carried over from previous water year in San Luis Reservoir for Metropolitan's use) and Flexible Storage in Castaic Lake (SWP water in Castaic Lake for use within Metropolitan's service area) to meet any remaining needs.

In November 2021, Metropolitan's Board recognized a statewide drought emergency and declared emergency conditions within Metropolitan service area. The Board acknowledged the record dry conditions of 2020 and 2021, prepared for potential continued dry conditions into 2022, and called on member agencies in the SWP Dependent Area to reduce water demands through all reasonable means, including increasing conservation, local supply use, water-use efficiency, and drought-related limitations. In April 2022, Metropolitan's Board approved the framework of an Emergency Water Conservation Program effective June 1, to reduce demands and preserve SWP supplies in the dependent areas.

Importance to Metropolitan

In 2021, the total demand on Metropolitan for SWP Dependent Areas was 771,000 acre-feet, which accounted for almost half of the 1.57 million acre-feet of total demands. Metropolitan is committed to ensure all portions of the service area attain a high level of reliability.

Policy Objective 2: Support Statewide and Regional Actions that Improve Bay-Delta Sustainability

Bay-Delta Sustainability

Current Trends

With increasing water scarcity and more competition for limited water resources, sustainability and multiple benefit outcomes have become increasingly important in the Delta. Long-term sustainability of the Delta and water supply reliability are directly linked.

The State Water Resources Control Board (Water Board) is proposing mandatory cuts to water diversions to produce flows its staff believe will benefit the environment as part of the Water Quality Control Plan (WQCP) update. Regulatory approaches rarely provide multiple benefits because regulatory agencies' authority limits the range of potential actions. As an alternative, the water users are promoting the Voluntary Agreements, which are supporting sustainable and multiple benefit actions, enabling a larger range of management actions not available through regulation of diversions

alone, including habitat restoration. In March of 2022, a Memorandum of Understanding for the Voluntary Agreements was signed by 16 entities, including Metropolitan, State Water Contractors, the Department of Water Resources, and the United States Bureau of Reclamation. About 20 years ago, Metropolitan was involved in the Environmental Water Account, which made water available through water purchases for environmental purposes. The Voluntary Agreements would include an even more ambitious and comprehensive suite of measures, including purchases of water for environmental flows from willing sellers, improved science and monitoring, adaptive management, and multi-benefit habitat restoration projects through collaboration instead of top-down flow-only mandates.

However, there are structural hurdles to achieving multiple benefits. For example, ecosystem projects are difficult to complete due to challenges in obtaining permits and, where applicable, moving through the Delta Plan certification of consistency process, which increases project timelines and costs. There have been some efforts to improve permitting efficiency, including the Governor's initiatives: "Cutting the Green Tape", the Biodiversity Executive Order and the recent CEQA exemption for habitat projects, all of which should be coordinated and fast-tracked. Given recent challenges with the Lookout Slough Tidal Habitat Restoration and Flood Improvement Project, which took more than a year to certify consistency with the Delta Plan, the Delta Plan policies and certification appeal process should be re-evaluated to ensure timely implementation of ecosystem projects. Emphasis on functional flows and adaptive management continue to be themes for water management.

Importance to Metropolitan

Long-term Delta sustainability is essential to supporting Metropolitan's integrated regional planning and supply portfolio. SWP supplies are used to replenish Metropolitan's dry-year storage reservoirs, storage programs and local groundwater basins. SWP supplies support the long-term success of local supply development and maintenance. SWP supplies also support SWP Dependent area demands in the service area.

Statewide Integrated Water Resources

Current Trends

The new and continuing challenges of California's diverse and extreme hydrologic conditions require local agencies to use new and innovative methods for managing water. Growing populations, urban development patterns, changing regulations, and climate change require water managers to adopt a range of solutions. The costs, benefits, and impacts of implementing a range of water management strategies in project-specific locations could vary significantly depending on local objectives and project level complexities.

Metropolitan has a long history of innovation and support for local and regional water supply projects. Over the last several decades, Metropolitan has invested \$1.5 billion in conservation rebates and programs, and local resources program incentives. These investments have resulted in 7.6 million acre-feet of cumulative conservation savings and local supply production. Where Metropolitan has been able to further leverage other funding sources, our ability to successfully complete local and regional projects has been further enhanced. For example, in 2018 Metropolitan co-funded six potable reuse projects and one agricultural reuse study with the Water Research Foundation (WRF). Metropolitan's nearly \$1 million in co-funding supports WRF's \$8 million Advancing Potable Reuse Initiative and matches \$3.5 million in State Water Resources Control Board grant funding.

Solving water supply challenges in a changing environment requires a toolbox of approaches, including continued reliance on imported supplies, as well as local and regional projects. Local and regional supplies are needed to improve local resiliency, and significant investment in planning and implementation of local water supply projects is needed.

Importance to Metropolitan

State and federal investments in regional water supply planning and projects are vital to Metropolitan's ability to continue such investments and to support regional water resiliency, consistent with the state policy to reduce reliance on the Delta to meet California's future water supply needs.

Statewide Storage

Current Trends

Statewide storage resources have and will continue to play an increasingly important role in ensuring the reliability of supplies from the SWP. Historically, snowpack has played a critical role in managing California's water resources. On average snowpack supplies about 30 percent of California's water needs and serves as a "frozen reservoir" to store winter precipitation for use throughout the rest of the year.¹ Climate research conducted by the UCLA Center for Climate Science shows a potential decrease in Sierra snowpack volume of 30 to 64 percent by the end of the century. In addition, snowmelt is expected to occur 25 to 50 days earlier in the year. With more winter precipitation falling as rain and earlier snowpack melting, additional pressure will be placed on statewide storage to balance the state's needs for water supply, ecosystems, and flood-control.

With the anticipated losses of snowpack storage, changing runoff patterns and the need to implement Groundwater Sustainability Plans under SGMA, water managers are seeking ways to more actively manage surface water and groundwater supplies together. DWR is currently evaluating the potential benefits of Flood-Mar projects throughout the state. Flood-MAR involves harnessing flood water from rainfall or snow melt and redirecting it onto agricultural, working landscapes, and managed natural lands to recharge groundwater. Groundwater provides about 40 percent of the state's total water supply on average and serves as a buffer against the impacts of drought and climate change.

Federal, state, and local agencies are also working to find ways to better manage surface water reservoirs that balance the needs for flood control, water supply, and power generation. Opportunities to implement Forecast Informed Reservoir Operations (FIRO) are being identified and evaluated for several reservoirs across the state. FIRO is a reservoir-operations strategy that better informs decisions to retain or release water by integrating additional flexibility in operation policies and rules with enhanced monitoring and improved weather and runoff forecasts.

The SWP and CVP have water storage projects throughout much of the state. Both the SWP and CVP water delivery systems rely on runoff and surface reservoir storage releases in areas upstream of the Delta to deliver contracted water via the Sacramento and San Joaquin Rivers to Delta export pumps in

¹ <https://water.ca.gov/News/News-Releases/2021/Dec-21/DWR-12-30-21-Snow-Survey#:~:text=On%20average%2C%20the%20Sierra%20snowpack,as%20California's%20%E2%80%9Cfrozen%20reservoir.%E2%80%9D>

the south Delta. Regulatory standards in recent decades have changed how the SWP and CVP operate, considerably reducing the long-term average amounts of water conveyed through the south Delta. Additionally, increasing pressure has been placed on the CVP and SWP reservoir systems as a result of climate change as described above. Increased operational flexibility and integration with new projects like new Delta conveyance, and Proposition 1 projects, like Sites Reservoir, will be needed in the future as the timing and magnitude of flows change.

New storage programs are being developed statewide that offer opportunities for new partnerships, additional flexibility through transfers and exchanges, and water supplies for environmental needs. The Water Quality, Supply, and Infrastructure Improvement Act of 2014 known as Proposition 1, designated \$2.7 billion for investment in public benefits associated with new water storage projects. The California Water Commission (CWC), through the Water Storage Investment Program (WSIP) is responsible for administering those funds. Only projects that improve the operation of the state's water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions in the Bay-Delta are eligible for WSIP funding. Public benefits provided by a project may include water quality improvements, flood control benefits, emergency response, recreational opportunities, and ecosystem benefits. At least 50 percent of the total public benefits funded for a project must provide ecosystem improvements. The CWC has issued maximum conditional eligibility determinations (MCEDs), which is the amount of Proposition 1 funding available to a given project, for seven projects that collectively would boost California's water storage capacity by 2.77 million acre-feet. The projects range from expanding existing reservoirs to boosting groundwater storage to building 21st century surface storage facilities. !

Importance to Metropolitan

Effective statewide management of surface water and groundwater resources will be essential in maintaining the reliability of SWP and other supplies in the face of climate change.

Policy Objective 3: Address the Risks Associated with Climate Change

Climate Change

Current Trends

Climate change is affecting California in many ways, several of which impact our water resources: sea levels are rising, snowpack is decreasing, and water temperatures are increasing. In the future, droughts are expected to become more frequent and more severe, and storm intensities are expected to increase. Compounding the hydrologic conditions is the increased wildfire risk to upper watersheds and headwaters. These changes affect our ability to meet crucial water management objectives such as ensuring reliable water supply and quality, managing floods, and protecting ecosystem functions. These climate change trends are anticipated to continue, posing a prolonged threat to Metropolitan's SWP supply, transfer/exchange supplies, local supply production, and long-term reliability of Colorado River supplies.

Several approaches for addressing climate change are underway, including: new water storage projects like Sites Reservoir and Los Vaqueros Expansion, the Delta Conveyance Project, habitat restoration projects (both in the Delta and upper watershed), water conservation, local regional projects, and science initiatives. Key state-led water related planning efforts include the Governor's

Water Resilience Portfolio, Biodiversity Executive Order, State Water Resources Control Board's Water Quality Control Plan ("WQCP"), Delta Stewardship Council's ("DSC's") Delta Plan, and DSC's Delta Adapts. These state-led plans, and policies will shape future regulations for water supply, water quality, and environmental protection and implementation of climate adaptation strategies statewide.

Importance to Metropolitan

Climate change poses a risk to both Metropolitan's local and imported water supplies, including the Bay-Delta and local water supplies. To ensure a reliable water supply for Metropolitan, Bay-Delta climate adaptation solutions are needed, such as infrastructure reliability, ecosystem management and flood protection.

Policy Area 1: Science and Watershed Management

Bay-Delta Science

Aquatic Species

Current Trends

Since the 1980s, there has been increasing regulation of the SWP. These regulations include multiple biological opinions (BiOps) under the federal Endangered Species Act (ESA), incidental take permit (ITP) under the California Endangered Species Act (CESA), and the 1995 Water Quality Control Plan and its implementing water rights decision, D-1641. Several native fish species in the Bay-Delta are listed under the ESA and/or CESA, including Delta smelt, longfin smelt, Chinook salmon, green sturgeon, and steelhead. The Bay-Delta Water Quality Control Plan also protects fish and wildlife as one of several beneficial uses of water. As a result of these regulations and others, there has been a decrease in long-term average SWP and Central Valley Project (CVP) export supplies.

The SWP operates in an environment vastly different from the conditions under which native aquatic species evolved. Physical, hydrological, and biological alterations present novel conditions that result in stressors on Delta species that predate the SWP. During the last 200 years, human activities have dramatically altered and reshaped the habitat upon which species depend for survival by walling off millions of acres of floodplain, draining hundreds of thousands of acres of tidal marsh and riparian habitat, and managing the Suisun Marsh for fresh-water marsh duck hunting. These activities, as well as proliferation of invasive non-native species, discharges of agricultural and urban pollutants, ocean harvest of salmon, and poor ocean conditions have reduced and continue to reduce the listed native fish species' likelihood of survival and recovery. The population of key species, which are of commercial, recreational and cultural value, have implications on decisions related to real time water project operations and ultimately water supply.

Scientific literature supports that there is no single cause of the recent declines in the abundance of some species, rather there are multiple stressors (e.g., temperature, contaminants, habitat loss or degradation, climate change) interacting in ways that are not fully understood. Methods and modeling tools for studying effects of project operations on species have advanced over the last decade, while tools and methods to study the effects of non-flow stressors on aquatic species are lagging. Changes in the magnitude and timing of flows into and through the Delta have changed over time due to major physical alterations of the Delta, as well as increasing water use throughout the

watershed. These changes will continue as a result of climate change and other factors. Over the last decade, entrainment effects of the SWP and CVP have been low. Thus, there is an urgent need to improve scientific understanding of the multiple and synergistic non-flow stressors on sensitive fish to inform effective water management policies and regulations.

There are multiple collaborative processes underway today to enhance science investigations, addressing management questions, improve adaptive management, and improve decision-making. The complexity and extent of regulatory processes has increased, and the need for sound science to support decision-making has increased.

Importance to Metropolitan

ESA and CESA listing of Delta fish species has resulted in increasingly more stringent regulations on the SWP operations from both the state and federal fish agencies and the State Water Resources Control Board. These regulatory requirements impact Metropolitan's water supply reliability. Addressing science and management actions related to listed fish species supports Metropolitan's water supply reliability.

Delta Ecosystem / EcoRestore / Habitat Restoration

Current Trends

Today's Delta hardly resembles what it did 150 years ago. During the Gold Rush, Delta channels were straightened, fertile floodplains lost, and riparian forests were replaced by steep levees. The Delta's hundreds of thousands of acres of rich tidal marshlands were reclaimed for agriculture and duck hunting, and with economic growth came invasive plants and animals.

EcoRestore is a State initiative to help coordinate and advance at least 30,000 acres of habitat in the Sacramento-San Joaquin Delta. The program provides a broad range of habitat restoration projects, including aquatic, subtidal, riparian, floodplain, and upland ecosystem. There is 25,000 acres associated with existing mandates for habitat restoration, pursuant to federal BiOps to support native fish species, including tidal marsh, floodplain, and fish passage improvements. These projects are funded by the state and federal water contractors to meet regulatory requirements. There is 5,000 acres of habitat restoration enhancements throughout the Delta supported by Prop. 1 grants. Funding will come primarily through the Delta Conservancy, the Department of Fish and Wildlife, and the Department of Water Resources (DWR).

The EcoRestore program currently includes 32 multi-benefit projects that are in planning, construction or are completed, at a cost of nearly \$500 million to date. Completion of these projects is estimated to cost \$750 - \$950 million, with approximately 50% of costs from SWP and 50% from other sources. These projects trend towards increased emphasis on science, robust monitoring, modeling, and Adaptive Management/Structured Decision-Making. Holistic nature-based solutions may have potential to improve ecosystem services, while also addressing habitat, drought, water quality, wildfires, and carbon sequestration.

Importance to Metropolitan

Sustainable and resilient water supplies rely, in part, on the health of the Delta ecosystem. Requirements for restoring habitat for Delta smelt, Chinook Salmon, and other species are included in

the BiOps and ITP for operation of the SWP. If the Voluntary Agreements move forward as an alternative implementation approach for the current Water Quality Control Plan update, habitat restoration will be an important component to protect water quality and beneficial uses of water. Protection and restoration of important Delta ecosystems is included in numerous state initiatives including the Delta Vision, Delta Adapts, California Biodiversity Initiative, California Water Action Plan, and Water Resilience Portfolio.

Watershed Management

Upper Watershed/Forestry Management

Current Trends

With much of the state's water supply originating in the mountains as precipitation on forested landscape, the health and management of the upper watersheds are critically important to California's water quality and water supply. High intensity, large scale fires significantly degrade the watershed leading to erosion, flash flooding, resulting in downstream sediment deposition which can impact habitat and water storage.

More than half of the watershed area above Lake Oroville has been burned over the last three years (2019-2021). The North Complex Fire (2020) and the Dixie Fire (2021) alone burned nearly 1.3 million acres in the Feather River watershed. The erosion that may result from these fires could impact storage at Lake Oroville. The potential near-term risk includes impacts to water quality and reservoir operations on the SWP that could impact water supply and habitat components for key species as well as increased risk of flooding. Watershed management and restoration needs to be implemented to protect areas already burned and lessen the risk to remaining areas. Long-term watershed restoration opportunities should be evaluated specifically those that: may provide climate change adaptation, compensate for loss of snowpack, may reduce the impacts of variable precipitation patterns on runoff, water quality and water temperature. The role of healthy watershed soils to increase holding capacity of the system and provide water supply benefits and species protection in an uncertain climate future should also be evaluated.

Partnerships will be essential for implementing watershed protection and restoration activities. There are many beneficiaries in the Feather River watershed that could participate in protection and restoration activities. DWR and State Water Contractors (SWC) would be key watershed partners with Metropolitan for the challenges described above. State initiatives such as the California Biodiversity Initiative and the Water Resilience Portfolio also provide potential opportunities for partnership and funding.

Importance to Metropolitan

Upper watershed protection will be a key adaptation strategy for maintaining and protecting a sustainable Delta under climate change over the long-term. Potential benefits of watershed management include water supply, water quality, attenuated runoff variability, avoided cost of fire impacts and habitat protection for key species.

Responsible Stewardship of Delta Islands

Current Trends

Land management in the Delta centers around agriculture. Over time, Delta islands have lost as much as 25 feet of land surface elevation due to oxidation, erosion, and burning of rich organic peat soils. This ongoing land subsidence, coupled with sea level rise and potential seismic events, increases risks to the levee system, water supply reliability, and Delta ecosystems. Land subsidence in the Delta is also a major source of greenhouse gases (GHG's).

Soil loss has been driven by oxidation from dewatering and conventional agricultural practices, wind and rain erosion, and burning of peat. Rewetting soils through reestablishment of wetlands, floating marsh, or planting rice can sequester carbon and reduce or reverse soil loss. Regenerative agricultural also has potential to sequester carbon and reverse subsidence, while retaining agriculture on the islands. In addition to sequestering carbon, reversing subsidence, and contributing to reliability of levees and water supply, these nature-based solutions have potential to improve ecosystem services, such as habitat, water quality, reduced temperatures, more efficient nutrient and water cycling, and farm profitability. In 2016, Metropolitan purchased approximately 20,400+ acres in the Delta (Bouldin/Bacon Islands, Holland (portion)/Webb Tracts, and western portion of Chipps Island). In 2021, Metropolitan sold its interest in Chipps Islands (243 acres) to DWR. These properties have a total of about 56.16 miles of levees that are maintained and monitored through four Reclamation Districts (RD #756, RD #2025, RD #2026, and Rd #2028). Currently Metropolitan leases farmable acres to five sublets while Metropolitan develops long-term opportunities.

Long-term opportunities for responsible stewardship on Metropolitan's Delta islands properties include pilot projects and scientific investigations to evaluate strategies for carbon sequestration, floating organic marshes, sustainable agriculture, compensatory mitigation, mitigation banks, habitat restoration for native aquatic species, native fish species preservation, and reduction in stressors on listed fish species. These types of activities could include collaboration with local, state and federal agencies, university researchers, in Delta neighbors and other interests. These types of activities could inform future more responsible land management decisions in the Delta.

Importance to Metropolitan

Delta islands ownership makes Metropolitan a direct stakeholder in the Delta. The Delta Islands provide a unique opportunity for research, innovation and collaboration with other stakeholders to develop sustainable strategies for Delta land use. Reducing risks to the levee system is key to managing risks from changing climate, water supply reliability, preservation of agriculture, and protection of important habitats in the Delta. Nature-based solutions can increase carbon sequestration and restore important ecosystem services such as efficient water and nutrient cycling, improved water quality and water holding capacity, and temperature modulation.

Policy Area 2: Water Supply Reliability and Resilience

Flexible Operations

Current Trends

Current operations of the SWP and CVP water diversion facilities in the south Delta are subject to prescriptive flows and numeric regulatory standards to protect listed fish species and other aquatic organisms. However, these standards do not consider the natural variability of runoff patterns, tidal cycles, turbidity, temperature and other factors that significantly affect fish migration and salvage of

fish at the state and federal water diversion facilities. To minimize fish salvage, efforts are being made to fund and implement real-time fish monitoring/tracking to inform state and federal agencies regarding entrainment risk and export rate. Advancements in technology and monitoring should be pursued and incorporated into real-time operations criteria. Example technologies to consider include the following:

- Improved AR forecasting and runoff forecasting
- Forecast-informed Reservoir Operations (FIRO)
- Improved fish monitoring including steelhead
- AI modeling of aquatic wildlife (USGS)
- Improved rapid genetic testing of salvaged salmonids
- Use of true Adaptive Management and Structured Decision-Making processes

Importance to Metropolitan

Under more restrictive and prescriptive Delta operations, opportunities to move water are being missed. More dynamic operations would allow for additional capture and storage of water when excess flows are present, and it is safe to do so. There is a need to protect, incorporate and coordinate more flexible/real-time operating criteria where possible in upcoming regulatory processes, including ongoing consultation on the Long-Term Operation of the CVP and SWP, the Incidental Take Permit for the Long-Term Operation of the SWP, the Water Quality Control Plan for the Bay-Delta, potential Voluntary Agreements, and for new projects coming online like New Delta Conveyance. Flexibility will also be needed to pursue transfers/exchanges and other creative supply opportunities.

Water Rights/Measurements and Reporting

Current Trends

The State Water Resources Control Board's ("Water Board") issued water diversion curtailments in the 2012-2016 drought and the ongoing 2020-2022 drought. The Water Board is issuing water diversion curtailments more often than has occurred historically, and this trend is expected to continue. Metropolitan and the State Water Contractors have been supportive of the Water Board issuance of water curtailments to protect stored water supplies.

In 2014, the State Water Contractors filed a complaint against in-Delta water users that were unlawfully diverting stored water supplies. While the Water Board did not pursue the complaint, the complaint significantly contributed to the technical and policy discussion about unlawful diversions. Metropolitan also supported Senate Bill 88, which was legislation, now law, requiring the direct measurement and reporting of water diversions. This law was important because the Water Board has difficulty calculating the supply of water available for diversion because of a lack of sufficient information about the actual quantity of water diverted and used at each of the thousands of water diversions throughout the watershed, making enforcement very difficult.

Metropolitan purchased approximately 20,000 acres in the western Delta (Bouldin/Bacon Islands and Holland/Webb Tracts) in 2016. These properties have up to 91 siphons that divert water from the adjacent waterways on-island for agriculture purposes. Consistent with SB 88, Metropolitan is in the process of metering a total of 88 siphons and reporting the appropriate and riparian water diversion use to the Water Board Delta Watermaster annually.

In addition, the Delta Watermaster has introduced an Alternative Compliance Plan of utilizing OpenET that uses a series of satellite imageries to estimate crop consumptive use through evapotranspiration measures. It has not been shown that Open ET can comply with Water Code section 1840 et seq for mandatory reporting of direct diversions. While Metropolitan has demonstrated its compliance plan of installing meters on each of its siphons (prioritized by most use and highest capacity use), Metropolitan has agreed to support the Water Master's efforts to validate Open ET regarding accuracy at the water diversion level in few remaining areas where meters have not been installed.

Importance to Metropolitan

When the watershed is dominated by ocean water and previously stored water releases, the diverters in the lower watershed and Delta are diverting stored water supplies that they have no right to divert. As a result, the SWP must release more stored water to continue to meet D-1641, thereby effecting the availability of SWP supplies for delivery to Metropolitan and the other water contractors.

As a landowner, Metropolitan must comply with mandatory reporting requirements regarding water diversion and use. As such, Metropolitan has made a significant investment in meters to demonstrate the feasibility of the technology. Metropolitan has an interest in making sure the Water Board has the information it needs to protect stored water supply from unlawful diversions, as well as find cost effective and accurate approaches for reporting compliance.

Conveyance

Delta Conveyance

Current Trends

The Delta is at the center of California's water distribution system. Two-thirds of California's water originates in the Sierra Nevada Mountains as snowpack, eventually flowing through the Delta. In the Delta watershed, there are thousands of water diversions that rely on this supply, including the SWP and the CVP. Delta conveyance refers to the vast network of waterways in the Delta that move fresh water to users within the watershed, as well as statewide including the Bay Area and southern California. The New Delta Conveyance Project, as currently proposed, moves water from an additional point of diversion on the Sacramento River through a tunnel under the Delta to the existing SWP export facilities, and is operated in coordination with the State Water Project's existing facilities.

The plan to route water around the Delta to the State Water Project is not new. It was originally part of the Master Plan for the SWP but was not included in the initial construction. The proposal was considered in the 1980s, and more recently in the Bay Delta Conservation Plan and California Water Fix. The New Conveyance Project is smaller than the previous proposals, with a single 6,000 cubic feet per second (cfs) tunnel.

New Delta Conveyance is important to the SWP because the State Water Project relies on the Delta's natural channels to convey water, making it vulnerable to sea level rise and earthquakes. Upgrading the State Water Project infrastructure protects against these threats and secures the longevity of the State Water Project and the future reliability of State Water Project supplies. The purpose of the New Delta Conveyance Project is to modernize the aging State Water Project infrastructure in the Delta to restore and protect the reliability of State Water Project water deliveries in a cost-effective manner,

consistent with the state's Water Resilience Portfolio. And in doing so, allow the Department of Water Resources to address sea level rise and climate change, minimize water supply disruption due to seismic risk, and provide operational flexibility to the State Water Project to allow it the ability to better meet fishery and water quality regulatory requirements.

Importance to Metropolitan

Southern California's plan for a reliable water supply future depends on a reliable SWP supply and conveyance system with the capability to move water into storage in wet periods and more flexibility to manage around fishery needs.

The primary DCP benefits were compared to future conditions consistent with the Notice of Preparation objectives of climate resiliency, seismic resiliency, water supply reliability, and operational resiliency.

There are member agencies in Metropolitan's service area, specifically in Ventura County, parts of northwestern Los Angeles County, the San Gabriel Valley, and some Inland Empire areas, whose supplemental imported water supply (eastern Sierra/northern Sierra) depends entirely on water that comes from the SWP. Water from the SWP is also important for mixing with Colorado River supplies due to its lower salinity content and it is important for Metropolitan's groundwater banking activities.

Statewide Conveyance

Current Trends

The California Aqueduct was built to account for natural subsidence however groundwater pumping during extreme drought events have been causing the aqueduct to subside much quicker and deeper than anticipated. During the extreme drought of 2014-2017, some areas experienced over 2 feet of non-recoverable subsidence and costly rehabilitation and recovery projects are being prepared. Recent observations indicate that subsidence during the current drought is still ongoing but at a slower pace than the previous drought.

California enacted the Sustainable Groundwater Management Act (SGMA) in 2014 as a regulatory solution to help stabilize groundwater basins across the state and to sustain investments in subsidence recovery moving forward. SGMA directs local agencies to work together to create Groundwater Sustainability Plans (GSPs) with a goal of long-term basin sustainability by 2040. GSPs in critically over-drafted basins were due to DWR in January 2020 and medium/high priority GSPs were due by January 2022. DWR has reviewed the GSPs and the California Aqueduct Subsidence Program, a DWR program not involved with the review of the GSPs, is engaging with the groundwater sustainability agencies (GSAs) to include in their GSPs reasonable subsidence rates and projects to reduce subsidence.

Importance to Metropolitan

Current subsidence results in increased operations and maintenance costs, the reduction of delivered water during peak periods and the reduced ability to shift power loads. Short-term rehabilitation projects are expected to cost about \$450 million and are already ongoing, while costs for long-term recovery projects are in the billions of dollars order of magnitude.

Metropolitan has submitted letters of comment to several GSAs regarding their GSPs, recommending that the GSAs maintain groundwater extraction at safe yield levels, especially near the California

Aqueduct. Metropolitan also recommended that GSAs work with the DWR California Aqueduct Subsidence Program to incorporate monitoring and regular reporting of land surface elevations.

Seismic Risk/Emergency Preparedness/Delta Freshwater Pathway

Current Trends

Seismic hazard evaluations within the Delta are a subject of interest from public, private and academic entities because key Delta channels are currently used to convey water supplies from northern California to areas south of the Delta. Consequently, there are a number of initiatives currently underway that support seismic resiliency in the Delta.

Metropolitan staff worked with DWR to complete strategic and tactical flood emergency response documents in the Delta region, including the DWR Delta Flood Emergency Management Plan (DFEMP), the California Governor's Office of Emergency Services (CalOES) Northern California Catastrophic Flood Response Plan (NCCFMP), and the DWR/USACE Delta Flood Emergency Integration Plan. These documents provide broad policy and strategic guidance to support flood fight implementation of large-scale flood emergencies and tactical guidance to support ongoing flood fight operations in the Delta region, including development of the Emergency Freshwater Pathway in the event of major levee and island failures which could otherwise suspend water exports extensively.

The DFEMP and related documents are subjected to field or tabletop exercises to confirm or identify deficiencies in DFEMP implementation methods, for the purposes of improving plan preparedness, response, and recovery. DFEMP field implementation methods are applied against levee configurations influenced by changes in levee, island, and flood elevations, and sea level effects of climate change, which are the subject new Delta levee standards under evaluation by Reclamation Districts. Seismic hazard and seismic levee stability analysis are conducted to confirm levee performance and facilitate DFEMP responsiveness. Watershed fire control and channel sedimentation removal measures under the CalOES NCCFMP ensure river channel readiness for reservoir releases that support initial operations of the Emergency Freshwater Pathway.

DWR currently maintains significant quantities of emergency rock stockpiles and large sheet pile for the closure of deep levee breaches in the Delta region. These stockpiles are being monitored to ensure adequate capabilities in the event of major levee failures. Stockpiles are also in place for the restoration of levee freeboard in the event levee slumping during a major earthquake event.

Importance to Metropolitan

The water supply from the Sacramento-San Joaquin Rivers Delta serves up to a third source of water supply for Metropolitan's service area and its Member Agencies. In addition, these supplies provide for good water quality that is blended within Metropolitan's service area in order to meet water quality regulatory requirements.

Emergency preparedness in the Delta is important because conditions can exist where moderate to severe earthquakes in or near the Delta region, can result in multiple levee and island failures. This would result in saltwater intrusion into the Delta to the extent freshwater exports would not be possible for extended periods of time. Emergency preparedness is essential to address this threat to Metropolitan's water supply and water quality reliability. The DWR DFEMP and its Emergency

Freshwater Pathway, along with its related documents, provides capability to resume significant exports in less than six months.

Bay-Delta Water Quality

Current Trends

The SWP and the federal CVP have primary regulatory responsibility for meeting water quality standards for salinity and outflow in the Delta through Water Right Decision 1641. At the same time, Metropolitan relies on the SWP and Delta to provide drinking water with acceptable levels of salinity, bromide, organic carbon and nutrients, as well as emerging water quality concerns like endocrine disruptors and toxins from harmful algae blooms, to support local water resources programs including blending with Colorado River water, water recycling and groundwater recharge. To manage the regulatory burden placed on the SWP and Metropolitan's water supplies, it is important to include source control for water quality so the SWP will not be responsible for using valuable stored water supplies to dilute contaminants discharged by others.

Metropolitan has a long history of working to improve water quality in the Delta through participation in many forums, including Central Valley Regional Water Quality Control Board (Regional Board) programs such as the Delta Regional Monitoring Program, CV-SALTS, Delta Nutrient Research Plan, Irrigated Lands Regulatory Program, and waste discharge permitting processes. As a member of the California Urban Water Agencies (CUWA), Metropolitan was instrumental in raising awareness of the water quality impacts of municipal wastewater discharges to the Delta, including discharges from the Sacramento Regional County Sanitation District (Regional San), and participated in the permitting processes to provide technical information and science studies to support more stringent permit requirements. The Regional Board adopted a more stringent discharge permit for Regional San in 2010 that includes limits on nutrients and tertiary filtration requirements. Regional San launched a major wastewater treatment plant upgrade that includes the installation of biological nutrient removal treatment that has been operational since April 2021. This treatment upgrade removes 99% of the ammonia from the wastewater and substantially reduces the load of nitrogen from the treatment plant. Regional San is scheduled to complete their wastewater treatment plant upgrade with the installation of tertiary filtration by 2023. Metropolitan has also funded numerous water quality monitoring and science investigations to better identify and define water quality concerns in the Delta.

Importance to Metropolitan

Water quality conditions in the Delta and SWP are important to protect Metropolitan's drinking water quality, to support local resources programs in Metropolitan's service area, and protect the Delta ecosystem.

Water Energy Nexus

Current Trends

Water and energy are often managed separately, despite the important links between the two. Water is used in the production of nearly every major energy source. Likewise, energy is used in multiple ways and at multiple steps in water delivery and treatment systems, as well as wastewater collection and treatment.

About 12% of California's total energy use is related to water. Energy is required to pump water from underground aquifers, convey water from one place to another, treat drinking water, and for customer end-uses such as heating and cooling. The SWP is one of the largest single consumers of electricity in the state, but also generates a large amount of electricity at its reservoirs and generating stations. The hydropower generated is a renewable energy source that reduces the GHG emissions of generating power.

In recent years, California's energy grid has faced more frequent challenges due to climate change fueled heat waves and wildfires. In addition, California's dramatic increase in solar and wind generation and complex GHG reduction policies are creating new and growing challenges for the state's grid operator and electric utilities. The SWP has historically provided significant support to California's electricity grid and is playing an increasingly essential role in helping to integrate weather-dependent renewable resources. The SWP offers demand response through the Participating Load Agreement, which allows the California Independent System Operator to interrupt and curtail the SWP's power load, or dispatch SWP power generation assets when those actions may be needed to relieve system emergencies or ensure reliability across the grid.

In addition, DWR is analyzing what further operational changes, capital investments or system retrofits may be possible for the SWP to help address California's changing water and energy needs. And the Natural Resources Agency, in collaboration with the California Energy Commission and DWR, are studying the opportunities and constraints related to the SWP and its potential contributions to achieving the state's climate goals in its implementation of SB 49 (Skinner, 2019).

Importance to Metropolitan

Meeting the resource challenges of the 21st century will require a more integrated approach to managing water and energy. Metropolitan's water supply relies on having reliable energy to provide pumping at the State Water Project facilities.

Policy Area 3: Cost Effective Investments and Partnerships

Cost Effective and Beneficial Solutions

Current Trends

Metropolitan cannot complete large multi benefit projects without partners and multiple funding sources, thereby making these projects cost effective. There are several beneficial and cost-effective projects currently being proposed that include, but are not limited to, the following:

Sites Reservoir

Sites is being proposed as a 1.3 to 1.5 million acre-feet off stream reservoir located in Glenn and Colusa counties, 60-miles north of Sacramento. Sites first emerged as part of the second stage of the SWP proposed in the 1980s, which included multiple water related projects. In 1996, Sites was further analyzed as part of the CALFED Bay Delta Program. It was also included in the Phase 8 settlement of the implementation of the 2000 Water Quality Control Plan. In 2020, Sites was identified as a priority in the Governor's Water Resilience Portfolio. \$80 million federal share of planning and engineering costs of Sites Reservoir has been approved, which ensures a dedicated portion of the Project benefits

to satisfy the federal government's interests in meeting the future water needs of the environment, farms and cities across California. Funding for planning and development of Sites Reservoir is provided by participating agencies, with construction costs up to 50% potentially paid for by Prop 1 Water Bond funds, and potentially 25% of costs to be borne by federal government. More than 30 water agencies from across California, including Metropolitan, have signed on to provide funding for their share of the construction and operation costs of Sites Project in exchange for a proportionate percentage of the annual water supplies.

Delta Conveyance

Delta Conveyance is a project that has existed in multiple forums over many decades. More recently, the effort to permit a new point of diversion on the Sacramento River was included in the Bay Delta Conservation Plan process, and then the California Water Fix project. The New Conveyance project would construct a single 6,000 cfs tunnel with intakes on the Sacramento River to be operated jointly with the existing State Water Project's existing water diversion facilities in the south Delta. The New Conveyance project would enhance State Water Project operational flexibility when operations in the south Delta are limited by regulatory constraints and prepare for the long-term effects of climate change and sea level rise.

Delta Levees

The Delta Levees System Integrity Program protects the public and water supply for 27 million people while enhancing Delta habitat. This funding will support activities including State Operations and Local Assistance grants for levee maintenance, repairs, improvement, habitat mitigation, and enhancement projects in the Sacramento-San Joaquin Delta. The DLIS program is of critical importance for achieving the goals in the California Water Resiliency Portfolio, DWR's Strategic Plan, and the Delta Plan. The funding ensures the state's continued investment in the Delta and contributes toward achieving the co-equal goals by providing a more reliable water supply for California while protecting, restoring, and enhancing the Delta ecosystem.

Flood Emergency Preparedness

The Delta Grants & Flood Emergency Preparedness, Response, & Recovery Program support local assistance grants and two existing positions to improve regional self-reliance by enhancing existing flood emergency preparedness, response, and recovery capabilities of local agencies within the Delta. This funding will support existing positions to manage \$5 million in grants used to improve regional self-reliance by enhancing existing flood emergency preparedness, response, and recovery capabilities of local agencies in the Delta. The funding will also support existing staffing to manage projects and perform maintenance on State Delta Emergency Facilities that increase the state's capability to efficiently store, manage, and quickly deploy its material inventories when necessary to support flood emergency response in the region.

Levee failures in the Delta and the resulting increase in freshwater salinity levels could have catastrophic consequences statewide for infrastructure, the environment, and water supply. Local communities may not be equipped with adequate plans, skills, and materials needed for a front-line response. DWR is requesting additional funding for this program as it must continue to improve its emergency preparedness, support local communities, and respond to threats to the state's freshwater supply posed by catastrophic flooding in the Delta.

EcoRestore

EcoRestore is a state initiative to help coordinate and advance at least 30,000 acres of habitat restoration. It includes 32 multiple benefit projects that are in the planning, construction, or completion phases at an estimated cost of \$750-\$950 million, with approximately 50% coming from the SWP and 50% coming from other sources.

Importance to Metropolitan

The key benefits of these projects include protecting and enhancing SWP supplies, which improves drought-year supply reliability, secures additional sources for SWP dependent areas and low salinity groundwater recharge. Levee and ecosystem projects protect the Delta environment and the available water supply, while local projects support a diverse water portfolio. Through multiple partners and funding sources these large projects are achievable to water supplies.

Inclusive Engagement

Current Trends

Public engagement is an important element to several Bay-Delta related programs, projects and collaborative efforts. Soliciting valuable input from various interests allows for greater understanding and broader perspectives to be explored. Engaging in a public setting also allows for transparency and can also promote inclusivity of multiple parties simultaneously, which can also enhance trust. This engagement can also lead to an enhanced deliberative public process. Governmental decisions made through public engagement can also garner the benefit of having early input in advance of implementing the action. There are several Bay-Delta initiatives underway today that demonstrate the importance of public engagement. The Stakeholder Engagement Committee, a committee of the Delta Conveyance Authority, was established to solicit key input from Delta stakeholders and interests related to the conceptual footprint design of the proposed Delta Conveyance project. Another example includes the California Department of Fish and Wildlife Prop 1 grant for the Delta Islands, an effort underway today to solicit feedback from several external experts and key interests related to land use options for the Metropolitan Delta Islands. Another example includes the Community Benefits Framework, under contemplation by DWR, which has included outreach to several in-Delta interests. This Framework is anticipated to become a tangible Community Benefits Program with the approval and advancement of the proposed delta conveyance project.

Importance to Metropolitan

With water supply imported from the high sierras, through the Delta to Southern California, public engagement remains an integral to developing thoughtful solutions in partnership with communities statewide.

Collaborative Partnerships

Current Trends

Collaborative Science

Over the last decade, the Metropolitan has been increasing its involvement in the development of science to inform management questions related to water project operations, seismic hazards, species protection and water quality. Metropolitan has been steadily increasing the number of published and peer reviewed studies that Metropolitan funds, and that its staff coauthor. Most of these studies are part of a collaboration with state and federal fish agencies, academic institutions, the Department of Water Resources, the Bureau of Reclamation, the Delta Science Program, the State Water Contractors, San Luis and Delta Mendota Water Authority, and environmental organizations.

Since 2011, Metropolitan has been part of the Collaborative Science Adaptive Management Program (CSAMP), which was organized at the end of litigation as a forum for working through scientific differences and uncertainties in collaboration with state and federal agencies, water districts, and environmentalists with the purpose of minimizing future conflict. With the technical and monetary support of Metropolitan, as well as other funding partners, CSAMP has completed multiple studies and served as a forum for discussing scientific perspectives.

Metropolitan also participates in many multi agency technical forums that address numerous issues related to the implementation of the State Water Project's incidental take permits and the Interagency Ecological Program's monitoring of species and water quality. Metropolitan regularly works with other government agencies and environmentalists to implement adaptive management of the SWP through structured decision making, which is a collaborative approach to assessing management actions in an open and transparent way. More recently, Metropolitan has been active in a multi entity process that is developing a framework for salmon recovery, and in supporting Delta researchers seeking state Proposition 1 funds.

Through these efforts, Metropolitan has been able to focus research in areas that had been historically ignored in the Delta and to support innovative approaches to Delta science investigations.

Importance to Metropolitan

Through collaborative efforts, Metropolitan expands its ability to have a voice in regulatory efforts that impact its water supply and to move forward with important science investigations with multiagency support. Some of the science developed through Metropolitan's efforts have shifted and expanded the discussions surrounding the biological impacts of the State Water Project and have developed alternative State Water Project operations that minimize impacts to water supply.

Integration and Innovation Land / Water Interface / Multi-benefit

Current Trends

The Delta region is at the intersection of many social, political, environmental and climate related factors, as a result, Delta issues are significantly complex uncertain and ambiguous. Developing Delta solutions will require innovation to be most effective. Policies which embrace uncertainty will lead to greater innovation and integration. Fostering innovative Delta solutions will require a commitment to adaptive management as new science and engineering discoveries emerge. Metropolitan has been involved in the development of several innovations in the Bay-Delta, including the use of environmental DNA, SmeltCam and effective population size, which are methods to monitor species distribution and abundance. Metropolitan has also supported the use of Structured Decision Making and life cycle modeling, which are approaches to management and decision-making that makes

decisions more transparent and quantifiable. Another example of recent innovation is Metropolitan's Delta smelt and Native Species Preservation Project, to evaluate the suitability of utilizing the Delta island properties currently owned by Metropolitan to support Delta smelt supplementation efforts. Continued innovation in the future will be key to developing Delta solutions.

Importance to Metropolitan

Metropolitan's ability to provide water in a sustainable and reliable manner is dependent on a healthy Delta ecosystem. The development of integrated Delta solutions will require a commitment to a fully integrated approach using the latest and evolving science and engineering solutions. New scientific discoveries can lead to new and innovative solutions with better integration and benefits for a wide variety of stakeholders. A commitment to the development and use of decision support tools is also important for developing Delta solutions.