CVP Friant Division
San Joaquin River Settlement

Sacramento
San Joaquin Delta
Merced River
Friant Dam
Development of San Joaquin River Water Supplies

- 1900-1920 Ag. development in Friant service exhausts local groundwater, threatening 200,000 acres of farmland with reversion to desert
Development of State/Federal CVP

• In 1933, Voters approve Calif. Water Plan which includes the development of Friant Division for irrigation.

• In 1935, FDR approves Feasibility Report calling for federal construction of the CVP.

• By 1939, Reclamation obtains assignments and Purchase and Exchange Contracts to appropriate San Joaquin water at Friant.

• Actual Federal Construction Begins.
• Late 1940’s-Early 1950’s — Bureau of Reclamation executes long-term water service contracts for Friant Division water under the Reclamation Act. Contracts have 40-year term and begin to expire in the late 1980’s.
Issuance of Friant Water Rights

• 1958-1959, State Water Rights Board conducts hearings on Reclamation’s application for water rights permits for Friant
  – CDFG protests Reclamation’s application, raising Section 5937 in four different claims
  – SWRB issues Water Right Decision 935, dismissing the Section 5937 claim because restoration flows would interfere with the purpose of the project, i.e., irrigation
• Decision results in the issuance of water right permits to Reclamation for Friant Division.

• Reclamation operates Friant to the benefit of the Friant Contractors in accordance with the permits.
October, 1992, Central Valley Project Improvement Act (CVPIA)

- Regarding the San Joaquin, the CVPIA provides that the Secretary shall develop a “Comprehensive Plan” that is “reasonable, prudent and feasible” to address fishery concerns.

- Precludes Secretary of Interior from making water releases for restoration without Comprehensive Plan approved by Congress.

- Instead, Friant contractors are required to pay an escalating surcharge ($7) on each acre-foot of water provided to them; this surcharge is added to the CVPIA's Restoration Fund.
Major Settlement Issues

- Settlement Goals
- Who Pays?
- Third Party Impacts
- Why Settle?
- Where Do We Go From Here?
Settlement Goals

• Restoration Goal
  - Water deliveries for fishery releases average year decrease 15% for Long Term Contractors
  - Overall water supply reduction of 19% (145kaf – 240kaf)

• Water Management Goal
  - Water Recovery Account Plan-$10/ a.f. in wet conditions
  - Plan to get back water (recirculation, recapture and reuse)
  - Utilize Transfers/ Exchanges/ groundwater programs
Who Pays?

- Friant water users (No Additional Charges)
  - through existing CVPIA Surcharge
    ($8MM/ year average)
  - Portion of CVPIA Restoration Fund Charge
    (up to $2MM/ year)
  - Capital component of water rates redirected
    ($10MM/ year average)

- Federal authorization and future appropriations
  ($250MM additional funding authorized)

- State participation
  - Infrastructure Bond and Caves Initiative (Prop. 84), future bonds and appropriations
    (Prop 84-$100MM for SJR; Potential for substantial funding for levee work from Props 1E and 84)
Third Party Issues

- No water or operational impacts to 3rd parties
- ESA Take protections
- Landowner and facility protections
- Financial protections
- Agreement on legislation
Why Settle?

- **Litigation Status/Uncertainties:**
  - Federal Court rulings in favor of plaintiffs, including fishery ruling in 2004; remedy scheduled for 2006
  - Limited Judicial tools to implement court ordered restoration (could be limited to water releases)
  - Lack of funding to improve SJR could greatly increase water requirements for fish

- **Settlement Provides:**
  - Resolution of all legal claims
  - Water Supply Certainty for 20 years or more
  - Opportunity to recover water and/or develop water supplies
  - No additional financial exposure
  - Cooperation from federal, state and local governments and plaintiffs provides greatest chance of success for future
SAN JOAQUIN RIVER WATER SUPPLY CERTAINTY

Many questions have arisen with regard to why the Parties in the litigation *NRDC, et al. v. Rodgers, et al.* settled. While each of the various parties has their own reasons, the Friant Water Users Authority’s reasons were simple: we wanted water supply and financial certainty coupled with the opportunity to reduce or avoid the water supply impacts. The alternative was probably going to be an adverse judgment that would have meant significant impacts of unmanageable proportions.
The following chart summarizes economic impacts 20 years into the future, as a new groundwater equilibrium is established, associated with an anticipated adverse court ruling and economic impacts associated with fishery flows suggested by plaintiffs. Both reports were developed by Authority experts in preparation for trial. **The economic and water supply expert reports did not take into account Settlement parameters which include potential additional buffer flows (up to 10% of hydrographs) and a very important and equal water management goal which is anticipated to reduce or avoid water supply impacts of the Settlement Restoration goals’ fishery flows.**
<table>
<thead>
<tr>
<th>Friant LT Irrigation water contractor impacts</th>
<th><strong>SETTLEMENT</strong> (without buffer flows and no recovery of water supplies)</th>
<th><strong>ANTICIPATED JUDGMENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in Water Deliveries</td>
<td>145,000 acre-feet</td>
<td>360,000 acre-feet</td>
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<tr>
<td>Current Riparian Releases</td>
<td>117,000 acre-feet</td>
<td>117,000 acre-feet</td>
</tr>
<tr>
<td>Additional Releases for Fisheries</td>
<td>320,000 acre-feet</td>
<td>632,000 acre-feet</td>
</tr>
<tr>
<td>Remaining Flood Releases</td>
<td>140,000 acre-feet</td>
<td>74,000 acre-feet</td>
</tr>
<tr>
<td>Farm land out of production</td>
<td>51,300 acres</td>
<td>116,000 acres</td>
</tr>
<tr>
<td>Lost Crop Production</td>
<td>$159.3 million direct $264.9 million total</td>
<td>$372.5 million direct $621.0 million total</td>
</tr>
<tr>
<td>Income Impact</td>
<td>$36.6 million direct $80.7 million total</td>
<td>$93.1 million direct $200.9 million total</td>
</tr>
<tr>
<td>Employment Impact (jobs lost)</td>
<td>1,360 direct 3,070 total</td>
<td>3,490 direct 7,660 total</td>
</tr>
<tr>
<td>Certainty of Supply</td>
<td>Yes</td>
<td>None; likely to be subject to &quot;adaptive&quot; management for the benefit of fish</td>
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Where We Go From Here?

- Get legislation passed
- Secure funding at the State and Federal Level
- Support River Improvements for Fishery
- Work on Water Recovery Plan
- Separately, Friant will continue to pursue development of water supply development including surface storage and conveyance opportunities
Water Management Goal

Equal Goal of the Settlement

The Secretary is required to:

• Develop and implement a plan for recirculation, recapture, reuse, exchange or transfer of Restoration Flows to mitigate impacts to Friant Districts; and

• Implement a Recovered Water Account that will make wet year water available at reduced prices
Friant Division
Delta Recirculation concept
Via Cross Valley Canal Intertie

Main Features:
- 500 CFS: Pipeline Intertie
- 500 CFS: Reverse Flow Pump Station
- 250 CFS: Reverse Flow Pump Station
- 125 CFS: Reverse Flow Pump Station
- Project Cost: $12,000,000

Legend:
- Proposed Conveyance Structures
- Proposed Pump Stations

Concept: A-1  Date: 1-20-07
Drawing Not To Scale
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