

### **RELATED ACTIVITIES**

CCWD is planning or has implemented several activities related to the delivery of water to its customers to the year 2044 and beyond. These activities include implementation of the Future Water Supply Implementation (FWSI) program and construction/operation of the Multi-Purpose Pipeline (MPP) project. The FWSI program provides a plan for meeting the expected water supply needs for CCWD's customers through 2044, including the replacement of the existing CVP water service contract with Reclamation through the CVP. The MPP project, which was completed in 2003, provides the physical means to convey and deliver existing and future water supplies, as well as substantially increases the reliability of the existing conveyance system. Water service contract replacement is expected to occur for a renewal period of 40 years.

### **DEVELOPMENT OF ALTERNATIVES**

Three alternatives were developed for the replacement of long-term contracts between Reclamation and the CCWD. The alternatives present a range of water service agreement provisions that could be implemented for long-term contract renewals.

The No Action Alternative consists of replacing the existing water service contract with provisions described in the Preferred Alternative of the CVPIA PEIS. In November 1999, Reclamation published a proposed long-term water service contract. In April 2000, the CVP contractors presented an alternative long-term water service contract. Reclamation and the CVP contractors continued to negotiate the CVP-wide terms and conditions with these proposals serving as "bookends." This EA also considers these proposals with the No Action Alternative as bookends to be considered for the environmental documentation to evaluate the impacts and benefits of renewing the long-term water service contracts.

#### **No Action Alternative**

The No Action Alternative assumes renewal of long-term CVP water service contracts for a period of 25 years in accordance with implementation of the CVPIA, as described in the PEIS Preferred Alternative. The PEIS Preferred Alternative assumed that most contract provisions would be similar to the provisions in the 1997 CVP Interim Renewal Contracts, which included contract terms and conditions consistent with the requirements of the CVPIA. In addition, the No Action Alternative assumes tiered pricing provisions and environmental commitments as described in the PEIS Preferred Alternative.

These provisions were described in the Final CVPIA PEIS. Several of these issues are summarized in the description of the No Action Alternative because they are included in a different manner in Alternatives 1 and/or 2, and therefore could result in changes in environmental impacts or benefits. These issues include tiered water pricing, definition of M&I water users, water measurement, and water conservation.

### ***Tiered Water Pricing***

Tiered water pricing in the No Action Alternative is based on use of a “80/10/10 Tiered Water Pricing from Contract Rate to Full Cost” approach with Ability-to-Pay policies. The terms “Contract Rate” and “Full Cost Rate” are defined by the 1982 Reclamation Reform Act (RRA). The Contract Rate is equal to operation and maintenance expenses plus capital cost recovery for CVP facilities without interest charges. The Full Cost Rate includes the interest charges. The prices of CVP water used in the No Action Alternative are based on 1994 irrigation and M&I CVP water rates.

### ***Definition of Municipal and Industrial Users***

The definition of M&I water users was established in portions of a 1982 guidance memorandum by Reclamation. In most instances, the term “municipal users” is easily definable. However, with respect to small tracts of land, the 1982 memorandum identified agricultural water as agricultural water service to tracts that can support \$5,000 gross income from a commercial farm operation. The memorandum indicates that this criterion can be generally met by parcels greater than 2 acres. However, under the No Action Alternative, M&I water is defined as water for parcels of 5 acres or less. The No Action Alternative provides CVP contractors with the ability to request from the Contracting Officer a contract modification to pay agricultural rates for parcels between 2 and 5 acres if they are able to demonstrate agricultural use.

### ***Water Measurement***

The No Action Alternative includes water measurement at every turnout to measure CVP water deliveries. It is assumed that if other sources are commingled with the CVP water, including groundwater or other surface waters, the measurement devices would only report water deliveries. Additional calculations would be required to determine the exact quantity of CVP water.

### ***Water Conservation***

The water conservation assumptions in the No Action Alternative include water conservation actions for municipal and on-farm uses assumed in California Department of Water Resources Bulletin 160-93, and conservation plans completed under the RRA, with implementation of all cost-effective Best Management Practices that are economical and appropriate, including measurement devices, pricing structures, demand management, public information, and financial incentives.

### ***Alternative 1***

Alternative 1 is based on the proposal presented by CVP Contractors to Reclamation in April 2000. However, there were several issues included in the April 2000 proposal that could not be included in Alternative 1 because they are not consistent with existing federal or state requirements or would require a separate federal action, as described below.

- The April 2000 proposal includes Explanatory Recitals and Provisions to provide a highly reliable water supply of a high water quality, and provisions to implement measures that would improve the capabilities of the CVP facilities and operations to meet this goal. *These issues were not included in Alternative 1 because these issues would require additional federal actions with separate environmental documentation. Currently, Reclamation is*

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*completing the least cost plan to restore project yield in accordance with Section 3408(j) of CVPIA and under the CALFED program.*

- The April 2000 proposal includes language to require renewal of contracts after 25 years upon request of the contractor. *The study period for this EA is 40 year. Renewal after 40 years would be a new federal action and would require new environmental documentation.*
- The April 2000 proposal did not include provisions for compliance with biological opinions. *Biological consultations are required by the Consultation and Coordination requirements established by Executive Order for all Reclamation activities.*
- The April 2000 proposal included provisions for water transfers. *It is recognized that water transfers will continue and that the CVP long-term contracts will provide the mechanisms for the transfers. Reclamation would continue with separate environmental documents for transfers, establishing criteria to allow rapid technical and environmental review of future transfers.*
- The April 2000 proposal included provisions for transfer of operations and maintenance requirements. *It is recognized that transfers of operations and maintenance to the group of contractors will continue and that the CVP long-term contracts will provide mechanisms for such transfers. Reclamation would continue with separate environmental documents for such transfers.*
- The April 2000 proposal included provisions for resolution of disputes. *Assumptions for resolution of disputes were not included in Alternative 1 but, at this time, they would not appear to affect environmental conditions.*
- The April 2000 proposal included provisions for expansion of the CVP service areas by the existing CVP water contractors. *The study area for the long-term contract renewal process is defined by the existing service area boundaries. Expansion of the service area boundaries would be a new federal action and would require new environmental documentation.*

The April 2000 proposal did include several provisions that were different than the assumptions for the No Action Alternative and the provisions included in Alternative 1, as summarized in Table 2-1. It should be noted that the tiered pricing assumptions and definition of M&I users in Alternative 1 would be the same as in the No Action Alternative.

### Alternative 2

Alternative 2 is based upon the proposal presented by Reclamation to CVP Contractors in November 1999. However, there were several provisions included in the November 1999 proposal that are not included in Alternative 2 because they would require a separate federal action, as described below.

- The November 1999 proposal included provisions for water transfers. *Water transfers were not included in Alternative 2 because these actions would be separate federal actions and would require separate environmental documentation.*

- The November 1999 proposal included provisions for transfer of operations and maintenance requirements. *Operations and maintenance transfers were not included in Alternative 2 because these actions would be separate federal actions and would require separate environmental documentation.*

The November 1999 proposal did include several provisions that were different than the assumptions for the No Action Alternative and the provisions included in Alternative 2, as summarized below and in Table 2-1. The primary differences are related to tiered pricing and the definition of M&I users.

### ***Tiered Water Pricing***

Tiered water pricing in Alternative 2 is based on a definition of “Category 1” and “Category 2” water supplies. “Category 1” is defined as the quantity of CVP water that is reasonably likely to be available for delivery to a contractor and is calculated on an annual basis as the average quantity of delivered water during the most recent 5-year period. “Category 2” is defined as that additional quantity of CVP water in excess of Category 1 water that may be delivered to a contractor in some years. Under this approach, the first 80 percent of Category 1 volume would be priced at the applicable Contract Rate for the CVP. The next 10 percent of the Category 1 volume would be priced at a value equal to the average between the Contract Rate and Full Cost Rate. The final 10 percent of the Category 1 volume would be priced at the Full Cost Rate. The Category 2 volume would be priced at the Full Cost Rate.

The prices of CVP water, including Restoration Fund payments, would be determined using the current Ability-to-Pay policies, if applicable. The Ability-to-Pay policies do not apply to CVP operation and maintenance costs, M&I water costs, or any non-CVP costs, including federal government loans for construction of irrigation facilities.

The prices of CVP water used in Alternative 2 are based on irrigation and M&I CVP water rates presented in the November 17, 1999 Financial Workshop Handouts 1 and 2.

### ***Definition of Municipal and Industrial Users***

The definition of M&I water users includes all tracts less than or equal to 5 acres unless the Contracting Officer is satisfied that the use in such parcels meets the definition of “Irrigation Water.”

## **ALTERNATIVES CONSIDERED BUT ELIMINATED**

### **Nonrenewal of Long-Term Contracts**

Nonrenewal of existing contracts is considered infeasible based on Section 3404(c) of the CVPIA. This alternative was considered but eliminated from analysis in this EA because Reclamation has no discretion not to renew the contracts.

### Reduction in Contract Amounts

Reduction of contract amounts was considered in certain cases but rejected from analysis because the completed water needs analyses completed for all contracts found in almost all cases that the needs would exceed or equal the current total contract amount, and in order to implement good water management, the contractors would need to be able to store or immediately use water available in wetter years when more water is available. By quantifying contract amounts in terms of the needs analyses and the CVP delivery capability, the contractors can make their own economic decisions. Allowing the contractors to retain the full water quantity gives the contractors assurance that the water will be available to them for storage investments. Additionally, the CVPIA, in and of itself, achieves a balance in part through its dedication of significant amounts of CVP water and actions to acquire water for environmental purposes.

### Renewal of the Existing Amendatory Contract

In 1994, Reclamation and CCWD executed *Amendatory Contract Between the United States and Contra Costa Water District Providing for Water Service and for Facilities Repayment* (Amendatory Contract) (No. I75r-3401). This Amendatory Contract provides up to 195,000 acre-feet per year to the CCWD federal service area through the year 2010. The Amendatory Contract does not specify provisions for tiered pricing. Continuing to supply CVP water to the CCWD service area under the existing Amendatory Contract was considered but eliminated from analysis in this EA because the Amendatory Contract expires in 2010 and would therefore not meet the purpose and need for a long-term contract.

### SELECTION OF THE PREFERRED ALTERNATIVE

It is anticipated that the final contract language and the Preferred Alternative for the long-term renewal contract will represent a negotiated position between the No Action Alternative and Alternatives 1 and 2. Therefore, it is anticipated that the impacts will be either equal to or less than those identified for Alternative 1, Alternative 2, or the No Action Alternative.

### SUMMARY OF PREVIOUS ENVIRONMENTAL DOCUMENTATION

Reclamation and CCWD have undertaken a number of environmental studies evaluating the environmental impacts associated with continued provision of CVP water to CCWD, and specifically to the Contra Costa Canal federal service area. The CVPIA PEIS prepared by Reclamation and the Service programmaticaly evaluated the regional environmental effects of implementing the CVPIA provisions. The FWSI EIR, prepared by CCWD, programmaticaly evaluated the environmental effects of implementing water system improvements to facilitate projected increased water demand in Contra Costa County. The MPP EIR/EIS, prepared by CCWD, evaluated the project-specific impacts of constructing a water supply pipeline adjacent to the Contra Costa Canal. The CCWD environmental documents were developed consistent with the Contra Costa County General Plan EIR (County General Plan EIR). However, because the CCWD environmental documents were published relatively recently, their analyses included impacts related to growth planned and approved since publication of the County General Plan EIR. The CCWD environmental documents are incorporated by reference into this EA.

The CVPIA PEIS and FWSI EIR are particularly relevant to this EA because they evaluate programmatic and project-level impacts associated with the continued provision of water by CCWD, and therefore provide the programmatic context for consideration of the more specific impacts associated with the proposed CVP long-term water service contract. The project-specific analysis of impacts potentially occurring within the Contra Costa Canal right-of-way are provided in the MPP EIR/EIS, which adequately evaluates localized indirect impacts that could occur under the long-term contract renewal action.

## **FOCUS OF THE ENVIRONMENTAL ASSESSMENT**

The scope of analysis in this EA is based on previously performed analyses of potential impacts from continued CVP water delivery supply to the CCWD federal service area. The proposed action was first evaluated in the CVPIA PEIS, which assumed that all existing CVP water service contracts, including the CCWD water service contract, would be renewed. The document provided a programmatic review upon which future site-specific actions could be tiered. The FWSI EIR evaluated impacts from projected CCWD water supply demands of 219,400 acre-feet per year by 2040. The MPP EIR/EIS evaluated impacts from developing the physical means to convey and deliver existing and future water supplies, as well as substantially increase the reliability of the existing CCWD conveyance system. The proposed long-term water service contract is a component of these projects because it secures delivery of up to 195,000 acre-feet of water per year to the Contra Costa Canal, part of the CCWD water supply system, with a modified pricing structure. Therefore, the evaluation of impacts under these previous documents provides adequate analysis for most environmental resources, and these documents are incorporated by reference in this EA.

## **SUMMARY OF ENVIRONMENTAL IMPACTS**

The potential impacts of the alternatives are summarized in Table ES-1. The impact analysis focuses on land use, socioeconomic, biological resources, cultural resources, and Indian trust assets. The land use discussion is included to provide a context in which the proposed action can be understood. It summarizes the prevalent land uses and describes County-wide growth management programs. Socioeconomic resources are evaluated because of the potential impacts resulting from the proposed revised pricing structure included as part of the proposed action. Due to the project-specific nature of the socioeconomic resource area, it was identified in the CVPIA PEIS as the single resource area that would require future evaluation. Biological resources are evaluated to summarize project-specific impacts of the proposed action and to describe the on-going consultations among Reclamation, CCWD, and the Service. These consultations included the recent Biological Assessment (Reclamation 2004) prepared for the proposed action and the Biological Opinion issued in April 2000, which establishes the responsibilities of CCWD to protect sensitive biological resources. Cultural resources are included in this EA to disclose the federal requirements specific to the proposed action and the role of Reclamation in complying with Section 106 of the National Historic Preservation Act. Indian trust assets are evaluated to determine if the alternatives would affect the use and enjoyment of such assets.

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**TABLE ES-1  
SUMMARY OF ENVIRONMENTAL IMPACTS**

<i>Resource</i>	<i>Description of Impact</i>
NO ACTION ALTERNATIVE	
Land Use	The proposed long-term water service contract renewal (proposed action) does not include the development of any physical facilities and structures and therefore would not have a direct effect on land use. Indirect effects to land use could occur due to growth accommodated by the continued provision of water. The No Action Alternative is consistent with Contra Costa County General Plan Policy 7-17, which directs the County to encourage water service agencies to develop supplies and facilities to meet future water needs based on the growth policies contained in the County and cities' general plans.
Socioeconomics	For M&I water costs in the average hydrologic condition, CCWD would pay an estimated \$8.2 million to acquire (a) the 155,700 acre-feet of CVP M&I water that would be made available to its customers and (b) an additional 11,300 acre-feet of supplies from alternative water sources it would need to address demand not met by CVP supplies.
	The projected cost of CCWD M&I water in a dry year would be about \$20 million.
Biological Resources	No new structures or physical changes to the environment would result from long-term contract renewal. Therefore, no direct effects on biological resources are expected.  Indirect impacts to biological resources would result from the planned growth analyzed in the County and cities' general plans. Indirect effects related to the secondary effects of growth within CCWD's service area were evaluated in the FWSI EIR. The FWSI EIR found that the continued provision of water would result in indirect effects to native land and agricultural habitats, special-status communities, and special-status plant and animal species. These impacts were mitigated through the biological opinion developed in consultation with the Service.
Cultural Resources	Although the proposed contract renewal would not directly result in any construction activities, impacts associated with the secondary or indirect impacts of growth resulting from construction and development are expected to occur; these impacts are analyzed in the County General Plan EIR. No indirect impacts beyond those anticipated in the County General Plan EIR would occur from issuing the long-term contract. The secondary impacts resulting from development in currently non-urban areas could affect both known and undiscovered archaeological resources, especially in areas of high sensitivity. Areas specifically identified in the County General Plan EIR that are in the CCWD service area include the Bethel Island region and Alhambra Road west of Martinez.
ALTERNATIVE 1	
Land Use	There would be no impacts in addition to those identified for the No Action Alternative.
Socioeconomics	CCWD's cost of M&I water would be similar to the No Action Alternative. No incremental impacts would result.
	No change in land use or associated value of crop production is anticipated.
	There would be no impacts on the regional economy.
Biological Resources	There would be no impacts in addition to those identified for the No Action Alternative.

<i>Resource</i>	<i>Description of Impact</i>
Cultural Resources	There would be no impacts in addition to those identified for the No Action Alternative.
ALTERNATIVE 2	
Land Use	There would be no impacts in addition to those identified for the No Action Alternative.
Socioeconomics	A minimum 30 percent increase in CCWD costs relative to the No Action Alternative would result. Cost of CVP M&I water would increase by about: <ul style="list-style-type: none"> <li>• \$1.3 million in an average hydrologic year following 5 years of average hydrologic conditions,</li> <li>• \$1.5 million in an average hydrologic year following 5 years of dry hydrologic conditions, and</li> <li>• \$1.2 million in an average hydrologic year following 5 years of wet hydrologic conditions.</li> </ul> CCWD's recent average residential water bill would increase by less than 1 percent.
	In a dry year, CCWD's cost of M&I water would increase by about 5 percent over the cost under the No Action Alternative in a dry year.
	There would be an incremental decrease in total industrial output in the County estimated between \$1.68 and \$2.09 million, depending on hydrologic conditions. This is a decrease of less than approximately 0.01 percent in the County's output.
	There would be an incremental decrease in total employment in the County estimated between 22 and 28 full-time-equivalent jobs, depending on hydrologic conditions. This is a decrease of less than approximately 0.01 percent in the County's employment base under the No Action Alternative.
	The projected incremental decrease in Total Income Place of Work (POW) in the County is estimated to be between \$0.94 million and \$1.16 million, depending on hydrologic conditions. This is a decrease of less than approximately 0.01 percent in the County's Total Income POW compared to estimated No Action conditions.
Biological Resources	There would be no impacts in addition to those identified for the No Action Alternative.
Cultural Resources	There would be no impacts in addition to those identified for the No Action Alternative.