UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

MID-PACIFIC REGION
NORTHERN CALIFORNIA AREA OFFICE
SHASTA LAKE, CALIFORNIA

FINDING OF NO SIGNIFICANT IMPACT

Long-Term Contract Renewal
Shasta and Trinity River Divisions
Central Valley Project

Sacramento, California
FONSI NO. NC-05-03

Recommended: _____ 2/24/05
Environmental Specialist — Date
Northern California Area Office

Approved by: _____ FEB 24, 2005
Area Manager — Date
Northern California Area Office

Concurred by: _____ 2/25/05
Regional Environmental Officer — Date
Mid-Pacific Region

FINDING OF NO SIGNIFICANT IMPACT
FOR THE
RENEWAL OF THE LONG-TERM WATER SERVICE CONTRACTS FOR THE SHASTA AND TRINITY RIVER DIVISIONS CONTRACTORS

The Mid-Pacific Regional Office of the Bureau of Reclamation has found that an environmental impact statement is not required for the proposed execution of the renewal of water service contracts for ten water service contractors of the Shasta and Trinity River Divisions.

Contracts for two of the ten water districts, Bella Vista Water District (BVWD) and Clear Creek Community Services District (CCCSD), will be renewed for 25 years. The renewals for these two districts include both municipal & industrial (M&I) water and agricultural water and will start in March 2005 and extend through February 2029.

The contract renewal will be for 40 years (March 2005 through February 2045) for five of the eight districts which use only M&I water. The five districts are: City of Shasta Lake, City of Redding, Shasta Community Services District (SCSD), Centerville Community Services District (CCSD), and Mountain Gate Community Services District (MGCSD).

Three of the eight districts which use only M&I water, Keswick County Services Area (KCSA), Shasta County Water Agency (SCWA), and the U.S. Forest Service at Centimudi Boat Ramp (USFS), will not be renewed until the Endangered Species Consultation for these three contracts is complete.

Section 3409 of the Central Valley Project Improvement Act (CVPIA) stipulates that Reclamation must perform appropriate environmental review for renewal of long-term water service contracts. Reclamation initially prepared a Draft Environmental Assessment (EA) in October 2000 to evaluate the potential beneficial and adverse environmental impacts associated with three alternatives (including the No Action Alternative). Comments received during that public review have been included in a July 2004 Updated Draft EA which was available for an additional 30-day review. The Final EA (February 2004) is included by reference.

Reclamation prepared the current Updated Draft EA to determine if renewing the contracts would result in site-specific significant impacts to the natural or human environment. This EA has been prepared pursuant to and in accordance with Section 102(2)(c) of the National Environmental Policy Act (NEPA) of 1969 (42 USC§4321-4370), the Council of Environmental Quality regulations on implementing NEPA (40 CFR Parts 1500-1508), and Reclamation Handbook (Bureau of Reclamation 1990).

The proposed action is the execution of separate long-term contracts between the United States and BVWD, CCCSD, City of Redding, City of Shasta Lake, SCSD, CCSD, and MGCSD. The purpose of the contracts is to renew long term contracts with these entities based on existing interim provisions, or proposed new provisions, all of which are consistent with CVPIA.

Renewal of long-term contracts is needed to:

- Continue the beneficial use of water developed and managed as part of the CVP, with a reasonable balance among competing demands, including the needs of agricultural and municipal and industrial (M&I) users and the needs of fish, wildlife, recreation, and other water uses consistent with the requirements imposed by the California State Water Resources Control Board and CVPIA.

- Incorporate certain administrative conditions into the renewed contracts to ensure continued compliance with current Federal Reclamation law and other applicable statutes.

- Allow the continued reimbursement to the Federal government for costs related to the construction and operation of the Central Valley Project.

FINDINGS

In accordance with the NEPA, and its implementing guidelines, and consistent with the environmental analysis of the EA for the Long-Term Contract Renewal for the Shasta and Trinity River Divisions, Reclamation finds that implementation of the proposed action will result in no significant impact to the quality of the human environment. The finding is supported by the following:

- Renewal will not alter the supply or quantity of CVP water assigned to the water contractors under their existing water service contracts. There would be no change on CVP water operations or water availability to CVP Contractors. Therefore, the proposed action would have no effect on total water supply.
- All alternatives include tiered water pricing. Many CVP contractors will experience small to large escalation of CVP M&I rates. Under the No Action Alternative and Alternative 1, the Cost-of-Service Rates for 1999 would have ranged between $15/acre-foot and $56/acre-foot for the CVP Contractors. Under Alternative 2, the 1999 "theoretical Cost-of–Service Rates" would have ranged from a low of $15/acre-foot (for City of Shasta Lake, parts of City of Redding) to a high of $137.39/acre-foot (for CCCSD). Typically, M&I water users are *price inelastic*; that is, they do not change their use of water in response to even fairly substantial changes in the price of water.
- Under unusual conditions, such as an average hydrologic year following 5 dry years, most Contractors will experience escalated water costs. However, one district, CCCSD, will experience a three-fold increase in the cost of M&I water under Alternative 2 (Tiered Pricing with Category 1 and 2 water) over the No Action Alternative and Alternative 1-Tiered Pricing, that being $1,259,720 over $377,720 respectively. While such sharp spikes in costs may occur occasionally, they are not expected to change the lifestyles of M&I water users.
- If implemented, the proposed long-term water service contracts do not include development of any physical facilities and structures and, therefore, will not directly affect land use. The proposed action will have no direct effects on land use.

Minor changes to land use could occur as a result of the proposed action. Specifically, one of the proposed contract provisions will change the definition of M& I water to include water used to irrigate land units equal to or less than five acres, unless demonstrated to be used for agriculture. Two of the ten water contractors currently receive water at agricultural rates. Both Bella Vista Water District and Clear Creek Community Services District will be affected by this change because they currently receive water at agricultural rates to irrigate land units greater than 2 acres. (In the past, agricultural rates have been lower than M&I rates.)

- Indirect effects to land use could occur due to growth accommodated by the continued availability of water. These effects are largely governed by Shasta County's General Plan or the City of Redding's General Plan, not renewal of the water service contracts. The indirect effects of the proposed action on growth will be minor.
- A *Biological Assessment for the Shasta and Trinity River Division Long-Term Water Service Contract Renewal* was prepared in August 2003. National Oceanic and Atmospheric Administration Fisheries and the U.S. Fish and Wildlife Service have concurred that the renewals of these six contracts is not likely to adversely affect listed species.
- The proposed action will not have an adverse effect on human health or the environment, as defined by environmental justice policies and directives. The proposed action will not disproportionately affect any socioeconomic or low-income groups. Rather, renewal of the contracts will provide a long-term water supply that will meet the projected future water demand and need, which have been previously been documented in the Shasta County General Plan and the general plans of affected cities.
- No Indian Trust Assets occur within the Contractors' service areas. Therefore, no direct or indirect impacts to Indian Trust Assets are anticipated.
- The proposed action will not introduce new structures such as dams, canals, or reservoirs, construction activities, or result in physical changes to the environment and would, therefore, not directly affect prehistoric, historic, or traditional cultural properties. Minor indirect effects to cultural resources could result from the planned growth and development projected permitted by County and community planning jurisdictions. No impacts to cultural resources due to the proposed action are expected as a result of contract renewal.