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U.S. Department of the Interior

**U.S. Bureau of Reclamation
Mid-Pacific Region
Sacramento, California**

**FINDING OF NO SIGNIFICANT IMPACT
MUNICIPAL AND INDUSTRIAL WATER SHORTAGE POLICY
CENTRAL VALLEY PROJECT, CALIFORNIA**

Recommended:

Study Manager

Date

Concur:

Regional Environmental Officer

Date

Approved:

Regional Resources Manager

Date

Finding of No Significant Impact

MUNICIPAL AND INDUSTRIAL WATER SHORTAGE POLICY Central Valley Project, California

Lead Agency:

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In accordance with the National Environmental Policy Act (NEPA) of 1969, as amended, and the Council on Environmental Quality's Regulations for Implementing the Procedural Provisions of NEPA (40 CFR Parts 1500-1508), the Mid-Pacific Regional Office of the U.S. Bureau of Reclamation (Reclamation) has found that the proposed alternative, Alternative 1B, would not significantly affect the quality of the human environment. Therefore, an Environmental Impact Statement is not required.

Background

Reclamation proposes to implement a Municipal and Industrial (M&I) Water Shortage Policy for the Central Valley Project (CVP). The purposes of the policy are to: (1) define water shortage terms and conditions applicable to all CVP M&I contractors, as appropriate; (2) establish CVP water supply levels that, together with the M&I contractors' drought water conservation measures and other water supplies, (a) would sustain urban areas during droughts, and (b) during severe or continuing droughts would assist the M&I contractors in their efforts to protect public health and safety; and (3) provide information to M&I contractors for development of drought contingency plans.

Allocation of CVP water supplies for any given water year is based upon forecasted reservoir inflows and Central Valley hydrologic water supply conditions, amounts of storage in CVP reservoirs, instream and Delta regulatory requirements, and management of 3406(b)(2) resources and refuge water supplies in accordance with implementation of Central Valley Project Improvement Act (CVPIA). In years when the CVP water supplies are not adequate to provide water to all water service contractors, M&I CVP water service allocations are maintained at 100 percent as the Irrigation CVP water service contract allocations are reduced to 75 percent of contract amount in several incremental steps. Then, M&I CVP water service contract allocations are reduced to 75 percent of contract amount in several increments steps as Irrigation CVP water service contract allocations are reduced to 50 percent of contract amount. The M&I CVP water service contract allocations are maintained at 75 percent of contract amount until Irrigation CVP water service contract allocations are reduced in incremental steps to 25 percent of contract amount. Then, M&I CVP water service contract allocations are reduced in incremental steps to 50 percent until Irrigation CVP water service contract allocations are reduced in incremental steps to zero.

The proposed policy would identify actions that would occur in water years with allocations to M&I CVP water service contractors of less than 75 percent.

In response to related CVPIA actions and concerns of M&I CVP water service contractors concerning allocation of CVP water, Reclamation initiated development of an M&I Water Shortage Policy in 1992. There were several proposals prepared by Reclamation since 1992. Alternatives were developed based upon concepts identified in the various proposals and comments received on those proposals. Alternatives included methods to provide minimum water supplies that meet public health and safety

values (up to 75 percent of the individual M&I CVP water service Contract Total) provided that CVP water is available; and methods to provide up to 75 percent of M&I water service Contract Total to users that would be willing to participate in a two-tier water rate schedule. All of the alternatives considered were limited by existing water availability to the CVP water service contractors under the current understanding of regulations and facilities operations.

Proposed Alternative 1B

Under the Proposed Alternative, the allocation methodology for M&I CVP water service contractors would be the same as under existing conditions (described above) when the M&I CVP allocations are greater or equal to 75 percent. In years when the M&I CVP allocations are less than 75 percent, water would be re-allocated from the Irrigation CVP water service contractors to provide at least the public health and safety water quantity up to 75 percent of the M&I CVP water service Contract Total. The re-allocation would be limited to the total amount allocated to the Irrigation CVP water service contractors, if and when the water is available. There are some years in which allocations to Irrigation CVP water service contractors are at or near zero. In those years, the increased allocations to M&I CVP contractors would not be fully realized.

The Proposed Alternative for the M&I Water Shortage Policy is consistent with the September 2001 Proposal as published in the October 30, 2001 Federal Register, Volume 66, No. 210 except that the reference to projected CVP M&I delivery figures as of September 30, 1994 for year 2030 would be replaced with a reference to the projected M&I water need from the CVP as shown in the Water Needs Assessment prepared by Reclamation for the CVP Long-Term Water Service Contract renewal.

The M&I allocation would be expressed as a percentage of historical CVP M&I water use adjusted for growth, extraordinary water conservation measures, and use of non-CVP water sources. The portion of CVP Contract Total eligible to receive an M&I allocation would be based upon the CVP M&I need as shown in the Water Needs Assessment for the CVP Long-Term Water Service Contract Renewal. Water converted or transferred not included in the Needs Assessments would be subject to the Irrigation CVP water service contract allocation. The transferred water may become eligible for M&I water allocation following a separate analysis of impacts to Irrigation CVP water service contracts and mitigation of all significant adverse impacts to Irrigation CVP water service contractors; converted water may become eligible for M&I water allocation following a separate analysis of impacts to Irrigation CVP water service contracts and to other water supplies; and mitigation of all of those significant impacts.

During shortages, when Irrigation CVP water service contract allocations are below 25 percent, M&I CVP water service contract allocations would depend upon CVP water supply availability and Reclamation would possibly consider the availability of other water supplies available to CVP water service contractors. However, Reclamation would consider public health and safety to be a priority. For an M&I water service contractor to be eligible for the M&I allocation, the water service contract must reference the CVP M&I Water Shortage Policy. In addition, the water service contractor must (1) have developed and be implementing a water conservation plan that meets CVPIA criteria and (2) be measuring such water consistent with section 3405(b) of the CVPIA. Reclamation intends to incorporate in all new, renewed, and amended water service contracts, as appropriate, a provision that references the CVP M&I water shortage policy. M&I CVP water service contract allocations may be reduced below 75 percent when CVP water is not available.

Findings

Reclamation prepared a draft Environmental Assessment (EA) in March, 2005, which analyzed the impacts of the alternatives. The draft document was circulated for public review. The reasons why the impacts of the proposed actions are not significant, which are discussed in detail in the EA, are as follows:

1. **Surface Water Resources, CVP Irrigation Allocations, and CVP Operations** – Of the 72 hydrologic years evaluated in CVP water supply studies, M&I CVP water service contract allocations are less than 75 percent in 13 years. Under the Proposed Alternative, M&I CVP water service contract allocations would increase in 9 of the 13 years by 5 to 13 percent. To provide these allocations, Irrigation CVP water service contract allocations would be decreased by 1 to 3 percent in these years, including two additional years when Irrigation CVP water service contract allocations would be zero or almost zero (as compared to 4 years in the No Action Alternative). This reduction of only 1 to 3 percent in the CVP Irrigation allocations in only 9 out of 72 hydrologic years is not a significant impact upon surface water resources or upon the CVP Irrigation allocations. Because water is reallocated between CVP M&I and Irrigation users in the same water year, there is no change in storage in CVP reservoirs or to allocations of water to refuge water supplies, instream flows, or senior water right holders. Because delta exports are not limited due to capacity limitations during the 9 years out of the 72 year hydrologic record, there would be no adverse impact to availability of delta export capacity for other users.

2. **Groundwater Resources** - Increased M&I CVP water service contract allocations in 9 years of the 72 year hydrologic record may allow the M&I water service contractors to reduce groundwater use in these years and could create a benefit. Given the frequency and extent of such beneficial impacts related to the potential for reduced groundwater use, such impacts, if they actually occurred, would not be significant.

It is difficult to predict how Irrigation CVP water service contractors would respond to the 1 to 3 percent reductions in CVP water allocations. The contractors may increase groundwater withdrawals in the 9 years or may increase the frequency of fallowing fields that are currently fallowed in critical dry years. If groundwater withdrawals are increased, the increment would represent less than 3 percent of Irrigation CVP water service contract allocations in these years. However, farmers may utilize other water supplies, and these changes may not occur. This incremental increase in groundwater withdrawals representing less than 3% of the CVP Irrigation allocation is not a significant impact upon groundwater resources.

3. **Municipal and Industrial Land Use and Central Valley Project Water Supply Costs** - M&I CVP water service Contract Totals would not change. Therefore, no additional water would be provided for growth, and land use would not change. The cost of M&I CVP water service contract water would not change. New growth would not be predicated upon increases in the CVP M&I allocation in 9 of the 72 hydrologic years.

4. **Agricultural Land Use** - Irrigation CVP water service Contract Totals would not change and allocations would only change in 9 of the 72 years considered in the evaluation of CVP operations. It is difficult to predict how Irrigation CVP water service contractors will respond to the 1 to 3 percent reductions in CVP water allocations. The contractors may increase groundwater withdrawals or may increase the frequency of fallowing fields that are currently fallowed in critical dry years. However, agricultural land use would not change.

5. **Terrestrial and Aquatic Resources** - As described above, the Proposed Alternative would not change land uses on the long-term basis and therefore, would not change terrestrial resources. Also as described above, the additional M&I CVP water service contract allocations would be provided by reducing the Irrigation CVP water service contract allocations in the same year, and therefore would

not change CVP operations, including CVP reservoir elevations as compared to the No Action Alternative. Therefore, the Proposed Alternative would not change aquatic resources.

6. **Threatened and Endangered Species** - Water-related effects of CVP operations to federally listed species and critical habitat from continued water contract deliveries were assessed in the recently completed biological assessments for the OCAP 2004. Water to be reallocated from Irrigation to M&I use south of the delta would be among users located south of the Delta and, therefore, there would be no net change in CVP delta operations. Additionally, there would be no changes to CVP operations that diverge from the range of operations analyzed in the 2004 OCAP and thus no effects to listed aquatic species arising from implementation of the proposed action.

From a terrestrial perspective there would be no effect on listed species and critical habitat. The incremental supply in 9 years out of the 72 year hydrological record would not lead to any M&I Shortage Policy related growth. The basic concern in the agricultural sector related to listed species is conversion of native habitat. This policy would not result in any such conversions. The reduction in CVP irrigation supplies of 1-3 percent in 9 out of 72 hydrologic years would not result in any identifiable effects on terrestrial listed species. Additionally, the identified potential reduction in CVP Irrigation allocations would not result in any identifiable effects on any waterways inhabited by the Giant Garter Snake. Thus there would be no effects on the Giant Garter Snake.

7. **Recreation Resources, Cultural Resources, Indian Trust Assets, Air Quality, Visual Resources, Power Resources, and Secondary Growth Potential** - Because there are no changes to land use or CVP reservoir and river operations, there are no changes to recreation, cultural resources, Indian Trust Assets, air quality, visual resources, power resources, or secondary growth potential.
8. **Soils** - If the farmers increase the frequency of fallowing or increase use of more saline groundwater, soil salinity may slightly increase on a short-term basis due to the reduction in Irrigation CVP water service contract allocations in 9 of the 72 hydrologic years. However, farmers may utilize other water supplies, and this slight increase may not occur. Given the frequency and extent of such impacts related to the potential for increased frequency of fallowing, such impacts, if they actually occurred, would not be significant.
9. **Environmental Justice** – The Proposed Action will have no significant disproportionately high and adverse human health or environmental effects on minority populations and low income populations.
10. **Social Conditions and Agricultural Economics** - It is difficult to predict social and economic responses to the Proposed Alternative. Increased M&I CVP water service contract allocations may encourage water-reliant industries and commercial users to remain within the contractors' service areas. Therefore, stability of associated employment could increase. However, if the farmers decide to increase the frequency of fallowing over the 9 of 72 hydrologic years, unemployment could increase on a short-term basis. This would affect social and economic conditions near these Irrigation CVP water service contractors.