

ITEM: 17

SUBJECT: Non-regulatory Amendments to the Water Quality Control Plans for the Sacramento River and San Joaquin River Basins and the Tulare Lake Basin Providing Estimates of Total Costs and Sources of Financing for the Long-Term Irrigated Lands Regulatory Program

BOARD ACTION: Consideration of Adoption of Proposed Amendments

BACKGROUND: On 7 April 2011, the Central Valley Water Board certified a program environmental impact report (Program EIR), which described a range of alternatives for implementing the Long-Term Irrigated Lands Regulatory Program (Long-term Program). In the course of preparing the Program EIR, the Central Valley Water Board commissioned an analysis of the potential economic impacts of the alternatives, which included an analysis of the costs of the alternatives and identification of potential sources of financing.

Water Code section 13141 states, in part, that, "... prior to implementation of any agricultural water quality control program, an estimate of the total cost of such a program, together with an identification of potential sources of financing, shall be indicated in any regional water quality control plan." The proposed Basin Plan amendments are consistent with this provision of the Water Code and supplement existing cost estimates for agricultural programs provided in the Sacramento River and San Joaquin River Basins Water Quality Control Plan. Since the Long-term Program would affect the entire Central Valley, amendments are needed for both the Water Quality Control Plan for the Sacramento River and San Joaquin River Basins, and the Water Quality Control Plan for the Tulare Lake Basin.

The estimate of total cost ranges from \$216 million to \$1,321 million per year. Most of those costs are associated with implementation of improved management practices to protect water quality and represent the greatest source of uncertainty in the cost estimate. Although some management practice information has been provided as part of the current irrigated lands regulatory program, information on management practices currently implemented and how effectively they are being employed to protect water quality is limited. The improved practices are not mandated by the Central Valley Water Board, but represent the potential responses by growers to new regulatory requirements. Since the practices evaluated are often employed to provide other, non-water quality, farm related benefits (e.g., more efficient irrigation reduces water costs and generally increases yields), it is not possible to determine which practices would be put in place in response to a new water quality program or in response to other economic or market demands.

Given the available information, the cost estimates provide a reasonable indication of cost impacts due to a new regulatory program and the potential response of growers to those new requirements. Should growers successfully address water quality problems as part of a regional effort led by third parties, actual costs would be near the lower end of the range. If growers and third parties are not successful in their regional efforts, the costs will be at the higher end of the cost range.

Staff recommends that the Board approve the Basin Plan amendments.

Mgmt. Review_____

Legal Review_____APM_____

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