

**SUPPLEMENTAL ENVIRONMENTAL ASSESSMENT
FOR THE CITY OF FRESNO
FRIANT DIVISION
40-YEAR LONG-TERM CONTRACT RENEWAL**

FINAL

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**Bureau of Reclamation
Mid Pacific Region
South Central California Area Office
1243 N Street
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BACKGROUND

Reclamation completed the *Draft Friant Division Long-Term Contract Renewal Environmental Assessment* on October 16, 2000 and the *Final Friant Division Long-Term Contract Renewal Environmental Assessment* in January 2001 (Friant EA). Fresno was included in the above documents, herein, incorporated by reference. Reclamation anticipates a Finding of No Significant Impact will be issued for the City of Fresno Long-Term Water Service Contract at the conclusion of consultation with the Fish and Wildlife Service (Service) and the National Oceanic Atmospheric Administration under the Endangered Species Act (ESA). The Friant EA analyzed the impacts of the new contracts for a period of 25 years. Fresno is located in Fresno County, California, and is within the Friant Division. Fresno's original long-term renewable contract (No. 14-06-200-8901) does not expire until 2006. However, the Central Valley Project Improvement Act (CVPIA) provided incentives for contractors to renew their contracts early. Therefore, it is anticipated Fresno would sign their new contract (No. 14-06-200-8901-LTR1) early and would begin in Contract Year 2005.

Under the provisions in the Central Valley Project Improvement Act (CVPIA), Reclamation Reform Acts, and Reclamation Project Acts, Reclamation is offering 40-year contracts to Central Valley Project (CVP) contractors with Municipal and Industrial (M&I) supplies in their long-term renewable contracts. Reclamation is offering the City of Fresno (Fresno) a 40-year term renewable contract and would begin in Contract Year 2005 and end in Contract Year 2045. A Contract Year typically begins March 1st and ends February 28th of the following year.

In addition, Reclamation has new information that the City of Fresno has completed environmental analysis under the California Environmental Quality Act to examine the impacts to resources related to the revision to the City's General Plan. The City of Fresno has developed the 2025 Fresno General Plan and has expanded its sphere of influence and service area. It is anticipated CVP water would be delivered to those areas. Under the existing long-term contract with the City of Fresno and Reclamation, no discretionary action is required by the Contracting Officer or Reclamation for boundary changes.

Reclamation has found a Supplemental Environmental Assessment (SEA) is required to examine the impacts of continued water deliveries for an additional 15 years to the City of Fresno.

The focus of this SEA is the continued water deliveries to Fresno beyond 2025 to February 28, 2046.

PROPOSED ACTION AND ALTERNATIVES

Proposed Action Alternative

Reclamation proposes to supplement the Proposed Action Alternative described in the Friant EA for the City of Fresno Long-term Water Service Contract. Under the Proposed Action, Reclamation would offer a 40-year, long-term water service contract, to continue water service delivery of CVP water for M&I uses to Fresno. As stated earlier, it is anticipated Fresno would sign a 40-year, long-term contract that would begin in Contract Year 2005. Under the proposed action, Fresno would enter into a 40-year contract. M&I users in Fresno would have uninterrupted deliveries of CVP water for 40 years.

The change in the contract term from 25-years to 40-years is the only substantive changes to the Friant EA.

This SEA has been prepared pursuant to and in accordance with the National Environmental Policy Act (NEPA) of 1969 (42 USC § 4321-4370d) and the Council on Environmental Quality (CEQ) regulations on implementing NEPA (40 CFR Parts 1500-1508).

No Action Alternative

The Friant EA contains the description of the No Action Alternative.

PURPOSE AND NEED FOR THE ACTION

The purpose and need for action is unchanged from that described in the Friant EA. Reclamation is responsible for operational control of the CVP including securing payment for the cost of water facilities and operations and maintenance established in the water service contract with the Federal government. In addition, as a duly authorized representative, Reclamation administers all actions pertaining to the establishment of water service contracts on behalf of the Secretary of the Interior.

The purpose of this action is renew the City of Fresno long-term water service contract, consistent with Reclamation authority and all applicable state and federal laws, including the Central Valley Project Improvement Act (CVPIA) (H.R. 429, Public Law 102-575). The project alternatives will include the terms and conditions of the long-term contracts and tiered water pricing.

Long-term contract renewal (LTCR) is needed to:

- Continue beneficial use of water, developed and managed as part of the CVP, with a reasonable balance among competing demands, including the needs of irrigation and domestic uses; fish and wildlife protection, restoration, and mitigation; fish and wildlife enhancement; power generation; recreation; and other uses consistent with requirements imposed by the State Water Resources Control Board (State Board) and the CVPIA;
- Incorporate certain administrative conditions into the renewed contract to ensure CVP continued compliance with current federal reclamation law and other applicable statutes; and

- Allow the continued reimbursement to the federal government for costs related to CVP construction and operation.

BASIS TO OFFER 40-YEAR CONTRACTS AND RENEW CENTRAL VALLEY PROJECT WATER SERVICE CONTRACTS

The River and Harbors Act of 1935 included the initial authorization for the CVP. The Central Valley Project Authorization Act of 1937 re-authorized the CVP and allowed the Secretary of the Interior to enter into repayment contracts and other necessary contracts with “all agencies with which contracts are authorized under reclamation law”.

Public Law 88-44, the Reclamation Project Act of 1939, provided for repayment of construction charges and authorized sale of CVP water to municipalities and other public corporations and agencies, plant investment, and certain irrigation water deliveries to leased lands. This act required the Secretary to comply with laws of the State relating to the control, appropriation, use, or distribution of water used in irrigation or vested rights acquired there under. This act also provided that the Secretary include provision for contract renewal, upon request of the other party to any long-term contract for municipal, domestic, or industrial water supply. The contract renewal would be subject to renegotiation of: (1) the charges set forth in the contract in the light of circumstances prevailing at the time of renewal; and (2) any other matters with respect to which the right to renegotiate is reserved in the contract. The act also states that the Secretary shall, upon request, provide in any such long-term contract that the other party to the contract shall, during the term of the contract and of any renewal (subject to fulfillment of other obligations), have a first right to a stated share or quantity of the CVP water supply available for municipal, domestic, industrial, or irrigation use.

Sections 9(c) of the Reclamation Project Act of 1939 authorized the Secretary to enter into contracts to furnish water for municipal water supply or miscellaneous purposes, provided that such contracts require repayment to the United States over a period not to exceed forty years. Section 9(e) of the Reclamation Project Act of 1939 allowed the Secretary to enter into either short- or long-term contracts to furnish water for irrigation purposes, with each such contract to be for a period not to exceed forty years.

The Water Service Contracts Act of 1944 provided for delivery of specific quantities of irrigation and municipal and industrial water to contractors.

The Reclamation Project Act of 1956 provided the right of renewal of long-term repayment or water service contracts for agricultural contractors for a term not to exceed 40 years. The Reclamation Project Act of June 21, 1963, Renewal of Water Supply Contracts, extended the right of renewal of long-term repayment or water service contracts for municipal and industrial (M&I) contractors.

On October 30, 1992, the President signed into law the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102-575) that included Title

XXXIV, the Central Valley Project Improvement Act (CVPIA). The CVPIA amended the previous authorizations of the CVP to include fish and wildlife protection, restoration, and mitigation as project purposes having equal priority with irrigation and domestic uses and fish and wildlife enhancement as a project purpose equal to power generation. Section 3409 of the CVPIA required the Secretary to prepare a PEIS to evaluate the direct and indirect impacts and benefits of implementing CVPIA. That PEIS was prepared under the NEPA by Reclamation and U.S. Fish and Wildlife Service (Service). Reclamation released a Draft PEIS on November 7, 1997. An extended comment period closed on April 17, 1998. Reclamation and the Service released the final CVPIA PEIS in October 1999 and the joint Record of Decision in January 2001.

Section 3404(c) of the CVPIA directs the Secretary of the Interior (Secretary) to renew existing CVP water service and repayment contracts following completion of the Programmatic Environmental Impact Statement (PEIS) and other needed environmental documentation by stating that:

"...the Secretary shall, upon request, renew any existing long-term repayment or water service contract for the delivery of water for a period of 25 years and may renew such contracts for successive periods of up to 25 years each....(after appropriate environmental review, including preparation of the environmental impact statement required in section 3409 (i.e., the PEIS)..."

Section 3404(c) of the CVPIA clearly indicates that 25 years will be the upper limit for long-term irrigation repayment and water service contracts within the CVP. However, Section 3404(c) did not amend the provisions of Section (9)(c) of the Reclamation Project Act of 1939 and the Act of June 21, 1963 which authorized renewal of M&I water contract terms for up to 40 years. These 1939 and 1963 authorizations remain in place as guidance for establishing the terms of M&I contracts.

AFFECTED ENVIRONMENT

The affected environment is described in the Friant EA and further described below.

The City of Fresno has prepared a General Plan projected growth in 2025 and identifies the North Growth Area and Southeast Growth Area. The areas would accommodate approximately 10,000 and 55,000 people, respectively. This change in boundaries includes approximately 20 square miles (approximately 12,800 acres).

The *Programmatic Environmental Impact Statement for the Central Valley Project Improvement Act* (PEIS), herein incorporated by reference, provided descriptions of the CVP facilities including the Friant-Kern Canal and resources within the CVP. The incorporated Friant EA provided site specific analysis including identification and discussion of resources within the Friant Division and in Fresno.

ENVIRONMENTAL CONSEQUENCES

A water-needs assessment was performed for each long-term CVP contractor including the City of Fresno. Each water needs assessment was predicated on the amount of water that would be beneficially utilized by year 2025, and that amount was used to determine the proposed long-term contract amount. The water-needs assessments showed that each contractor's future water demand equaled or exceeded their full contract amount at year 2025. (No interim time period conditions were considered or evaluated with respect to build-out conditions or changes in the CVP contract). Thus, all environmental impacts associated with use of the full contract amount would be manifested at the end of the 25-year water-needs analysis period. Therefore, the initial analysis of impacts in the Friant EA covered a 25-year period.

Potential impacts that would occur from 2025 to 2046 and the use of CVP water on additional 12,800 acres are being considered in this Supplemental EA. Because full use of the contract water-supply would occur by 2025, all environmental affects within the City of Fresno water service area related to this contract renewal will have occurred by year 2025. Because the full water-contract amount would already be in use, any Contract renewal environmental effects occurring at year 2025 would not increase in magnitude or change in scope after that date.

If there are changes in actual amount of CVP water delivered after full build-out in year 2025, those would not be related to the contract, but would be a result of allocations reflecting future CVP demands, hydrology, or reductions in the reliability of CVP water supply. Any such changes in allocations would not exceed their full contract amount at year 2025. Any decrease in the actual amount of water delivered would not result in additional development in M&I service areas between Contract Years 2025 to 2045. Any analysis of changes in actual water delivery after 2025 would be highly speculative, difficult to quantify, and minor in scope. Thus, Reclamation believes that an analysis of impacts in year 2025 covers the full range of impacts associated with a 40-year contract term to the M&I-only contractors. Therefore, the environmental impact analysis presented in the Friant EA would not change under the Proposed Action. The Proposed Action would not result in significant impacts to the resources analyzed in the Friant EA.

Effect on Endangered Species

The City of Fresno is one of the 28 water-service contractors included in the Friant Division of the CVP. The effects analysis in the Friant EA included the City of Fresno. However, the City of Fresno was not included in the *Biological Opinion for the Long-Term Contract Renewal for the Friant Division* in 2001 (2001 BO). Reclamation is currently consulting with the Service for the long-term contract renewal for the City of Fresno and a BO is anticipated in Fall 2004. The proposed long-term contract for the City of Fresno requires the contractor's compliance with the applicable BOs.

Reclamation has found the Proposed Action of replacing the 25-year contract with a 40-year contract for Fresno would have no effect on federally listed threatened or endangered species, their designated critical habitats or species proposed for listing under the ESA. The Proposed Action would not change the maximum contract amount from the 60,000 acre-feet/year considered in the Friant EA, and would not result in an increase of

water supplies. No new construction would be required. The water needs assessment project full build-out to year 2025. The continued CVP water deliveries to Fresno to Contract Year 2045 would not result in incentives to construct additional homes or businesses.

Effect on Other Resources

The effect of the Proposed Action on Surface Water, Water Supply, Groundwater Resources, Water Quality, Fisheries Resources, Land Use Resources, Biological Resources, Recreational Resources, Socioeconomic Resources, Cultural Resources, Social Conditions, Air Quality, Geology and Soils, Visual Resources Indian Trust Assets, low income and disadvantaged populations is identical to the effect described in the Friant EA.

REFERENCES

US Bureau of Reclamation, 1999, Programmatic Environmental Impact Statement for the Central Valley Project Improvement Act. October

US Bureau of Reclamation, 2000, Draft, Friant Division Long-Term Contract Renewal Environmental Assessment, October 16.

US Bureau of Reclamation, 2001, Final, Friant Division Long-Term Contract Renewal Environmental Assessment and Finding of No Significant Impact. January 19.

US Fish and Wildlife Service, 2001, Biological Opinion for the Friant Division Water Contract Renewals, Sacramento, California. January 19.

PUBLIC COMMENT LETTERS

Attached are the letters from the public commenting on the EA for the long-term water service contract for the City of Fresno. Reclamation appreciates the interest of the public in this proposed action and has considered each comment in the preparation of this Final EA.

