

MEMORANDUM OF UNDERSTANDING
for the

**REINITIATION OF CONSULTATION ON THE COORDINATED LONG-TERM
OPERATION OF THE CENTRAL VALLEY PROJECT AND THE STATE WATER
PROJECT**

by and among

**THE UNITED STATES FISH AND WILDLIFE SERVICE
THE NATIONAL MARINE FISHERIES SERVICE
THE BUREAU OF RECLAMATION
THE CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE**

1.0 PARTIES TO MEMORANDUM

This Memorandum of Understanding (Memorandum) sets forth the terms and understanding between the Parties, collectively deemed the United States Fish and Wildlife Service (USFWS), the National Marine Fisheries Service (NMFS), the Bureau of Reclamation (Reclamation), the California Department of Water Resources (DWR), and the California Department of Fish and Wildlife (CDFW), to undertake the Reinitiation of Consultation on the Coordinated Long-term Operation of the Central Valley Project and the State Water Project pursuant to the federal Endangered Species Act (ESA).

2.0 RECITALS AND PURPOSES OF THE MEMORANDUM

2.1 Recitals

The Parties have entered into this Memorandum in consideration of the following facts:

2.1.1 Reclamation is a Federal agency within the United States Department of the Interior charged with the responsibility of operating and maintaining dams, powerplants, and canals in the 17 western states. Reclamation's Mid-Pacific Region operates and maintains the Central Valley Project (CVP), which was built to protect the region from flood waters and irrigate the semi-arid acreage of the Central Valley and later amended to include fish and wildlife purposes. The CVP is composed of 20 reservoirs with a combined storage capacity of more than 11 million acre-feet; over 11 hydroelectric power plants; and more than 500 miles of major canals and aqueducts.

2.1.2 DWR is a State agency within the California Natural Resources Agency responsible for constructing, operating and maintaining the State Water Project (SWP) water storage and conveyance facilities located throughout California, including pumping facilities located in the Sacramento-San Joaquin Delta. The

SWP is composed of 21 reservoirs and lakes and 11 other storage facilities, with a combined storage capacity of more than 4 million acre-feet; five hydroelectric power plants and four pumping-generated plants; and more than 700 miles of major canals and aqueducts.

- 2.1.3** USFWS is a federal agency within the United States Department of the Interior charged with the responsibility of administering the Federal Endangered Species Act (ESA) and providing for the conservation of federally-listed freshwater aquatic and terrestrial species and their habitat. USFWS is responsible for consulting with Federal action agencies under Section 7 of the ESA to address effects to federally-listed aquatic and terrestrial species and their designated critical habitat to assist the Federal action agency in ensuring that their Federal action does not jeopardize listed species or destroy or adversely modify critical habitat.
- 2.1.4** NMFS is a federal agency within the United States Department of Commerce charged with the responsibility of administering the Federal ESA and providing for the conservation of federally-listed anadromous and marine species and their habitat. NMFS is responsible for consulting with Federal action agencies under Section 7 of the ESA to address effects to federally-listed marine species and their designated critical habitat to assist the Federal action agency in ensuring that their Federal action does not jeopardize listed species under NMFS' jurisdiction or destroy or adversely modify designated critical habitat.
- 2.1.5** CDFW is a State agency within the California Natural Resources Agency charged with the responsibility of administering the California Endangered Species Act (CESA). CDFW is authorized to issue incidental take permits under CESA section 2081(b) for listed endangered, threatened, or candidate species; and issue take permits under the Natural Community Conservation Planning Act Section 2835 of the Fish and Game Code to authorize the take of any species, whether or not it is listed as an endangered, threatened, candidate, or fully-protected species under State law.
- 2.1.6** Section 103 of Public Law 99-546 authorized and directed the Secretary of the Interior to execute and implement the "Agreement between the United States of America and the Department of Water Resources of the State of California for Coordinated Operation of the Central Valley Project and State Water Project" (Coordinated Operation Agreement or COA, May 20, 1985). Reclamation and DWR coordinate operations of the CVP and SWP as provided by the COA.
- 2.1.7** All Federal agencies have a responsibility to utilize their authorities in furtherance of the purposes of the ESA by carrying out programs for the conservation of listed species, and to ensure that actions they authorize, fund, or carry out are not likely to jeopardize the continued existence of listed species or destroy or adversely modify their designated critical habitat [ESA Sections 7(a)(1), 7(a)(2)].

- 2.1.8** Federal agencies must comply with the requirements of the National Environmental Policy Act (NEPA) when their involvement in major Federal actions that affect the quality of the human environment is sufficient to trigger NEPA responsibility under applicable law.
- 2.1.9** Reclamation accepted and implemented the USFWS 2008 and NMFS 2009 Biological Opinions (BiOps) on the Coordinated Long-term Operation of the CVP and SWP including the Reasonable and Prudent Alternatives (RPAs) to avoid jeopardy of listed species and adverse modification of designated critical habitat.
- 2.1.10** .
- 2.1.11** Reclamation completed the National Environmental Policy Act (NEPA) process on the Coordinated Long-term Operation of the CVP and SWP with issuance of a corresponding Record of Decision (ROD) on January 11, 2016.
- 2.1.12** On August 2, 2016, Reclamation and DWR, as the anticipated Applicant, jointly requested reinitiation of ESA Section 7 consultation with USFWS and NMFS on the Coordinated Long-term Operation of the CVP and SWP, based on new information related to multiple years of drought and recent data on Delta smelt and winter-run Chinook salmon population levels, and new information available and expected to become available as a result of ongoing work through collaborative science processes.

2.2 Purpose of Memorandum

The purposes of this Memorandum are to describe the expected tasks, processes (including schedule development), and participants for the reinitiation of formal consultation on the Coordinated Long-term Operation of the CVP and SWP.

3.0 AUTHORITIES

3.1 Bureau of Reclamation

The Rivers and Harbors Act of August 30, 1935 provided the initial federal authority for the CVP. On Dec. 2, 1935, the president approved a finding of feasibility by the Secretary of the Interior, pursuant to the Reclamation Act of 1902. The Rivers and Harbors Act of August 26, 1937 brought the CVP under Reclamation Law and authorized the construction, operation and maintenance. On October 6, 1992, Section 3406(a) of the Central Valley Project Improvement Act (CVPIA), Public Law 102-575, amended the project purposes of the CVP to include fish and wildlife purposes.

3.2 Department of Water Resources

DWR was authorized under the State Central Valley Project Act (Water Code section 11100 et seq.), Burns-Porter Act (California Water Resources Development Bond Act), State Contract Act (Public Contract Code section 10100 et seq.), Davis-Dolwig Act (Water Code sections 11900 – 11925), and other acts of the State Legislature and applicable laws of the State of California to construct, operate, and maintain the SWP. As provided for by Federal ESA regulations, DWR is designated as an applicant for this consultation.

3.3 U.S. Fish and Wildlife Service

USFWS authority is pursuant to the federal ESA and its implementing regulations as well as the Fish and Wildlife Coordination Act and the Fish and Wildlife Act of 1956, as amended.

3.4 National Marine Fisheries Service

NMFS authority is pursuant to the federal ESA and its implementing regulations, as well as the Fish and Wildlife Coordination Act, as amended.

3.5 California Department of Fish and Wildlife

CDFW authority is pursuant to CESA.

4.0 DEFINITIONS

The following terms as used in this Memorandum will have the meanings set forth below. Terms specifically defined in statutes, including the ESA or NEPA, or the regulations and policies adopted under those statutes, shall have the same meaning when used in this Memorandum.

4.1 “Memorandum” means this Memorandum of Understanding.

4.2 “Central Valley Project” or “CVP” means the Central Valley Project, as defined in 3404(d) of Title XXXIV of Public Law 102-575.

4.3 “Central Valley Project Improvement Act” or “CVPIA” means Title XXXIV of Public Law 102-575.

4.4 “Cooperating Agency” means any Federal agency, other than a lead agency, that has jurisdiction by law or special expertise with respect to any environmental impact involved in a proposed project or project alternative. A State or local agency of similar qualifications or a Native American tribe may, by agreement with the Federal lead agency, also become a cooperating agency.

4.5 “Coordinated Operations Agreement” means the Agreement between the United States of America and the State of California for the Coordinated Operation of the Central Valley Project and the State Water Project, dated November 24, 1986.

4.6 “Delta” and “Sacramento-San Joaquin Delta” means the Sacramento-San Joaquin Delta as defined in Water Code §12220.

4.7 “California Department of Water Resources” or “DWR” means the California Department of Water Resources, a department of the California Natural Resources Agency.

4.8 “California Department of Fish and Wildlife” or “CDFW” means the California Department of Fish and Wildlife, a department of the California Natural Resources Agency.

4.9 “Designated Non-Federal Representative” means a non-Federal representative designated by a Federal agency to conduct informal consultation or prepare a biological assessment by giving written notice to the Director of U.S. Fish and Wildlife Service and/or the Director of National Marine Fisheries Service of such designation.

4.10 “Effective Date” means the date on which this Memorandum takes effect, described in Section 6.1.

4.11 “ESA” means the Federal Endangered Species Act of 1973, as amended (16 U.S.C. §§ 1531-1544) and all rules, regulations, and guidelines promulgated pursuant to that Act.

4.12 “Executive Sponsor” means a person of senior-level management in the execution of project management.

4.13 “Federally Listed Species” means the species that are listed as threatened or endangered species under the ESA. See 50 C.F.R. § 17.11.

4.14 “Fresh-Look Concept” means a revised approach to the functionality of operations; assessing potential impacts of the operation of the CVP and SWP, including appurtenant facilities; and assessing operations to account for new science, including but not limited to changing climate, hydrology, ecosystem changes, and other information.

4.15 “Joint Biological Opinion” means the joint biological opinion that is anticipated to be issued by USFWS and NMFS to complete the Section 7 ESA consultation.

4.16 “National Marine Fisheries Service” or “NMFS” means the National Marine Fisheries Service, an agency of the Department of Commerce.

4.17 “NEPA” means the National Environmental Policy Act (42 U.S.C. §§ 432-4347) and all rules, regulations and guidelines promulgated pursuant to that Act.

4.18 “Project Management Plan” or “PMP” means a document prepared for the purposes of defining how the project is executed, monitored, and controlled.

4.19 “Project Manager” or “PM” means a person delegated with oversight of the implementation of the PMP.

4.20 “State Water Project” or “SWP” means the State Water Project as authorized by Water Code sections 12930 et seq. and Water Code sections 11100 et seq. and operated by DWR.

4.21 “Bureau of Reclamation” or “Reclamation” means the Bureau of Reclamation, an agency of the Department of the Interior.

4.22 “U.S. Fish and Wildlife Service” or “USFWS” means the United States Fish and Wildlife Service, an agency of the Department of the Interior.

5.0 CONSULTATION ON THE COORDINATED LONG-TERM OPERATION OF THE CVP AND SWP (Project)[“PROJECT” SHOULD BE DEFINED MORE CLEARLY IF IT IS TO BE USED IN SECTION 5.1]

5.1 Project Goals and Objectives

The overall Project goal is to achieve a durable and sustainable BiOp(s) issued jointly by the USFWS and NMFS that accounts for the updated status of the species and species’ needs as developed through ongoing collaborative science processes, operation of CVP and SWP facilities, existing operations of the CVP and SWP, and operation of potentially new components of the CVP and SWP.

Specific objectives for this process include:

- Ensuring the Coordinated Long-term Operation of the CVP and SWP does not jeopardize the continued existence of any Federally-listed species and does not adversely modify their designated critical habitat
- Utilizing “Fresh Look” concepts that may consider existing and alternative ways of achieving biological objectives
- Preparing a fully integrated operational and biological analysis of all CVP and SWP Divisions, including Trinity and Friant Divisions, and Oroville Operations.
- Utilizing science-based adaptive management concepts
- Proposing an Action that is targeted towards a non-jeopardy BiOp
- Preparing a joint BiOp issued jointly by USFWS and NMFS, or two closely coordinated BiOps issued separately by USFWS and NMFS
- Conducting an open, transparent, and participatory stakeholder process that allow for feedback, dialog, and incorporation of ideas and information beyond agency only staff.
- Relying on peer reviewed products, whenever possible, and committing to peer review of environmental compliance documentation developed under this Memorandum, as appropriate
- Conducting timely reviews due to close agency coordination

5.2 Project Tasks

Ensuring that Project objectives are met will require participating State and Federal agencies to:

- Explore potential alternative approaches to operate the CVP and SWP for all Project purposes.

- Develop a Proposed Action that reflects current conditions, fully integrated operations of all CVP and SWP Divisions, incorporates new planned facilities, and includes a suite of actions to meet the requirements of ESA Sections 7(a)(1) and 7(a)(2);
- Prepare a biological assessment (BA) using peer-reviewed, and/or best available scientific and commercial data, in a timely manner;
- Prepare a single joint BiOp or closely coordinated BiOps using peer-reviewed and/or best available scientific and commercial data, in a timely manner;
- Provide analyses regarding potential effects of the Proposed Action to Federally-listed and certain proposed species and their designated or proposed critical habitats;
- Evaluate the Proposed Action and alternatives in compliance with NEPA through preparation of an environmental impact statement (EIS).

5.3 Schedule

The Parties to this Memorandum will work collaboratively to develop a schedule for completion of major tasks including development of the Proposed Action, BA, BiOp(s), Draft EIS, and Final EIS. The Parties shall make a concerted effort to meet anticipated milestone dates with the understanding that regular meetings will be established with Parties to this Memorandum, including stakeholders as identified. Further, the Parties to this Agreement agree that issues shall be swiftly resolved and that policy decisions shall be made quickly and efficiently. In the near-term, Parties to this Memorandum will develop a list of actions to potentially be analyzed in the alternatives development process, and draft an outline for the BA that will be reviewed by the agency directors.

As committed to by the Deputy Secretary of the Department of the Interior, this Memorandum is anticipated to be executed in the Fall of 2016. Additionally, the Deputy Secretary committed to the review of the draft outline of the BA by the agency directors by December 31, 2016.

The Parties will work to complete a Proposed Action for the BA and will work to solicit comments from each agency prior to submittal of a BA and a request for formal consultation. After receipt of a BA that is deemed sufficient to make a determination of effects by NMFS and USFWS, a draft BiOp will be provided to Reclamation and DWR for review and comment.

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5.4 Roles and Responsibilities

Given the scope and magnitude of the Project, it is anticipated that extensive coordination will be required throughout the entirety of the process. This coordination will require each agency's dedication of technical experts, administrative support, directors, and other staff as required. A detailed Project Management Plan (PMP) will be developed by Reclamation by January 2017 which will assist in better defining agency roles and responsibilities and forthcoming expectations in detail.

Generally, the following actions are expected of each Party to this Memorandum:

5.4.1 All Parties

- Identify a Project Manager (PM) from each agency and confer powers from each agency to empower effective decision-making;
- Identify an Executive Sponsor with inherent decision-making powers;
- Fulfill tasks defined in the PMP, further described below;
- Perform timely review of materials;
- Report on status and progress;
- Identify issues as early in the process as possible;
- Openly share information.

5.4.2 Bureau of Reclamation

- Reclamation shall assign a PM with responsibilities for managing the timely completion of tasks and review of materials as described in the PMP as well as coordinating the identification and resolution of potential issues.
- The PM shall be responsible for coordinating ESA, NEPA, and other necessary compliance required for the Project.
- Reclamation's PM shall coordinate updates to the PMP, as necessary throughout the process
- Reclamation shall identify an executive sponsor with authorities and responsibilities for addressing policy-level issues as appropriate, coordinating with the Parties to this Memorandum as needed to complete tasks described in this Memorandum, and to identify and resolve issues.
- Reclamation shall be the Federal lead agency as it relates to its ESA Section 7 responsibilities.
- Provide analyses regarding potential effects of the Proposed Action to Federally-listed and certain proposed species and their designated or proposed critical habitats.
- Explore potential alternative approaches to operate the CVP and SWP for all Project purposes.
- Evaluate the Proposed Action and alternatives in compliance with NEPA through preparation of an EIS.
- Develop a Proposed Action that reflects current conditions, reflects fully integrated operations, incorporates new planned facilities, and includes a suite of actions to meet the requirements of ESA Sections 7(a)(1) and 7(a)(2).
- Reclamation shall secure a contractor and appropriate funding to help facilitate internal and external stakeholder outreach, technical analysis, alternatives development, preparation of an EIS, preparation of a BA, and the preparation of an administrative record documenting decision-making.
- Reclamation shall assume appropriate legal responsibilities under the issued final BiOp(s) from USFWS and NMFS.
- Reclamation shall facilitate coordination with CVP contractors.

5.4.3 Department of Water Resources

- DWR shall assign a PM with responsibilities for coordinating and managing a team of technical, administrative, and other DWR and contracted staff, managing timely completion of tasks and review of materials as described in the PMP. The PM will closely coordinate with Reclamation's PM on the

identification and resolution of issues and will ensure policy-level issues are elevated in a timely manner.

- DWR shall identify an Executive Sponsor with authorities and responsibilities for addressing policy-level issues as appropriate, coordinating with the Parties to this Memorandum as needed to complete tasks described in this Memorandum and to identify and resolve issues.
- DWR shall be an Applicant, as defined by ESA.
- DWR shall work with the other parties to this Memorandum to aid in the development of alternatives and resulting ESA and NEPA documentation.
- DWR shall participate as a NEPA cooperating agency during Reclamation's development of an EIS.
- DWR shall explore potential alternative approaches to operate the CVP and SWP for all Project purposes.
- DWR shall provide requested technical support from appropriate staff.
- DWR shall facilitate coordination with SWP contractors.

5.4.4 National Marine Fisheries Service

- NMFS will assign a PM with responsibilities for...
- NMFS will identify an Executive Sponsor with authorities and responsibilities for...
- NMFS will provide input and direction to Reclamation related to the preparation of the BA.
- NMFS will, within 30 days of receipt of a draft BA, submit a notification letter to Reclamation indicating whether the document contains the information necessary to initiate Section 7 consultation.
- NMFS will prepare a draft and final BiOp, considering the potential for a joint BiOp prepared in conjunction with USFWS.
- NMFS, in coordination with USFWS, will issue a draft BiOp for Reclamation's review. NMFS' final BiOp and/or Administrative Record will include consideration and/or integration of comments received from the Reclamation review of the draft BiOp.
- NMFS will present a draft BiOp to stakeholders and discuss the BiOp and rationale for decisions.
- NMFS will peer review the BiOp prior to finalization.
- NMFS will participate as a NEPA cooperating agency during Reclamation's development of an EIS.
- NMFS will provide input to Reclamation during the development of the draft BA to assist Reclamation in its responsibility to provide the best the best scientific and commercial data available with respect to NMFS species as required by 50 C.F.R 402.14(d).

5.4.5 U.S. Fish and Wildlife Service

- USFWS shall assign a PM with responsibilities for ensuring the USFWS coordinates and collaborates in an effective manner and communicates status internally and to other agencies.

- USFWS shall identify an Executive Sponsor with authorities and responsibilities for addressing policy-level issues as appropriate, coordinating with the Parties to this Memorandum as needed to complete tasks described in this Memorandum and to identify and resolve issues.
- USFWS shall provide technical assistance to Reclamation related to the preparation of the BA.
- USFWS shall, within 30 days of receipt of a draft BA, submit a notification letter to Reclamation indicating whether the document contains the information necessary to initiate Section 7 consultation.
- USFWS shall prepare a draft and final BiOp, considering the potential of a joint BiOp prepared in conjunction with NMFS.
- USFWS, in coordination with NMFS, shall issue a draft BiOp for Reclamation's review. USFWS' final BiOp will include consideration and/or integration of comments received from the Reclamation review of the draft BiOp.
- USFWS shall participate as a NEPA cooperating agency during Reclamation's development of an EIS.
- USFWS shall identify the best available science with respect to USFWS species during the development of the Administrative Draft BA.

5.4.6 California Department of Fish and Wildlife

- CDFW shall assign a PM with responsibilities for...
- CDFW shall identify an Executive Sponsor with authorities and responsibilities for...
- CDFW shall provide input, specifically as it relates to species within its jurisdiction, related to the development of alternatives for NEPA and a Proposed Action for the BA.
- CDFW shall participate as a NEPA cooperating agency during Reclamation's development of an EIS.
- CDFW will work with DWR, USFWS, and NMFS to coordinate appropriate CESA compliance, if necessary.

6.0 MISCELLANEOUS PROVISIONS

6.1 Duration of this Memorandum

This Memorandum may be modified by mutual consent of authorized officials from Reclamation, DWR, USFWS, NMFS, and CDFW. This Memorandum shall become effective upon signature by the authorized officials and will remain in effect until modified or terminated by any one of the Parties by mutual consent, or by completion of the Project as described.

6.2 Specialized Stakeholder Engagement

6.2.1 Cooperating Agencies

Sections 40 C.F.R. 1501.6 and 40 C.F.R. 1508.5 of the Council on Environmental Quality Regulations address cooperating agencies, which are Federal agencies other than a lead agency which have jurisdiction by law or special expertise with respect to any environmental impact involved in a proposal or reasonable alternative. These regulations implement NEPA and

mandate that Federal agencies prepare NEPA analyses and documentation “in cooperation with State and local governments” and other agencies with jurisdiction by law or special expertise [42 U.S.C. §§ 4331(a) and 42 U.S.C. §§ 4332(2)].

In accordance with these regulations, Reclamation shall engage with other Federal agencies with special expertise or jurisdiction by law via a request to become a cooperating agency under NEPA. These Federal agencies may include, but are not limited to, agencies such as NMFS, USFWS, U.S. Army Corps of Engineers, U.S. Environmental Protection Agency, Western Area Power Administration, and other entities, as appropriate. Reclamation shall also solicit State and local governments to become cooperating agencies for the NEPA process, where their knowledge and expertise so dictate participation and input. These entities may include, but are not limited to, DWR, DFW, counties, cities, water districts, flood districts, and other such groups with appropriate knowledge about components of their respective geographic regions.

6.2.2 Designated Non-Federal Representatives

Reclamation and DWR both retain responsibility for operation of the CVP and SWP, respectively. Many water and power users qualify to participate in the ESA consultation process as a Designated Non-Federal Representative (DNFR), as defined by 50 C.F.R. 402.08. As a DNFR, qualified water and power users would be allowed to participate in development of the BA during the informal consultation process with NMFS and USFWS. Staff in water and power organizations have a technical understanding of the CVP and SWP, their operations, and corresponding ecosystem responses. Moreover, the contractual relationships between water and power users and DWR and Reclamation leads to the conclusion that it would be appropriate to designate qualified water and power users as DNFRs for development of the BA during the informal consultation process.

6.3 No Delegation of Authority

Nothing in this Memorandum shall cause, or shall be deemed to cause, any delegation of authority from any Party to this Memorandum to any other Party.

6.4 Applicable Laws

All activities undertaken pursuant to this Memorandum must be in compliance with applicable laws and regulations. All parties understand and acknowledge that regulations promulgated by USFWS and NMFS at 50 C.F.R. Part 402 govern consultations under Section 7 of the ESA and nothing in this Memorandum is to be construed contrary to the meaning and intent of those regulations.

6.5 Severability

In the event one or more provisions contained in this Memorandum is rendered illegal or impossible, or implementation is otherwise barred in any way by, executive or legislative branch action, or by policy decisions therein, the Parties will meet and confer to determine whether such portion will be deemed severed from this Agreement and the remaining parts of this Memorandum will remain in full force and effect as though such, illegal, impossible or barred portion had never been a part of this Memorandum.

6.6 No Legally Enforceable Rights Created

All parties acknowledge and understand that this Memorandum sets out the expectations of each party as to the conduct of the reinitiated consultation on the Project in accordance with the Endangered Species Act and the regulations governing such consultations contained in 50 C.F.R. Part 402. All parties also acknowledge and agree that this Memorandum does not, and shall not be construed to, create any rights or obligations for any party enforceable in a court of law by any party, by any party contracting with DWR or Reclamation, by any stakeholder affected by the Project, by any Designated Nonfederal Representative, or by any other third party, agency, person, or entity.

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