

# Southern California water agency moves to buy Delta islands

**Dale Kasler and Ryan Sabalow, Sacramento Bee, 3-8-16**

In a controversial move that could shake up California's water community, Southern California's most powerful water agency moved a giant step closer Tuesday to purchasing a cluster of islands in the Sacramento-San Joaquin Delta.

Following months of negotiations, the Metropolitan Water District of Southern California's board of directors authorized its general manager to enter into a contract to buy the islands from the owner, Delta Wetlands Properties, a company controlled by Swiss conglomerate Zurich Insurance Group.

Metropolitan delivers water wholesale to 19 million people through 26 agencies. The board's vote, with 54 percent of its member agencies approving under Metropolitan's weighted voting system, immediately set off alarm bells in the Delta and elsewhere in Northern California.

The Delta is the conduit through which the state and federal water projects deliver billions of gallons of water from Northern California to the vast farmlands of the San Joaquin Valley and millions of urban Southern Californians. The prospect of Metropolitan controlling a group of islands in the heart of the estuary has sparked accusations that the agency will somehow use the islands to engineer a "water grab" – an allegation Metropolitan has steadfastly denied.

Jeff Kightlinger, Metropolitan's general manager, said he plans to execute purchase documents "within the next couple of days." He wouldn't disclose the purchase price Tuesday, but said the deal is for somewhere between \$150 million and \$240 million. The price will become public once the documents are executed, he said.

The deal involves five islands: Bouldin Island, Bacon Island, Webb Tract, most of Holland Tract and a small portion of Chipps Island. The islands, covering 20,000 acres, are spread among San Joaquin and Contra Costa counties.

Zurich bought the properties more than 20 years ago with the idea of converting the islands, some of which lie below sea level, into for-profit reservoirs that could ship water to Southern California in dry years. The plan has never gained traction, facing considerable legal opposition, and the islands are currently used for farming.

Kightlinger said Metropolitan has no plans to use the islands as reservoirs. Instead, it's exploring using at least some of the land to help pave the way for California WaterFix, Gov. Jerry Brown's \$15.5 billion plan to build massive twin tunnels beneath the Delta and shore up reliability of water shipments to Southern California. Kightlinger said some of the islands could serve as a staging ground for equipment, excavated dirt and other materials. Two of the islands lie in the heart of the proposed tunnels route.

In addition, Kightlinger said Metropolitan is prepared to use the islands to restore wildlife habitat. Given that water-pumping through the Delta is frequently halted because of environmental concerns, Kightlinger said restoring habitat represents "enlightened self-interest" on Metropolitan's part, helping to keep the water flowing by making the Delta's ecosystem healthier. Owning the islands also would position Metropolitan to repair levees more quickly in case of a major earthquake that might interrupt the flow of water south.

Rather than a 'water grab,' he said, "This is about safeguarding the water we do have."

Kightlinger said Metropolitan believes it has the legal clearance to use the islands for the purposes he outlined.

Delta landowners, however, said they think they could erect legal roadblocks if Metropolitan tries to make wholesale changes to the islands. George Hartmann, a Stockton lawyer who represents farmers and others in the area, said Delta interests can't prevent Metropolitan from buying the islands but can ensure the agency abides by previously negotiated legal settlements that restrict what can be done with the land.

"We're not going to roll over and play dead," Hartmann said. "We're going to do our best to make sure the agreements are enforced."

Hartmann scoffed at the idea that Metropolitan wants to improve environmental habitat in the estuary, which has been degraded by decades of pumping.

"They have only one interest. And that is getting more water and securing more stable water, and it's all about the money," Hartmann said.

Barbara Barrigan-Parrilla of the advocacy group Restore the Delta, agreed, saying the big Southern California agency will find a way to steer more water south. Once Metropolitan has the islands, "they have the resources to change laws and policies to maximize their access to Delta water in their favor," she said.

Barrigan-Parrilla wasn't mollified that Metropolitan said it is steering away from Zurich's water-reservoir plan; her group is opposed to any project that would help facilitate the governor's Delta tunnels plan.

"We believe that having MWD as a neighbor is an existential threat to the future of the Delta and Delta communities," she said.

Michael George, a state official who helps oversee Delta water rights, doesn't see a peril from Metropolitan's ownership. George, the Delta "watermaster" at the State Water Resources Control Board, said Metropolitan has been "pretty wide open about what it's doing" and won't be able to make big changes or export more water south without getting regulatory approvals.

"My sense is that Metropolitan is a very responsible, pretty transparent public agency that owns lots of properties throughout the state and is a pretty good steward of those facilities," George said. "I certainly would anticipate, as I'm sure they do, that there will be a great deal of scrutiny of however they choose to use their (Delta) property."

A spokesman for Zurich had no immediate comment.

Metropolitan spokesman Bob Muir said the agency is still discussing whether to take on partners in the purchase, including a group of Kern County water agencies. The Metropolitan board is expected to take a final vote on the purchase in late April.