



Memorandum

Date: November 5, 1999
To: CALFED Policy Group
From: Steven R. Ritchie
Acting Executive Director 
Subject: October 5 Policy Group Meeting Summary

Policy Group participants: Resources Secretary Mary Nichols (Co-chair); Jerry Johns, State Water Resources Control Board; Luana Kiger, Natural Resources Conservation Service; Phil Metzger, U.S. Environmental Protection Agency; Brad Powell, U.S. Forest Service; Kirk Rodgers, U.S. Bureau of Reclamation; Mike Shulters, U.S. Geological Survey; Lester Snow, CALFED Bay-Delta Program; Mike Spear, U.S. Fish and Wildlife Service; Nancy Werdell, Western Area Power Administration.

Senior Policy Group staff participants: David Cottingham, Department of Interior (DOI); Alf Brandt, Federal Coordinator, DOI; Ron Rempel, Department of Fish and Game; Karen Schwinn, U.S. EPA, Region IX; Steve Stockton, U.S. Army Corps of Engineers; Patrick Wright, State Coordinator, Resources Agency.

BDAC member participants: Byron Buck, CUWA, designated Chair; Ann Notthoff, Natural Resources Defense Council; Stu Pyle, Kern County Water Agency; Bob Raab, Save the Bay; Brenda Jahns Southwick, California Farm Bureau Federation.

The following is a brief summary of issues discussed and actions taken by the CALFED Policy Group at its meeting on Tuesday, October 5, at the Sacramento Convention Center.

Mary Nichols, Secretary of Resources and Co-chair of the Policy Group, opened the meeting with the Chair's Report, a regular feature of the monthly Policy Group meetings. In her report she noted passage of the Costa-Machado water bond and its significance for CALFED. CALFED Executive Director Lester Snow followed with the Executive Director's Report, another regular feature of the monthly meetings. In his Executive Director's Report, Mr. Snow reviewed progress and activities in each of the CALFED program areas which have taken place since the August 12 Policy Group meeting.

CALFED Agencies

California The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board
Department of Food and Agriculture

Federal Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Geological Survey
Bureau of Land Management
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
U.S. Forest Service
Department of Commerce
National Marine Fisheries Service
Western Area Power Administration

National Marine Fisheries Service

Jim Lecky provided an update on the current status of chinook salmon listings. He noted that in FY 2000 NMFS will be shifting from listing to recovery planning. He noted also that NMFS will be relying on CALFED for recovery planning for Central valley chinook.

Action: Information only, no action taken.

2000 Water Operations Strategy

Steve Macaulay gave a presentation regarding collaborative work to date on developing state and federal water operations actions to stabilize water supplies in the year 2000. He was seeking concurrence from the Policy Group as to the direction the water operations groups are heading in developing a plan for state water operations in 2000.

DWR Chief of Planning Kathy Kelly provided a description of the impacts of pumping restrictions in early summer 1999, which were imposed due to the presence of Delta smelt in the vicinity of the pumps much later in the season than normal. While there was significant concern among water operators and exporters that these restrictions could lead to serious depletions in the storage in San Luis Reservoir, Ms. Kelly announced that it is anticipated that the State Water Project will have recovered its levels in San Luis Reservoir by January 2000. She cited three reasons for the anticipated recovery:

- (1) Exports were ramped to full capacity in late June
- (2) Some water deliveries were postponed until after August
- (3) The releases from Friant Dam for the cottonwood experiment reduced demand on San Luis Reservoir.

DWR Deputy Director Steve Macaulay followed with a discussion of the actions currently under consideration to reduce the likelihood of a similar problem developing in the year 2000. The key actions under consideration by the CALFED Ops Group are:

- (1) Increase export capability
- (2) Acquire water or lease storage space south of the Delta
- (3) Borrow water from south of the Delta users

The CALFED Ops Group is also considering at other actions as well, including changing the timing of diversions from spring to fall. This action would potentially have beneficial water quality improvements.

Members of the Policy Group discussed the strategy and raised questions. Patrick Wright asked to what extent the b(2) actions were integrated. Mr. Macaulay replied that they are not integrated at this point. BDAC member Steve Hall, speaking as a member of the public, asked whether contingency plans had been developed for different year types. Greg Gartrell, Contra Costa Water District and member of several CALFED water operations groups, replied that much of the development has focused on dry years. Mr. Gartrell went on to say that the No Name Group will collaborate with the Ops Group and the Water Management Development Team and will have a plan by the end of October.

Steve Macaulay pointed out that by developing this plan in advance, water operators are addressing

not only Delta smelt, but also better alignment of diversions in the April/May window. He noted that the overall issue of water quality has not yet been thoroughly dealt with.

BDAC members Stu Pyle asked if the proposed actions were Environmental Water Account actions. Mr. Macaulay replied that all of these actions generate water--ag, urban or environmental. He went on to say that the proposed actions represented a down payment on a larger set of assets, available in the next two years.

Mike Spear pointed out that acquiring 200-400 TAF was feasible, but that it would cost between \$20-40 million. BDAC member Byron Buck commented that this was a credible way of looking at the resource cost of a water action.

BDAC members Ann Notthoff reminded the Policy Group not to forget that longer-term water management actions like conservation and reclamation are essential and preferable for stabilizing water supplies over time.

Action: Information and concurrence. Policy Group registered concurrence with the emerging strategy. Co-chair Nichols requested a report back at the November Policy Group meeting for further review and discussion.

CALFED FY 2000 Priorities

Steve Ritchie introduced a discussion of proposed CALFED priorities for FY 2000. He was seeking concurrence from the Policy Group as to the direction the Program is taking in refining its priorities for the new fiscal year. The priorities identified were as follows:

- (1) Completion of EIS/R
- (2) Development of 2000 Ops plan contingencies
- (3) Continuation of early implementation on
 - (a) Ecosystem program
 - (b) Delta (South and North)
 - (c) Water Management actions
 - (d) Progress on all fronts

He added that the FY 2000 priorities include \$2.8 million for watershed programs.

David Cottingham noted that there has been a downward trend in annual federal appropriations. He noted that this trend highlights the need for CALFED to look for other sources of revenue, including state funding and user fees.

With regard to Ecosystem Program funding in FY 2000, both Jim Lecky and Gary Stern of NMFS expressed disappointment that the Ecosystem Program science panel did not support funding of fish screens in FY 2000. Gary Stern also commented that from the NMFS perspective, more fish screens are needed, and more research is needed on screening smaller screens on smaller streams and/or diversions.

Action: General Policy Group concurrence on FY 2000 priorities, final approval set for November 17 meeting.

Restoration Coordination

Wendy Halverson Martin presented the proposal for an amendment to the Tuolumne River setback levee project previously approved for funding. She noted that the Ecosystem Roundtable had recommended approval of this amendment, which calls for an additional \$707,000, but had at the same time suggested that the Turlock Irrigation District continue to look for additional sources of funding for the project.

Lester Snow added that CALFED was looking for Policy Group approval, out of 1999 contingency funds or FY 2000 funds, notwithstanding the outcome of the search for alternate funding sources.

Patrick Wright requested a presentation from staff on alternate funding sources to show how CALFED is doing cross-cut coordination across programs. David Cottingham agreed. Lester Snow assented.

Action: Policy Group approved proposed Level 3 amendment on the Tuolumne River setback levee and channel restoration project, with the stipulation that the Policy Group will continue to look for other sources of funding for the project.

Action: CALFED staff will be asked to do a presentation at the November 17 meeting on integrating funding sources for the Ecosystem Restoration Program.

Governance

CALFED staff and consultant briefed the Policy Group on developments in refining BDAC's role in CALFED interim governance and on the current straw proposal for long-term CALFED governance.

§ Interim Governance

From now through the signing of the Record of Decision, BDAC will:

- (1) Continue its prominent role in finalizing the CALFED proposal for long-term governance.
- (2) Continues its liaison function between its designated work groups and the Policy Group. These include the Ecosystem Roundtable, the Ecosystem Restoration, Watershed and Governance Work Groups, and the newly created Delta Drinking Water Council.
- (3) Review and discuss other key CALFED components, specifically the Water Management Strategy and proposals for financing the CALFED Program.
- (4) Provide a formal report to the Policy Group, stipulating to BDAC support of the preferred program alternative.

§ Long-term Governance

Kate Hansel followed with discussion of the CALFED straw proposal, which includes a preliminary recommendation for establishment of a commission for CALFED oversight. There was general support by Policy Group for a new oversight entity for CALFED, although no formal recommendation was sought. Ms. Hansel indicated that CALFED and CET have begun to work with state legislative staff, and that introduction of state legislation pertaining to long-term CALFED governance may begin as early as January 2000. Ms. Hansel also reported to the Policy Group that Vice-chair Sunne McPeak thought that the commission model was a good coordination tool.

David Cottingham commented that the state legislature was more likely to be able to act on legislation more quickly than the Congress. He went on to say that the commission concept had the potential to revolutionize the way the federal government works with the state and manages watersheds.

Mike Spear commented that the Policy Group needs lots of feedback on how likely the legislature is to act, and how the Policy Group may assist in maximizing the possibility that any necessary legislation will be passed.

WAPA and USGS expressed interest in participating in any long-term structure.

Brad Powell (USFS) commented that ongoing consultation with California tribes will be both necessary and challenging.

BDAC member Brenda Jahns Southwick raised the question of the role of local government in CALFED implementation. Ms. Hansel replied that at this point local government involvement is envisioned at the implementation level, not at the priority-setting level of governance.

On the issue of legislative hearings, Executive Director Snow commented that there will be legislative hearings on governance, either through the Assembly Water, Parks and Wildlife Committee, the Senate Ag and Water Committee, or Senator Johanneson's Select Committee on CALFED. Joint hearings are also a possibility.

BDAC member Ann Notthoff expressed support for joint hearings including the Natural Resource Committees.

Policy Group will be asked to make a recommendation on long-term governance at its meeting in December.

Outcome: Information and discussion only. No decision.

Next Policy Group meeting: Tuesday, November 17, 1999, 9:00 a.m. - 5:00 p.m., Capitol Plaza Holiday Inn, Sacramento.