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IN RE THE MEETING OF THE)
BAY-DELTA ADVISORY COUNCIL)
_____)

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

Beverly Garland Hotel
1780 Tribute Road
Sacramento, California 95814

Wednesday, December 6, 1995 at 9:04 a.m.

REPORTED BY: SUSAN PORTALE, CSR NO. 4095, RPR, CM

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1 COUNCIL MEMBERS:

2 MICHAEL MADIGAN, Chairman, California Water
3 Commission

4 LESTER SNOW, Executive Director

5 SUNNE McPEAK, Bay Area Economic Forum

6 ERIC HASSELTINE, Contra Costa Council

7 STEVE HALL, Association of California Water
8 Agencies

9 JACK FOLEY, Metropolitan Water District of
10 Southern California

11 ALEX HILDEBRAND, South Delta Water Agency

12 TOM MADDOCK, California Chamber of Commerce

13 BOB RAAB, Save San Francisco Bay Association

14 RICHARD IZMIRIAN, California Sportfishing
15 Protection Alliance

16 DON BRANSFORD, Glenn-Colusa Irrigation District

17 ROGER STRELOW, Beveridge & Diamond

18 ROSEMARY KAMEI, Santa Clara Valley Water
19 District

20 DAVID GUY, California Farm Bureau Federation

21 TOM GRAFF, Environmental Defense Fund

22 JUDITH REDMOND, Community Alliance with Family
23 Farmers

24 PIETRO PARRAVANO, Pacific Coast Federation of
25 Fishermen's Associations

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COUNCIL MEMBERS: (cont'd)

ROGER THOMAS, Golden Gate Fishermen's
Association

HARRISON (HAP) DUNNING, Bay Institute

ROBERTA BORGONOVO, League of Women Voters

LELAND LEHMAN, California Waterfowl Association

PAT McCARTY, Delta Protection Commission

TIB BELZA, Northern California Water Association

MARY SELKIRK, East Bay Municipal Utility

District

DAN FULTS

---oOo---

1 (All parties present, the following proceedings were
2 had at 9:04 a.m.):

3

4 CHAIRMAN MADIGAN: Well, good morning.

5 The hour of nine o'clock having arrived and
6 slipped by us ever so slightly it's time to get started.

7 This is the regularly scheduled meeting of the
8 Bay-Delta Advisory Council for Wednesday, December 6th,
9 1995.

10 It looks like most of us are all in our places
11 with bright and shiny faces. It's nice to see all of you
12 again.

13 Dan Fults is joining us this morning sitting in
14 for Roger Patterson from the Feds.

15 Roger, as I'm sure most of you know, has this
16 terrible job of having to go with the Vice-President to
17 South Africa and presumably will be back to join us in the
18 relatively near future, like the next meeting or so.

19 I understand that several of you attended the
20 fourth Bay-Delta Workshop, which was held Monday here.

21 Bob Raab, Stu Pyle, Alex Hildebrand, Roberta,
22 Mary Selkirk are names that I know were at the meeting.

23 And anybody else?

24 Lester, you're going to talk about the
25 alternative formulation process, and, I understand, that

1 Dick's going to give us some highlights of the workshop.
 2 Yes?
 3 EXECUTIVE DIRECTOR SNOW: Yes.
 4 CHAIRMAN MADIGAN: Okay. There is a video
 5 called The Delta Dilemma and the CalFed program has put
 6 that together. Today, apparently, is the public world
 7 premiere of this.
 8 One presumes there will be stars in attendance
 9 and all of that sort of -- and most of them are here so it
 10 really doesn't get any better than this then.
 11 And we will try to watch it during the lunch
 12 break.
 13 Lester said that it's only about seven minutes
 14 and we'll try to congregate over it in some corner or other
 15 and see how it goes.
 16 You have folders in front of you with materials
 17 for today's meeting.
 18 If you don't, there are some over at the table
 19 on the side.
 20 For the general public there are also copies of
 21 that material available at the registration table, which
 22 you passed on the way in.
 23 And as well you could pick up copies of the
 24 material mailed to members of the BDAC for the purposes of
 25 this meeting.

1 The next BDAC Meeting is scheduled for
 2 February 15th in the Los Angeles area at the Los Angeles
 3 Hilton.
 4 We are working on a schedule for 1996 and we'll
 5 get that out to BDAC members as soon as possible. But we
 6 will be in LA at the Airport Hilton.
 7 Those of you on the BDAC who have items of
 8 concern, it would also be useful if you would put those in
 9 writing.
 10 It's good that you are going to the workshops
 11 and your participation is obviously valid. To the extent
 12 that you can document those concerns in written form,
 13 that's even more helpful.
 14 You all need to know that this meeting today,
 15 we do not expect to take actions on items. That's because
 16 of the way the Agenda is structured.
 17 It's also because the notice of this meeting
 18 got out because of the Federal furlough, which you all
 19 recall with greater or lesser degrees of fondness, allowed
 20 us only to get this meeting notice out 13 days in advance
 21 as opposed to the required 15 days. So that we don't
 22 expect to take action on items today and those of you in
 23 the audience need to be aware of that as well.
 24 Finally under housekeeping items, although she
 25 was at the gathering last night it's my pleasure to

1 Also, at the registration table is a form for
 2 public input, and we will take comments today, as we always
 3 do, both at the end of any individual Agenda item and at
 4 the end of meeting for general comments.
 5 Mr. Petry, I will be absolutely certain that we
 6 call you, and I have been advised by Sharon Gross that I
 7 should call you first when we get to the comment period so
 8 we will do just that.
 9 Lunch will be held here in this room for
 10 members of the BDAC.
 11 There is a restaurant right around the corner
 12 for those of you who are not members who want to have some
 13 sort of sustenance in the middle of the day.
 14 I have a note here to remind you all that as
 15 far as the protocol of the meeting is concerned that BDAC
 16 members will take each individual item here and we'll
 17 discuss them and at the end of that discussion item then we
 18 will open it up for public comment that's relevant to the
 19 issue that we just discussed.
 20 Again, those of you who want to make comments,
 21 either members of the public or representing groups, if you
 22 want to put those comments in writing, that's very helpful,
 23 and we would be most appreciative of that.
 24 Try to sign up if you're going to make public
 25 comment by the end of the lunch break so that we know.

1 introduce and re-introduce Betsy Reike, who was the former
 2 Assistant Secretary for Water And Science for the Interior
 3 Department who was, as most of you understand, fundamental
 4 to the creation of the CalFed process and it's nice to have
 5 her with us again today. Nice to see you.
 6 Mr. Snow, you're on, for review of the CalFed
 7 Bay-Delta Program process.
 8 EXECUTIVE DIRECTOR SNOW: Thank you, Mike.
 9 We've got three items under this category, and
 10 I will first give an overview of the basic process, kind of
 11 the standard stuff, as I have committed to doing at each
 12 BDAC Meeting to just make sure we know where we are in the
 13 process and where we are headed.
 14 Then we also have on there a review of the
 15 Phase 2 process that is lurking right around the corner,
 16 and Rick Breitenbach will take us through how we move into
 17 the EIR/EIS process.
 18 And the final item under this Agenda item is a
 19 discussion of final strategy, which is becoming more and
 20 more important.
 21 And Zach McReynolds will do kind of two
 22 different things.
 23 One will be kind of give an update on what some
 24 of our thoughts are on financial strategy but also provide
 25 an update on SB 900 hearing process, and, in fact, there

1 was an interesting meeting in Palm Springs last week that
2 some of you participated in.

3 I think it will be good to hear what's going on
4 in those discussions as SB 900 has the potential of
5 providing funding to Delta kinds of activities.

6 Let me start with some observations. I made
7 some the last time about the process and indicated some of
8 the concerns that we were running into, a fair level of
9 optimism, but people are concerned that it would not be an
10 open process and we already knew we wanted to build a
11 Peripheral Canal, concerns that Mountain County interest
12 would not be addressed and concerns about financing, and I
13 shared some of those thoughts with you.

14 This time I think I would share maybe some
15 different things that are starting to come up in the
16 process.

17 One continues to be financing. People are
18 still concerned can we pay for what needs to be done,
19 particularly in the current fiscal climate in this state
20 and in this country. The other is a little different and I
21 think we'll see some of the discussion of the other issue
22 here today and, that is, impatience.

23 People understand the need for process and to
24 move through it and to make sure we are doing this right,
25 but an awful lot of people are saying, come on, let's get

1 is the Water Quality Standards, implementing the December
2 accord, the coordinated operations group to coordinate the
3 two projects in order to implement the standards and comply
4 with ESA, and finally our program, the CalFed Bay-Delta
5 Program.

6 As we've talked about before, our objective is
7 to come up with a lasting solution to the problems in the
8 system. That must be comprehensive in nature and to be
9 comprehensive it must be collaborative.

10 Hence, our reliance on a lot of Public
11 Workshops, in trying to get information out and perhaps
12 from the perspective of some spending too much time making
13 sure we are networking out to let them know what's going
14 on.

15 Our basic structure is that the whole program
16 is responsive to the Secretary Of Interior and the Governor
17 of the State of California.

18 Each of those ten agencies has a head person
19 who really is a Board of Directors of CalFed.

20 We have the CalFed Bay-Delta Program, the staff
21 and consultants and interagency teams.

22 The Bay Delta Advisory Council is to provide
23 input directly into the program as well as advise CalFed on
24 the thoroughness of the reports that we send them, and we
25 have a number of different methods to try to make sure we

1 to the alternatives and really start talking about what
2 works and what doesn't work, and there is a fairly high
3 level of that growing and some of you, as the day goes on,
4 may want to share some thoughts on that point.

5 But, actually, I think we are approaching a
6 point in our process where we transition from making sure
7 we've got proper foundation laid in this program to
8 generating alternatives and evaluating alternatives and so
9 I think within the next sixty days we will forget that
10 people were impatient and we will be in the midst of really
11 looking at alternatives and how we screen them, how we end
12 up with a short list.

13 So with that is a brief overview I'm going to
14 use some overheads to kind of walk through the CalFed
15 Program and the timeline and where we are at this point in
16 the process.

17 Let me kind of reiterate some very basic
18 things. You've seen this before. I think this is
19 important when we have a public gathering, that we remind
20 everybody of some of the basics of what's going on.

21 CalFed is comprised of these ten agencies, five
22 Federal entities and five State entities that have come
23 together to work on this program.

24 While we talk about the long-term fix CalFed
25 has really three basics functions or organizations and that

1 are engaging the public in this process.

2 Again, three basic elements in the technical
3 program, a three phased approach, trying to develop a
4 financial strategy ahead of time and continuing public
5 outreach to make sure we are including the people and
6 perhaps to state that a different way, identifying the
7 problem, looking for the land mines that can blow up a
8 process like that, to continually search to see who is on
9 board, who isn't on board, what kinds of issues are out
10 there.

11 The three phases, Phase 1, which is the basic
12 planning and pre-EUS/EIR phase is scheduled to be concluded
13 in May of '96.

14 Then we move into Program Level -- or Phase 2
15 of the program, Program Level, EIR/EIS, which right now
16 runs through June of '98 and then some individual projects
17 in the preferred alternative. We'll need additional
18 detailed EIR/EIS.

19 Let me hit Phase 2 just a little bit here so
20 you get a sense of when products start coming out.

21 As I indicated, we would initiate EIR/EIS
22 roughly in June of '96.

23 We'd look to have a progress report of what's
24 going on in the program by December of '96. Our schedule
25 calls for Draft EIR/EIS in mid-'97, a final in January of

1 '98, and a certified in June of '98.
 2 And Rick Breitenbach will talk a little bit
 3 more about the process involved here, but I think you start
 4 getting a sense that here we are in December and things
 5 start moving very quickly and we very quickly over the
 6 next, particularly six months, really start getting into
 7 the issues of alternatives and what works and what doesn't
 8 and moving down from a large list to a small list.
 9 To illustrate that a little bit, this is the
 10 Phase 1 schedule, and we've gone through a lot of this
 11 process in terms of problem definition, mission objectives,
 12 started to look at the actions and how actions start
 13 forming together.
 14 So we are really in this time phase here
 15 (indicating) where we move from the process of how actions
 16 come together to form alternatives to intense alternative
 17 formation process and improving so we are out to the public
 18 with some type of progress report. We are into the formal
 19 scoping process and then into alternative refinement and
 20 generating a short list by mid-May of '96.
 21 You can see here that we have scheduled our
 22 next major Public Workshop for late February where the
 23 people who have been participating in the Workshop process
 24 will be able to kind of get together and see what
 25 alternatives have come together, how we are evaluating them

1 We have completed the first three steps of the
 2 process, although we constantly re-evaluate objectives and
 3 the actions, but thus far we have moved through those steps
 4 and are moving on to steps four and five.
 5 And some of the products of that first effort,
 6 of course, is our Mission Statement and when we use the
 7 term Mission Statement we really refer to this whole
 8 structure of the Mission Statement, solution principles and
 9 the primary objectives (indicating).
 10 One of the things that's becoming increasingly
 11 clear that's important is those solution principles that we
 12 talked about the last time and we've added a little bit of
 13 narrative to start adding clarity to what those mean and
 14 that has been included in your packet but as start looking
 15 at alternatives you realize that these become some sort of
 16 screening process in terms of evaluating is it affordable
 17 and equitable, can you implement it, will it last and are
 18 you reducing conflicts or are you choosing one side of a
 19 conflict over another and what are you doing in terms of
 20 redirecting the impacts.
 21 And I think as we moved forward these will
 22 become more and more important.
 23 We also out of this first three steps have
 24 generated, you know, detailed lists of problems in the
 25 system and you saw that early on, and we haven't made a big

1 and significantly participate in commenting on the approach
 2 that we are taking at that point.
 3 Then we also have two scoping Workshops, in a
 4 formal scoping process, so people can comment on our
 5 approach, on our Problem Statement as we move then into
 6 EIR/EIS.
 7 Again, that's kind of a familiar chart. We
 8 have laid out a six step process moving from problem
 9 definition, goals and objectives, identifying actions,
 10 solution strategies, moving to forming alternatives and
 11 we'll talk later in the Agenda today about these two steps
 12 because that's where we are now and then moving on into
 13 evaluating and refining alternatives and then on to a short
 14 list.
 15 The image that we continue to present is it's
 16 possible to take the major resource areas and craft
 17 solutions that can address all of those resource areas that
 18 you don't have to improve water supply by laying waste to
 19 habitat and you don't have to improve habitat by doing away
 20 with water supply reliability, that there are solutions
 21 that can be pieced together.
 22 The other way that we have portrayed this is
 23 trying to find actions that kind of deal with this overlap
 24 area where you can implement actions and packages of
 25 actions that address more than one resource area.

1 deal out of it, but I want to just remind you that those
 2 detailed lists of problems are still there and will be
 3 important.
 4 Those have helped us then generate the detailed
 5 list of objectives. These are the primary objectives
 6 (indicating) and then right below that are fourteen types
 7 of secondary objectives and then you kind of move on down
 8 and there is quite a pyramid of objectives we've developed
 9 for the program.
 10 Again, kind of the way the process is working
 11 is identifying the problem, setting up objectives,
 12 evaluating what has caused the problem, setting up a list
 13 of actions.
 14 We basically have these boxes filled in at this
 15 point and so we are at the stage of the process of starting
 16 to pull that information together and form alternatives and
 17 once you start forming alternatives you evaluate impacts,
 18 you evaluate performance measures and start refining your
 19 modification of your alternatives.
 20 To kind of conclude here, again, I know you all
 21 understand this, but it's important that this image, we are
 22 not going to leave anything behind, and I think that's, you
 23 know, another one of the concerns is that as we move
 24 forward at some point we are going to decide that this
 25 really isn't as important as we first thought (indicating)

1 and so to save money we are going to drop the levee issue
2 out of this.

3 And I can't stress enough that if we ever get
4 in that position, then we'll probably lose the whole
5 program, whatever the resource area is that we pick that we
6 are not going to address.

7 And what we are trying to do in the alternative
8 formation process is kind of, you know, refine this puzzle
9 so we are putting together packages of actions that address
10 the whole area and so you see the relationships between the
11 actions and the different resource areas and we saw some of
12 that come up in Workshop number four where people started
13 making recommendations of actions that address more than
14 one resource area.

15 And we'll talk a little later about Workshop
16 four and what happened there. What I'd like to do now is
17 actually jump ahead a little bit and recognizing we've got
18 a lot of work to do to get to that short list but we are
19 moving to a short list for a very specific reason and that
20 is to take the short list into Phase 2 or the Program Level
21 EIR/EIS and so I think it's important that you understand
22 what's in front of us, what that process looks like and how
23 we get there.

24 So Rick Breitenbach is going to talk to us a
25 little bit about that process.

1 As we looked through the schedule we found that
2 if we wanted to complete the document by June of '98 we
3 were going to have to start a little bit earlier and, in
4 fact, we are going to be starting in about two weeks.

5 That means that those of us that are already
6 spending a good deal of time on alternatives and sleeping
7 at night will spend a good deal of time on alternatives and
8 this document and do very little sleeping at night.

9 As you can see, the third phase still begins in
10 June of '98 with the implementation of the project.

11 All right. What are some of the elements that
12 we'll be preparing in Phase 1 and Phase 2?

13 Maybe a little bit before that, as I've said,
14 we are going to start within the next two weeks. We have
15 scopes of work that we are negotiating with contractors
16 right now to get the elements you see in Phase 1 underway.

17 We have developed a plan of action for the
18 whole effort. It will be out some time this month or early
19 next month.

20 Let's begin, we'll just sort of step through
21 these.

22 The purpose and need statement is the basics
23 for the whole EIS.

24 What is it we're trying to do and why are we
25 trying to do it?

1 RICK BREITENBACH: Not only is Lester a
2 tough act to follow but when he uses all of my slides, it's
3 going to be really hard to follow.

4 I'm going to take a few minutes this morning to
5 talk about the first environmental document that we are
6 going to be preparing.

7 I'll begin by looking at some refinements we've
8 made to the overall phased approach that we have, then go
9 in and talk a little bit about some of the elements, the
10 key elements of the environmental document that we'll
11 prepare in different phases and then wrap it up by looking
12 at a generalized schedule.

13 This was a slide that you saw quite a while
14 ago.

15 When we first began, we put this together.

16 Our thoughts were that in Phase 1 we would
17 spend a good deal of time developing the alternatives.

18 In Phase 2 we'd be looking at the tier one
19 EIR/EIS, and in Phase 3 we would get into the actual
20 implementation of the other various projects.

21 Well, lo and behold as planning goes, you make
22 adjustments.

23 One of the adjustments we've had to make is
24 starting our Phase 2 efforts or the tier one efforts a
25 little bit earlier than we had anticipated.

1 The NIO, NOP are Notice Of Intent, Notice Of
2 Preparation, is what kicks the whole thing off.

3 We invite people in to be involved in the
4 effort with us.

5 The no action alternative is basically what's
6 going to happen in the future without the project and we
7 use that to compare all of the alternatives to.

8 The affected environment is just that, the
9 existing conditions, what's out there right now and how is
10 that going to be impacted by what we intend to do.

11 Related environmental requirements, there is a
12 whole lot of things besides NEPA and CEQA we're going to
13 have to comply with; the Endangered Species Act, the
14 National Historic Preservation Act, just to name a couple.
15 And there is one called Analytical Tools, how do we end up
16 evaluating the consequences, what models are we going to
17 use?

18 We are going to spend a good deal of time
19 trying to ascertain what we're going to use to do that
20 evaluation work.

21 Associated with each of these will be Workshops
22 that we hope you'll all attend or be a part of to give us
23 some feedback on what we are intending to do with respect
24 to each of these stages.

25 In Phase 2, this is where we'll bring together

1 all of the information we put together in Phase 1 and do
 2 the impact analysis.
 3 We'll prepare that draft in the final EIR/EIS
 4 and then we'll get down to the record of decision and the
 5 findings.
 6 This is where we'll decide what it is we are
 7 actually going to do and commit to doing that and then
 8 there will be some mitigation plans and environmental
 9 commitments that we'll put together to make sure we offset
 10 any impacts that we wind up bringing forth by putting the
 11 program in place.
 12 And the last is the schedule, and Lester just
 13 showed you this, but what I'd like to do is encourage you
 14 to participate in a couple places and the first time is
 15 here at scoping.
 16 When we go out to the public, and we'll do it
 17 in a series of meetings up and down the Valley asking them
 18 for their input, what is it that you believe that we should
 19 be looking at in the document?
 20 We'd like to see you there. We'd like to see
 21 the constituents that you represent there so they can all
 22 help us build this document.
 23 Obviously, you want to be looking at the draft
 24 in the final EIR/EIS 's but the first place we come in is
 25 here.

1 that process.
 2 MS. MCPEAK: Actually, I think maybe
 3 Lester -- no, Lester is going to elaborate on that.
 4 Today and the next meeting becomes really
 5 critical in this process.
 6 Lester.
 7 EXECUTIVE DIRECTOR SNOW: I think today
 8 gives you some baseline, but having talked to you before,
 9 Alex, that the level of alternatives that we really start
 10 getting into what fits together, what works, what doesn't,
 11 would be at our next BDAC meeting where we would hope to be
 12 able to show you 20, 25, 30 alternatives and the screening
 13 and starting to see the values that can start producing the
 14 shorter list.
 15 MR. HILDEBRAND: So at that point you will
 16 have defined the alternatives you are looking at
 17 sufficiently that we can make a realistic comment on them?
 18 EXECUTIVE DIRECTOR SNOW: Yeah --
 19 MR. HILDEBRAND: Because at the Workshops
 20 we've talked in such generalities that meant different
 21 things to different people and we really couldn't make
 22 meaningful comment on such complex issues.
 23 EXECUTIVE DIRECTOR SNOW: I think when we
 24 have the packages put together, it will be easier to
 25 comment on them, but I'm not sure that we are going to have

1 And with that, I'll ask if there is any
 2 questions?
 3 Sunne?
 4 MS. MCPEAK: Any questions?
 5 MR. PYLE: What are the dates of the
 6 scoping meetings?
 7 RICK BREITENBACH: Right now they are
 8 going to begin about April Fool's Day.
 9 MS. MCPEAK: Ray.
 10 MR. REMY: I assume in the impact analysis
 11 section there that's where you will dovetail the
 12 environmental issues with the economic consequences?
 13 RICK BREITENBACH: Certainly.
 14 MR. REMY: So you'll be able to see the
 15 economic impact along with the environmental goal?
 16 RICK BREITENBACH: Yes.
 17 MS. MCPEAK: Alex.
 18 MR. HILDEBRAND: When you start impact
 19 analyses you have to have defined what it is that's going
 20 to cause the impacts.
 21 In other words, you are going to have to have
 22 some alternatives.
 23 When does this group get to look at the
 24 alternatives that you are going to begin to assess?
 25 RICK BREITENBACH: I think today begins

1 all of the detail that you are implying.
 2 We will not have in Phase 1 the kind of detail
 3 that will indicate exactly the location of every restored
 4 acre of shaded riverine habitat.
 5 MR. HILDEBRAND: Will you, for example,
 6 have indicated when you talk about increasing the shallow
 7 water habitat, what you mean by shallow water.
 8 Are you talking about shallow water in flowing
 9 channels? Are you talking about flowing water in back
 10 waters? How do you keep the hyacinths out of the back
 11 waters, which we are losing now, the ones already, and
 12 things of that sort?
 13 EXECUTIVE DIRECTOR SNOW: We will have
 14 some of that. We will not have all of that, no.
 15 We will not have a detailed management plan for
 16 keeping hyacinths out of all of the backwater channels.
 17 That will not exist.
 18 That could be a category of action of
 19 controlling invasion of non-indigenous species and then
 20 that's in the mix to pursue those type of strategies but,
 21 no, we will not have that kind of detail in Phase 1.
 22 MR. HILDEBRAND: Another question is when
 23 do we share with you the definition that you're going to
 24 have of a no action alternative?
 25 We probably have some spectrum of anticipation

1 of what would happen if we do nothing, and it would seem to
2 me that this group ought to have a chance to have a look at
3 that.

4 RICK BREITENBACH: I would agree.

5 In fact, we intend to hold a Workshop, I think
6 with a no action -- real close to the time we are holding
7 the scoping Workshops and at that time we'll offer up the
8 criteria we are proposing to use, here are the projects
9 that we have identified so far that either fit the criteria
10 or perhaps don't fit the criteria and work with you to
11 either elaborate upon the criteria, add new projects, take
12 others away.

13 MS. McPEAK: So is that supposed to be
14 April, as you've answered to Stu, or in the January time
15 frame?

16 RICK BREITENBACH: No. That will be in
17 the April time frame.

18 MR. HILDEBRAND: To me that's pretty far
19 down the road.

20 MS. McPEAK: Also, Lester, to follow up on
21 the question or the discussion about when and timing, as
22 you laid out the time frame, the next BDAC Meeting is
23 February, and actually on the schedule that's up there
24 there is a -- the scheduled alternatives report to be
25 issued in March but not another BDAC Meeting scheduled

1 things around at the February BDAC Meeting to make sure
2 you've got a lot of information and a lot of comments that
3 can be wrapped into the report. So there is no strategic
4 reason not to have a meeting.

5 MS. McPEAK: Okay.

6 Mr. Chairman, I'll turn it back to you.

7 I think we probably will anticipate that
8 possibility.

9 CHAIRMAN MADIGAN: I agree.

10 I think that given the significance of all of
11 these debates and given the fact that the public's business
12 absolutely has to be done in public and this is as good a
13 public place to do it as any that we ought to schedule a
14 meeting in March, to follow up on the presentation you will
15 get in February and the information you will get in
16 February, but given the pace of things that we are not
17 likely to get that information much in advance of the
18 meeting in February and people are going to need a chance
19 to read, cogitate and review and March would be a good time
20 for us to come back and have that further discussion.

21 Okay. I'm sorry, Roberta.

22 MS. BORGONOVO: I'm just wondering the
23 logic of when the BDAC meetings are scheduled.

24 We seem to be following the Public Workshops
25 but what I heard Alex saying to some other people is that

1 until April.

2 And Mike and I have, you know, noticed that.

3 We think that there is probably a need to get
4 scheduled the BDAC Meeting in March for the very reasons
5 that you are answering to Alex.

6 We'll have in February alternatives but it
7 won't be all of the detail. You don't anticipate all of
8 the detail coming out in Phase 1, anyway.

9 However, in order to have enough discussion and
10 time for exchange of ideas and input to your scheduled
11 March report from the CalFed Program it would seem that we
12 should at least anticipate the possibility of the need for
13 a meeting in March and get that on the calendar.

14 MR. HILDEBRAND: I fully agree.

15 I think that the Workshops are necessary but
16 they are not a substitute for deliberation by this group.

17 MS. McPEAK: Could we maybe try to look at
18 that date at the end of the meeting.

19 Is there some reason or some logic or that is
20 escaping us, Lester, on the timing or is that just an
21 oversight?

22 EXECUTIVE DIRECTOR SNOW: I can't think
23 of, you know, a strategic reason to why we've done it that
24 way other than to try to lay out a process where we've got
25 all of the public inputs coming together and we structured

1 it would be interesting in March to take a look at the no
2 action alternative.

3 Is that not the way we are operating?

4 Do you have the Public Workshop first and then
5 the BDAC Meeting following that?

6 MS. McPEAK: Roberta, let me clarify.

7 I wasn't proposing that we deal with the no
8 action alternative discussion in March.

9 It's that I'm anticipating the need for a
10 continuing discussion around this table after the February
11 introduction of alternatives.

12 I was trying to respond to, I think, Stu and
13 Alex asking about the Notice Of Intent and preparation
14 process and the alternative definition getting
15 clarification that that was supposed to be April because
16 you are holding some Workshops beginning in January to
17 begin the process that will lead to scoping.

18 Or did I miss that?

19 What's happening in January on that chart that
20 you were noticing?

21 EXECUTIVE DIRECTOR SNOW: The only public
22 meeting in January would be one of our evening public
23 outreach meetings in Fresno and the next Workshop that
24 would be dealing with alternatives occurs after the next
25 BDAC Meeting.

1 MS. McPEAK: So what I was proposing
2 wouldn't change the sequencing that has been used on the
3 practical alternative discussion?

4 MR. HILDEBRAND: As I understand it, we've
5 got a lot of consultants in the back room somewhere coming
6 up with ideas and alternatives and so forth and it seems to
7 me that this group ought to have a more current
8 understanding of what's going on in that process.

9 CHAIRMAN MADIGAN: Right. I understand.
10 And I think March is the appropriate time to
11 try to do that because my understanding, Lester, is that we
12 are not going to have the information much in advance of
13 the February meeting.

14 EXECUTIVE DIRECTOR SNOW: That's probably
15 so.

16 CHAIRMAN MADIGAN: Right.
17 Okay. Anybody else?
18 Anybody from the audience?
19 Okay. What's next?

20 EXECUTIVE DIRECTOR SNOW: The next item is
21 just in terms of the overview update would be on the
22 financial strategy, which Zach McReynolds will cover, and
23 he will hit at a number of different items, including kind
24 of closing with the discussion of SB 900 and what's been
25 going on in that arena.

1 And the focus groups will be a slightly
2 different and probably expanded from the last group of
3 focus groups and those focus groups will have a chance to
4 look at this new work product and make comments on it
5 towards meeting their eventual deadline on having their
6 products out in final form, I believe, at the end of the
7 first quarter, first calendar quarter next year, March,
8 April range. So that process is moving along and is doing
9 some very good work.

10 At the same time the stakeholders group has
11 organized a number of subcommittees, one of which is
12 specifically aimed towards financial strategy. They
13 actually have three of them that I'm aware of.

14 One is this finance group that I just
15 mentioned.

16 The second one is called the Ecosystem
17 Restoration Alternatives Team, and one of the things they
18 are supposed to do in addition to developing an
19 alternatives list is to analyze the benefits and impacts of
20 those alternatives.

21 The third group is the Institutional Guarantees
22 Team, it's called -- I'm reading off of a thing that was
23 provided to me that is related to that process -- the third
24 group is the Institutional Guarantees Team.

25 They are supposed to identify areas of required

1 CHAIRMAN MADIGAN: Zach.
2 ZACH McREYNOLDS: Good morning.
3 Good morning.

4 Thank you, Lester, for the chance to bring this
5 financial information upfront on the Agenda.

6 The first thing that I'd like to do would be to
7 give you an update on some of the parallel efforts that
8 have been going on since you last met.

9 We talked about the business round-table
10 process, which is preparing two separate papers on relevant
11 topics.

12 The status of that process is that they have
13 been working on a heavily revised draft of their paper that
14 many of you or all of you saw several months ago.

15 This -- I haven't seen the complete document.
16 This is a very good revision.

17 It's not a small revision. It's a major
18 revision. A lot of new substance has been added and I'm
19 very encouraged about this particular effort. I think this
20 is going to add a lot to the CalFed process. There is a
21 lot of good thinking, a lot of good ideas in that paper.

22 The process, as I understand it, is that that
23 paper will be given out to a set of focus groups over the
24 next few months, I think.

25 I don't have the exact dates.

1 institutional measures, develop points of agreement and
2 develop some recommendations and alternatives.

3 These are three separate groups within the
4 stakeholder process. They are intimately involved with one
5 another. You really can't consider the institutional
6 questions without considering what kind of financing you're
7 talking about, and you can't consider what kind of
8 financing you're talking about without considering what the
9 institutional considerations are and what the benefits and
10 impacts are.

11 So it's my hope that these three groups will
12 keep in very close contact with each other.

13 The finance group in particular has
14 asked -- one of the questions they asked was how they could
15 be most effective in terms of the input to the CalFed
16 process as well as their separate activities.

17 My suggestion was that -- my feeling about what
18 they could do very productively would be to identify what
19 the sort of thorny issues in the financial structure are
20 going to be down the road and do their homework very early
21 so that by the time those issues actually come up in our
22 process the stakeholders as a group will be a very
23 educated, informed group of commenters on that, and they'll
24 have known the issues, thought about them for a long period
25 of time and be able to make intelligent and prepared

1 comments.

2 I think it's probably equally important that

3 this group has that information at the same time. I think

4 that's part of the discussion that we are going to be

5 having later on in this presentation, is those same kinds

6 of issues. So everybody can see those financial issues way

7 down the road and not them spring up and surprise you when

8 they become really will critical.

9 So that's sort of an update on what the

10 stakeholders process is up do to. That will give you a

11 brief idea of kind of what the CalFed thinking has been

12 since your last meeting.

13 By way of establishing some continuity, you may

14 recall at the last meeting I talked about a couple things

15 that it might be important for the BDAC members to focus

16 on, one of which was to review the financial principles

17 that were in the paper that I passed out at the last

18 meeting.

19 Those financial principles, one of them in

20 particular is going to -- actually has come up in a number

21 of different groups and is going to be part of, I think, of

22 the discussion we had about SB 900 in just a minute.

23 So those financial principles, I think you'll

24 have an opportunity to discuss today and sort of talk about

25 some of the implications and pros and cons of various

1 talking about.

2 The way that the financial principles were laid

3 out at your prior meeting and in the paper were sort of

4 what I have been calling a bottom up approach, which is

5 where you start with an action or you have a single action.

6 You identify who is going to benefit from that and you

7 split that up.

8 I've adopted the terms that the business

9 round-table used in their paper because I think it's good

10 to be consistent and I think theirs are probably more

11 widely used in economic circles, in terms of the public

12 benefit, common benefits and private benefits and then once

13 you've identified the benefits you can charge people money

14 based on those benefits.

15 And so these green arrows you see draining the

16 buckets up there are the money flowing through of various

17 types.

18 And you'll see these three boxes at the bottom

19 of this handout identify some of the types of revenue

20 sources that you might use to address those particular

21 benefit groups.

22 These three things in these boxes are sort of a

23 mini-matrix of the thing that I just described.

24 It's starting to hook up some of the revenue

25 sources with some of the benefit groups and that provides

1 approaches.

2 I also showed a blank benefit tracking matrix,

3 which you can't read this. You couldn't read it last time

4 either, but you do have in your handout package a very

5 short -- you'll find that it does look very much like this.

6 It's very short. It's the last page. It has little X's on

7 it.

8 As going through this process, and I think it's

9 important to point out that several people have been doing

10 this simultaneously, that part of what the business

11 round-table group has done is do some of this type of work

12 which I have found is useful input.

13 Going through this process I have discovered

14 that there are a number of issues that come up which

15 probably take on a greater importance than the actual

16 filling out of this matrix.

17 So I'm probably going to tend to de-emphasize

18 this matrix a little bit today. We'll probably bring it up

19 later.

20 But it has occurred to people that there are

21 some prior questions that need to be addressed before you

22 get to this matrix and possibly if you'll resolve those

23 questions, then filling out this matrix becomes a much

24 easier and much less controversial task.

25 I'll move on to tell you sort of what I'm

1 funding for these actions.

2 I think it came up at the SB 900 discussions

3 last week and we can discuss them in a minute the

4 alternative to this approach but this was the financial

5 principle that was laid out before.

6 The areas that have come up in this process

7 which are sort of the prior issues in terms of this

8 approach, first of all, the methodology for allocating

9 these benefits and deciding who is going to benefit from

10 each particular action, it's a pretty critical area, and

11 one of the things that I think needs to be discussed is if

12 this approach is adopted, the sort of bottom up approach,

13 is the benefit methodology. This has come up as one of the

14 thorny issues. What's the methodology going to be to

15 allocate benefits of these various actions?

16 A whole lot of it will have to be debated

17 because it will be subjective and there is no clear way to

18 identify these things.

19 And there is always a tendency, as Fred Cannon

20 mentioned at the last meeting when he was making his

21 presentation, there is always a tendency to try to push

22 things to the public side, try to broaden the base of

23 people that are paying, and that's a constant struggle.

24 So this particular area is going to be one of

25 the thorny issues that needs to be discussed early, what's

1 the benefit methodology going to be and how is that
2 actually going to work out on a practical basis when you
3 have actions identified?

4 MR. GRAFF: Zach, before you put that down
5 what is a common benefit as opposed to a public benefit?

6 ZACH MCREYNOLDS: The common ones are the
7 hardest to identify.

8 A common benefit, the example that appears in
9 the business round-table paper is unlimited fishing rights,
10 which is essentially having -- everyone has access to
11 something and it's a broad public access but each person
12 gets a benefit out of it.

13 When I was trying to define that for myself the
14 immediate thing that I thought of was historically that
15 towns and villages had a common in the middle where
16 everybody could graze their animals or play horseshoes or
17 whatever they wanted to do.

18 It was a publicly owned area that everyone
19 could use and everyone shared in common and so it's hard to
20 distinguish that in some sense from the public goods in my
21 mind, but I think that the -- there is probably a gray area
22 here between these two, but the common good is one
23 essentially that people get private benefits out of what is
24 owned or funded publicly.

25 That's my understanding of it.

1 sort of feeling that that's a good thing for all of us as a
2 group. That's sort of a conceptual thing but that's -- I
3 suspect with the differential it's something that people
4 don't get private benefits out of directly as they might
5 with the common benefit.

6 CHAIRMAN MADIGAN: Alex.

7 MR. HILDEBRAND: I have a question here.

8 I think it's pretty clear that whatever
9 alternative we settle on here is really going to be -- have
10 a whole lot of components.

11 It's going to be a mix of a whole lot of
12 things, and we've discussed before that in that situation
13 it's probably going to be desirable to move some components
14 in time way ahead of others for various reasons, including
15 the reason that you begin to get some benefit sooner and
16 the reason that there are a lot of uncertainties and you
17 want some trial and error in this process.

18 Now, do some of these financing options lend
19 themselves to that kind of flexibility in time and the type
20 of financing as compared to others?

21 ZACH MCREYNOLDS: I think that the simple
22 answer is yes and I think our discussion on the SB 900
23 matter in a minute may -- your question might be right on
24 point there.

25 That's one of the things that was discussed

1 Does that make sense?

2 MR. GRAFF: It might be good to have
3 something written. Now, maybe there is something written
4 down that lets us chew on that some more. If you're right
5 that one of the maybes might be over time by what gets
6 bonded, understanding those fine lines is going to be
7 important.

8 ZACH MCREYNOLDS: Yeah.

9 I don't think there is a specific definition of
10 these terms in the business round-table paper and that's
11 probably a good comment for them as well so I'll pass that
12 along.

13 But what I did was go back to my old economics
14 textbook to try to get a flavor for these things and the
15 only thing I found so far is definitions by example as
16 opposed to a clear definition. So I'll try to come up with
17 something that's -- I'll try to identify these lines a
18 little more sharply.

19 MR. PYLE: How about an example of a
20 public benefit?

21 ZACH MCREYNOLDS: Well, the example of the
22 public benefit that has been discussed within earshot of me
23 is species diversity, for instance.

24 It's hard to say that anybody gets a specific
25 private benefit out of that and yet there seems to be some

1 last week, I think, was the timing of some of these things
2 and the need for flexibility in terms of timing as well as
3 financing tools.

4 As we've been going through this process the
5 next issue probably -- this refers back to the Matrix.

6 This is probably less complicated once you've
7 clarified the top of this chart concerning which of these
8 tools you are going to use to address the particular
9 groups.

10 So this is probably an issue but it's more of a
11 structural issue, less of a thorny issue. If you've --
12 you've determined that you are going to allocate benefits
13 in a certain fashion and that you are going to charge
14 people based on their relative benefit in coming up, then
15 coming up with a way to collect that I think is a little
16 less difficult of a problem. That's why I've tended to
17 minimize the discussion of that nature this morning.

18 The last issue that comes up that's probably
19 important is that in terms of collecting all these revenues
20 and coordinating the -- all the actions an institutional
21 structure question comes up, how are you going to
22 coordinate overtime and among all the different actions the
23 financial structure.

24 So you have a question of how is this going to
25 be practically implemented and my next chart is really

1 intended to just emphasize the reason that you need that
 2 kind of institutional structure because it gets very
 3 complicated very quickly.
 4 There's only four actions here but I think
 5 these lines are accurate in terms of the kind of
 6 relationships that need to be followed and you can tell
 7 with only four actions the whole picture gets very
 8 complicated very quickly.
 9 I haven't been able to show the time dimension
 10 here so I'll move this around and represent time. So there
 11 is a need for institutional structure discussions that are
 12 in the process.
 13 The next thing I'd like to move to is the
 14 discussion of the last kind of parallel process that's
 15 going on, which is the SB 900 process.
 16 MS. McPEAK: Are we to understand, infer
 17 from that last draft that you are planning to somehow apply
 18 an analysis of public, common, private to every action that
 19 is proposed as opposed to looking at a package of
 20 alternatives and applying that assessment, that analysis?
 21 And, if so, then getting to a definition, the
 22 definitions of public, common and private sooner rather
 23 than later would be important, and you left a big question
 24 mark around methodology?
 25 Can you tell us what you're planning to do or

1 It's clear in my mind that if the bottom up
 2 approach is taken that certainly during Phase 1 that there
 3 is no way that we can go to specific action level because
 4 we simply won't know the actions.
 5 The timing of this, when this has to take
 6 place, I think that it's in -- part of the process in
 7 December or January or February and coming up with the
 8 alternatives is to look at the financial, economic
 9 implications of this.
 10 So we will be incorporating one of these two
 11 philosophies and my guess is is probably in the January
 12 time frame and we are meeting literally this week and
 13 through the rest of December to address these questions.
 14 They simply haven't been answered yet.
 15 MS. McPEAK: Talk to me about definition,
 16 the time frame for getting definition and methodology, as
 17 opposed to applying the analysis, which is what I was
 18 understanding you were just answering, whether it's top
 19 down or bottoms up or action by action or in a package.
 20 And the comment I think action by action would
 21 probably be less illuminating than trying to look at a
 22 package.
 23 When you have a package, you do it both bottoms
 24 and the top down and see what you come out with.
 25 Having said that just as a comment, when can we

1 what you're proposing?
 2 ZACH McREYNOLDS: In terms of benefit
 3 allocation methodology?
 4 MS. McPEAK: Yes.
 5 Definition first, then methodology and then how
 6 are you applying it?
 7 Action by action or to a package of
 8 alternatives that we might discuss in February and March?
 9 ZACH McREYNOLDS: Part of that is a level
 10 of detail question.
 11 MS. McPEAK: Yeah.
 12 ZACH McREYNOLDS: I think the first, as
 13 Lester has mentioned several times, the level of detail in
 14 Phase 1 is going to make it very difficult to go to an
 15 action by action level. Frankly, because we won't know all
 16 of the actions yet to go that process, and it's clear that
 17 that proper process is more tedious and more complicated
 18 and has some other disadvantages as well as advantages
 19 compared to the other process, which is sort of the top
 20 down process.
 21 And the question hasn't been resolved yet in my
 22 mind which process will be used, whether it will be the top
 23 down or the bottom up.
 24 I'm hoping that we can get some discussion on
 25 that matter in this next topic.

1 expect definition of public, private comment, if that's the
 2 approach you are going to be recommending, and methodology
 3 for deciding which is which and analyzing regardless of if
 4 it's action by action or a package of actions, the
 5 methodology for evaluating what is common, what is public,
 6 what is private?
 7 ZACH McREYNOLDS: Well, I think we have
 8 to -- not to be circular in my logic, but I think we have
 9 to determine what the process is before we can follow it in
 10 January.
 11 So it's clear to me that this discussion today
 12 will help resolve that issue of which approach to take and
 13 the discussions that I expect the stakeholders to -- one of
 14 the results of the stakeholders meeting last week was
 15 that -- to collect a larger group of people and go back and
 16 try to consider these kind of questions and provide some
 17 input.
 18 So it's clear that in the coming weeks we are
 19 going to have to reach some sort of conclusions on how we
 20 want to approach this process in January.
 21 CHAIRMAN MADIGAN: I have Richard, Steve
 22 and Roger.
 23 Richard.
 24 MR. IZMIRIAN: Have you considered a cause
 25 allocation scheme as well as a benefit allocation?

1 ZACH MCREYNOLDS: Well, it's a possible
 2 alternative.
 3 We haven't taken great strides to -- as part of
 4 the CalFed process to try to pin causes on people and some
 5 of the causes date so far back that it's kind of even hard
 6 to find the errors at this point of the people that might
 7 have caused some of the problems.
 8 So I guess the answer is that I haven't really
 9 taken that as a serious approach.
 10 MR. IZMIRIAN: Not to try to apply
 11 individual blame, but, for instance, if you build a dam
 12 that blocks off a salmon run and somebody decides that
 13 mitigation is a hatchery, should the hatchery be paid for
 14 by the fisherman or by the power users?
 15 And from what you're showing me it's paid for
 16 by the fisherman.
 17 ZACH MCREYNOLDS: I'm not sure that's -- I
 18 mean, you can in a way turn the cause question into a
 19 benefit question in terms of solving people's problems, if
 20 you solve the problem it may become a benefit but I think
 21 that when we are discussing the alternate methodologies,
 22 that's an appropriate discussion for people to have and
 23 whether or not they want to try to follow that course.
 24 I frankly think that a lot of discussion on
 25 causes tends to be very controversial and divisive and it's

1 was a public and which was a private benefit, but that once
 2 we had assembled the short list we would have some
 3 information on each alternative.
 4 Each alternative will be made up of several
 5 components and somebody will have to make a pass at
 6 assigning public, private, common benefit sorts of labels
 7 once that's done.
 8 And that's the way I had it in my mind, but, as
 9 Sunne often does, she brought a new dimension to this that
 10 I hadn't considered.
 11 CHAIRMAN MADIGAN: Sunne, do you want to
 12 respond to that?
 13 MS. MCPEAK: Yeah, actually, I didn't try
 14 to bring a new dimension from what you just said, Steve,
 15 because I think we are in agreement.
 16 I think the questions being asked and Tom asked
 17 them directly how do we distinguish, what's the definition
 18 of those --
 19 MR. HALL: I absolutely agree.
 20 If I may for just a minute.
 21 When I read the business round-table report, I
 22 got a pretty fair understanding of what's public, private
 23 and common, but it's sort of an abstract definition.
 24 It's almost like you won't know it until you
 25 see it on paper, you know, but, for instance, restoring

1 appeared to me to be more productive to try to look towards
 2 benefits.
 3 I think that people are much more willing -- I
 4 would be much more willing to pay for some benefit I got
 5 out of something than to somehow be penalized for something
 6 that people thought I caused in the past. That's my
 7 perspective on that.
 8 CHAIRMAN MADIGAN: Steve.
 9 MR. HALL: Zach, I need some clarification
 10 because when you were talking earlier, I did not think that
 11 we would be trying to assign necessarily either cause based
 12 or benefit based a label to a specific action in advance of
 13 putting together, say, a short list that we would be
 14 considering in Phase 1 but that that might -- that paying
 15 for it is -- how you pay for it is a decision, to some
 16 extent, not fully, but to some extent separate and apart
 17 from what it makes sense to do.
 18 Now, you can't -- as Lester indicated earlier,
 19 you can't drop something because you decide it costs too
 20 much if it's an integral part of solving the overall
 21 problem.
 22 I was intrigued by Sunne's questions because I
 23 think she is asking good questions, but I just attacked it
 24 differently in my own mind, that we wouldn't in January,
 25 for instance, try to figure out which was a common, which

1 riverine habitat, once you see that, you perhaps can
 2 gravitate toward what that really is.
 3 Having a lake where everybody can go and fish,
 4 you sort of gravitate to what that is, and having water
 5 that you sell, it's pretty clear what that is.
 6 Once those things are down on paper, before
 7 they are down on paper it would be awfully hard for me to
 8 work through a definition of what is a public, private and
 9 a common benefit.
 10 MS. MCPEAK: Let me respond.
 11 I think you are right in that it will be easier
 12 to assess whether or not they are public, common or private
 13 when you see the benefits and also see the package.
 14 I think it would be helpful to have the
 15 discussion and the definition earlier rather than later and
 16 some insight to the methodology.
 17 The paper that the round-table and the Bureau
 18 of -- or the Farm Bureau is doing, California Farm Bureau
 19 along with the two other organizations, I think it's the
 20 Chamber and CMA, so it's four organizations that are
 21 actually involved in producing this document, two documents
 22 actually, I think that would be very helpful for us to look
 23 at.
 24 The slide that Zach put up had suggested that
 25 possibly it would be done almost action by action.

1 You might have to break it down but I think
2 that actually may be inappropriate before you even look at
3 the package that's there.

4 MR. HALL: Yeah, I agree with that.

5 MS. McPEAK: Okay. So I'm not trying to
6 suggest something different other than what I hear you
7 saying.

8 I just think that if we are going to see more
9 of these diagrams that are conceptual I'd like to have some
10 substance behind it and get out the answers to the
11 questions being raised.

12 MR. HALL: I can't disagree with that.

13 CHAIRMAN MADIGAN: Roger.

14 MR. THOMAS: It seems to me we could shed
15 a lot of light on this at least by the February meeting in
16 terms of getting a better understanding, and there are
17 plenty of examples that exist.

18 I mean, this area of categorizing different
19 kinds of benefits or causes and I think you have to look at
20 both because there are compelling arguments.

21 You said you'd prefer to focus on the benefit
22 side. Sometimes looking at, you know, who is generating a
23 cost and what has to be corrected in order to achieve the
24 benefit is just as significant or more significant than
25 looking at exactly who benefits.

1 Wouldn't be that feasible for February to get,
2 you know, either just an excerpt from a textbook in effect
3 or perhaps something you want to customize, coupled with
4 just, you know, a couple pages maybe of looking at some of
5 the example types of actions, some of the most obvious
6 kinds of things that we will undoubtedly be looking at.

7 CHAIRMAN MADIGAN: Lester.

8 EXECUTIVE DIRECTOR SNOW: Yeah, I think
9 not only in February can we do an exercise kind of like
10 what you're suggesting.

11 I think we can have some kind of real world
12 packages that you'll see how you might look at the benefit
13 issues and as Sunne has suggested I think you get the
14 highest leverage when you look at packages.

15 You take what may seem like a simple issue of
16 levee maintenance in the Delta and you can define, and this
17 may come up later, a very significant public benefit of
18 maintaining levees to a certain level.

19 And then an individual land owner might want to
20 do something extra that is not a public benefit. It is an
21 accrued benefit for private interest.

22 And so you start seeing a mix depending on the
23 exact package you put together for levee maintenance.

24 And then you take that just to levee
25 maintenance and you apply it to the other areas and just

1 But this is something the people in public
2 finance have been doing for years in issues like the
3 highway trust funds.

4 You know, do you use a gasoline tax that comes
5 from users of the highway or do you consider it a totally
6 public benefit and often the lines are never going to be
7 entirely clear, but I would think for the February meeting
8 it would be very realistic to have a -- I mean, there are
9 probably articles that could just be copied without being
10 too long and laborious that would give good examples of
11 what is considered to fit in each of these categories.

12 And also since we have the long list that
13 Lester referred to earlier, the number of potential types
14 of actions, I would think maybe you could take just a
15 smattering of those, kind of a selection of some of them
16 and say, all right, under the principles that the public
17 finance people have accepted and developed over the years
18 for what falls in each of these three categories, here are
19 possible ways in which some of these sample measures, with
20 plenty of caveats that they are not predetermined, but, you
21 know, here is how they might well fit.

22 Just so we all have an idea of that so that
23 once we start hitting a lot of specific proposals in, you
24 know, early '96, we'll have a mind set that we'll all begin
25 thinking in terms of how they might fit into the category.

1 kind of with a twist to the actions that you are including
2 to address, you can significantly change how the benefits
3 accrue.

4 And so I think you'll be able to see that in a
5 very real sense when we have some of these alternatives
6 assembled.

7 Even if you don't know the exact details of
8 them you'll start to see that the benefits shift very
9 differently, and you'll probably end up also with a strange
10 mix of benefit and cause.

11 Because some of the benefit that will accrue to
12 a water user fixing the salmon is because they caused the
13 problem and they are under take limits. And so if they do
14 something to help the salmon that's a benefit to that but
15 it's because they caused a problem and so I think we'll see
16 some of that kind of mix, also.

17 CHAIRMAN MADIGAN: Roberta.

18 MS. BORGONOVO: I just wanted to follow up
19 on Richard's comment.

20 I would hope that there are some funding
21 mechanisms in place that in effect have been assigned to
22 cause.

23 In other words, they are considered mitigation,
24 and I agree that that's very controversial but I would not
25 want those dropped out.

1 In other words, I would assume that we're
 2 building on funding mechanisms that are already in place,
 3 like category three, or a funding mechanism that's in the
 4 Central Valley Project Improvement Act.
 5 CHAIRMAN MADIGAN: Ray.
 6 MR. REMY: I want to make sure that I
 7 understand what we are going to get in January and February
 8 because I've never seen a good public good or even private
 9 good that I'm not willing to support if somebody else will
 10 pay for it.
 11 The concern I have is that I've heard that we
 12 are going to make some screening selections of alternatives
 13 and I guess that takes place in January and February, the
 14 first cuts, and we are going to do a financial impact in
 15 terms of the EIR preparation as part of the economic
 16 analysis. I think those decisions are January and
 17 February.
 18 I'm not quite sure how we take this and put
 19 that as part of that system and get everybody involved to
 20 know that the things we really want to do have a price tag
 21 and we have some understanding as to the alternatives, who
 22 has to pay it because I think those two things have to come
 23 into confluence to make any sort of rational decision.
 24 EXECUTIVE DIRECTOR SNOW: I guess what I
 25 would add is that I think that the financial strategy and

1 Are there some units which are less costly and
 2 more justifiable?
 3 But basic to any project formulation is that
 4 any units that you have, that you add, have to be
 5 justifiable on their own or in conjunction with some other
 6 program.
 7 You can't throw in costly, non-justifiable fix
 8 up items unless they really fare their own weight. So
 9 somehow you have to bring a standard economic analysis into
 10 the selection of the alternatives.
 11 Too much detail. I'm sorry about that.
 12 EXECUTIVE DIRECTOR SNOW: NO. You are
 13 actually raising perhaps even a policy point.
 14 It's hard to argue that alternatives have to be
 15 sound economically.
 16 And yet when we look at the system, we realize
 17 that a lot of the things that we think will need to be done
 18 or shaping up that we think that we will need to do these
 19 certain actions for ecosystem health are not issues that
 20 you can fall back on standard economic analysis to show the
 21 cost benefit ratio of X acres of shaded riverine habitat.
 22 And in an attempt to deal with that is how you
 23 come up with a concept of adaptive management where rather
 24 than having to make a decision in your environmental
 25 document that you are going to do a hundred thousand acres

1 therefore the analysis that goes along with that lags
 2 behind formation of good alternatives and so you need to
 3 have that kind of information there but I think you need to
 4 do screening to see which alternatives were effective in
 5 solving the problems and then you are lagging behind that
 6 refinement of how are you going to pay for it.
 7 And I think by the time you get into Phase 2
 8 and you are trying to distinguish between, say, the top
 9 four alternatives then how you finance and where benefits
 10 accrue becomes more important and it becomes a larger
 11 determinant in selecting the preferred alternative.
 12 CHAIRMAN MADIGAN: Stu.
 13 MR. PYLE: I have a question but it
 14 probably gets into detail so maybe it's not related to what
 15 we are talking about.
 16 When you are talking about what you do with
 17 these alternatives with the conversation of costs of
 18 benefit it seems to me that you have to go back to some of
 19 the standard methodologies which looks at alternatives in
 20 an array of sizes where you have accompanying costs and
 21 benefits, that you are going to put into something like
 22 Alex mentions his shallow riverine habitat you've got to
 23 know how much are you doing?
 24 Are you doing a thousand acres or a hundred
 25 thousand acres and what does it cost?

1 of this and it's going to cost you two point five billion
 2 dollars, then you'd make the decision today and then you'd
 3 have to follow through, you'd decide that it looks like
 4 that needs to be a component of a healthy ecosystem and
 5 then you implement some part of it with a monitoring
 6 program to evaluate how effective it has been in meeting
 7 your objectives for a healthy ecosystem.
 8 And so it's going to be a little different
 9 than, you know, evaluating storage and what's the cost
 10 benefit of this particular unit of storage in this part of
 11 the system.
 12 MR. PYLE: That sounds good from a social
 13 standpoint but if you're going out for bonds on these
 14 items, you're going to be talking to, you know, hard line
 15 financial people who demand if you're going to go on the
 16 line for repayment of this, you have to have a justifiable
 17 project and I don't deny that there are different ways of
 18 justifying things.
 19 If it's necessary for the public good, it's
 20 justifiable, but that's it.
 21 But somehow you have to bring some type of
 22 analysis into the selection of the alternative units that
 23 you assemble.
 24 EXECUTIVE DIRECTOR SNOW: Yeah, and I
 25 think we'll be able to do that.

1 In part you are shedding light on the
 2 difficulty of attempting to apply engineering economics as
 3 we do with a lot of the water systems to ecosystem health
 4 restoration and we are going to have to have a different
 5 approach and a different mind set to deal with that.
 6 And I think what we would want to do if
 7 bonding and borrowing money is the way that we will do
 8 habitat restoration, then I think what the people who are
 9 buying the bonds are going to want to see is the stability
 10 of the revenue stream and if the revenue stream is there
 11 and you have the commitment for it then you're able to sell
 12 your bonds and do your habitat restoration.
 13 But I think that there is -- it's a different
 14 model we will be using this fashion because we are not
 15 talking about habitat restoration.
 16 It is merely a mitigation for a specific take
 17 that's happening in the project and that's typically how
 18 it's dealt with in the water industry.
 19 You sell your bond to build your project and a
 20 small increment of it is the mitigation for that project.
 21 That's not what we are doing in the Delta.
 22 In the Delta we are going to be doing habitat
 23 restoration that may not be related to the other actions in
 24 the package now because we have a degraded habitat that has
 25 to be restored.

1 We are going to have to convince the bond
 2 buyers that there is enough collateral in California to pay
 3 for the general obligation bonds and that there is enough
 4 revenue to pay for the revenue bonds.
 5 And we are going to have to be convinced that
 6 we've assigned these things in the right way so that the
 7 taxpayers will support it. That we've designed the systems
 8 so that the taxpayers can be convinced that they ought to
 9 pay for this stuff and that those receiving the private
 10 benefit are going to get enough direct benefit out of it
 11 that they are going to have to pay for it.
 12 That's the trick in financing. I agree with
 13 you that it all has to hang together and I don't think any
 14 of us know how it's going to do that yet.
 15 Although, Lester, I think, is correct in saying
 16 that the sense that this is somewhat unique in that we are
 17 not just mitigating for the action, but in this project we
 18 are, in fact, restoring an environment.
 19 We've convinced ourselves that it needs to be
 20 done and I think if we can convince that majority of voting
 21 Californians that it needs to be done that it will happen.
 22 MS. BORGONOVO: I think that I would like
 23 to see public comment and private defined because it
 24 doesn't have to be done right away but I think it's part of
 25 the whole public acceptance that we will need for this

1 And so we will be looking at kind of a
 2 different mind set on generating funds to restore from
 3 previous takes of habitat.
 4 MR. PYLE: I agree with what you're
 5 saying.
 6 It's just that I worry about not focusing in on
 7 benefits and on some standard approach to sizing
 8 alternatives and that type of thing.
 9 Those are all important and we can't do things
 10 just because they are good ideas and they make people feel
 11 good and et cetera, et cetera.
 12 CHAIRMAN MADIGAN: Steve and Roberta.
 13 MR. HALL: Stu, I agree, although I think
 14 this iterative process that we are going through that we
 15 are calling Phase 1 is all about assigning benefits and
 16 deciding which things are going to be paid for by the
 17 general obligations bonds and the revenue for that is taxes
 18 or user fees or both.
 19 And the revenue stream for the other benefits,
 20 if there is additional water supply or additional
 21 reliability of water supply, that's going to be paid for
 22 probably through revenue bonds.
 23 I'm telling you more than I know.
 24 None of us know how it's going to hang together
 25 but that's generally speaking how we are going to do it.

1 long-term funding process.
 2 So I think that there are some principles there
 3 and that is a policy issue, and you are looking at the
 4 principle and then the implications of the principle and
 5 the thinking behind it I think then helps generate the kind
 6 of support that's needed further down the line.
 7 I mean, you are already working that ways.
 8 CHAIRMAN MADIGAN: Okay. Why don't we
 9 move on.
 10 Zach, you've got some comments you want to make
 11 regarding SB 900.
 12 ZACH MCREYNOLDS: Last week in Palm
 13 Springs at the Aqua Conference or at the same time as the
 14 Aqua Conference in Palm Springs there was a joint hearing
 15 on SB 900 and I thought it had quite a large attendance.
 16 There are a number of people that are here in
 17 the room that were there. I thought it was an excellent
 18 discussion and I thought it would be worthwhile to review
 19 some of that discussion and probably talk about some of the
 20 points as well here.
 21 And, Steve, you were the moderator of that
 22 particular event and I think that was largely responsible
 23 for the success of the event. I wondered if you might have
 24 some comments on what was discussed there.
 25 MR. HALL: Well, you're overly generous in

1 your remarks.

2 But, as most of you know, Senator Jim Costa,

3 who is Chairman of the Senate Ag and Water Committee has

4 introduced a bill, SB 900.

5 The principal purpose of the bill is to provide

6 a financing vehicle, in short to place a bond issue on the

7 ballot at some point in the future, probably in November of

8 1996, to pay for all or a part of what the CalFed process

9 develops.

10 He has been holding hearings. I think he held

11 four hearings during the interim and this was the final

12 hearing, and Senator Costa decided rather than hold a

13 conventional hearing where people come up and testify, as

14 had been done in the first three, that this could be sort

15 of a wrap up and a round-table discussion.

16 I see Linda Adams in the audience and she is

17 the chief consultant to that committee.

18 She is sitting right over there with Sunne.

19 And she and Ann Baker, who is the chief consultant to the

20 Assembly Ag and Water Committee, put this hearing together.

21 They invited the participants and did most of

22 the work.

23 This was a joint hearing. However, Assemblymen

24 Cortesi, Chairman of the Assembly Water Parks and Wildlife

25 Committee could not be there.

1 The first question we addressed was should this

2 first phase of financing through SB 900 try to encapsulate,

3 try to capture financing for everything that we might

4 ultimately do in the Bay-Delta through CalFed or should it

5 simply be an interim step to try to finance things like

6 category three, activities, under habitat restoration.

7 The second question we addressed was whether

8 SB 900 should address other problems that we face in the

9 State that are water-related; flood control, water quality

10 and the like.

11 And then, finally, we talked about whether a

12 new institution was needed.

13 And there were about 30 people more or less

14 around that U.

15 It was difficult to get everybody engaged but

16 we did do it. Everybody got a chance to talk if they

17 wanted to, and it wasn't the kind of discussion you would

18 have with three people and a bottle of wine or a pitcher of

19 beer but it was a pretty good discussion about those three

20 questions, and I guess I would invite the other

21 participants to comment and then perhaps give you my own

22 thoughts about where we ended up on those three questions.

23 I might say, though, before I turn it over to

24 Mike and the others, answering these three questions is

25 going to be central to finding the solution in the Delta so

1 Senator Costa was of course, Senator Wright,

2 Senator Kelly. Senator Montief came at the end and

3 Secretary of State Bill Jones, who, although in his job

4 description I don't think it says much about water is very

5 interested in water issues and is doing what he can to

6 encourage SB 900's development and he is certainly

7 supportive of what it may become.

8 A number of people on BDAC were involved in

9 that round-table discussion, our Chairman, Mike Madigan,

10 Tib Belza, David Guy, Jack Foley, Tom Graff -- who am I

11 leaving out -- I think -- and Lester was there as well.

12 It was a U shaped table, kind of like this one,

13 and we went through a -- sort of a quick summary of where

14 things stand with CalFed.

15 Zach gave a summary of financing approaches,

16 including some financing principles that I think he'll want

17 to talk about, and then, finally, a quick review of a

18 new -- not a new idea but an idea that's beginning to be

19 brought into the discussion, and that is whether or not

20 there should be a new institution formed to try to manage

21 whatever we do in the Delta.

22 So the discussion centered around three

23 questions. As Zach indicated, my job was to play traffic

24 cop and keep the discussion moving and make sure people got

25 a chance to talk, which I tried to do.

1 I think it was the right three questions.

2 I think Lynn came up with them based on what

3 she had heard at the three hearings and they were the right

4 three questions to ask.

5 We didn't answer them but we made some

6 progress.

7 Mike.

8 CHAIRMAN MADIGAN: Thank you.

9 I certainly thought it was well worthwhile.

10 I think that Senator Costa is being very

11 helpful in the process and I appreciated the opportunity to

12 participate.

13 Let me maybe start by asking Linda Adams if

14 there is anything that she'd like to say regarding the

15 hearings or SB 900 that would be helpful to the crowd here.

16 Linda.

17 LINDA ADAMS: You are doing a fine job,

18 Mr. Madigan.

19 CHAIRMAN MADIGAN: Oh.

20 LINDA ADAMS: What I was hoping was that

21 some very clear answers to those questions would emerge

22 from the hearing.

23 I didn't hear clear answers and I think we

24 probably need a lot more discussion and this is an

25 excellent forum to have that type of discussion.

1 CHAIRMAN MADIGAN: Thank you.
 2 Those of you who were there?
 3 Tom.
 4 MR. GRAFF: I'll give you my shorthand
 5 version of it.
 6 On the first question, which was how
 7 broad -- do you do it all, do you do it in part, I think
 8 that there is kind of a agreement that you can't do it all,
 9 simply because, you know, all the tiers and timetables that
 10 are -- have already been brought up the by the Board are on
 11 the screen this morning, but that raise the question that
 12 if you do part, which is all that you can do, how you come
 13 up with a part that's acceptable to a group of people
 14 because somebody feels right about, you know, letting the
 15 other person's Agenda get out ahead of their Agenda.
 16 And I thought Senator Costa kept coming back to
 17 a concern of his, which was that he had been active in the
 18 transportation field and getting upon a big so-called
 19 blueprint approved by a broad number of people approved in
 20 1990 only to see the first bond issue passed or set of bond
 21 issues passed in the first election and future bond issues
 22 failed and he didn't want to see something similar to that
 23 happen in water.
 24 So in a way that just states the problem. It
 25 doesn't give you the solution but at least a part of the

1 afternoon that there are actions that people feel need to
 2 move forward in any alternative.
 3 And so conceptually we could end up in Phase 2
 4 with four alternatives but they share a half dozen or a
 5 dozen actions that are common, and if that's so, then you
 6 raise the issue of should we look at some sort of early
 7 implementation of all or some of those Corps actions.
 8 And then that can tie into a strategy like an
 9 SB 900.
 10 We would at that point need to be careful of
 11 the issue that Tom brought up because if all of the Corps
 12 actions tend to satisfy just one of the resource areas,
 13 what does that mean for those people in that resource area
 14 sticking with a process for the other three resource areas?
 15 And so it's -- it will be an interesting issue
 16 of early implementation but making sure that everybody
 17 still needs to stay at the table.
 18 CHAIRMAN MADIGAN: On the general theory
 19 that nobody gets out unscathed.
 20 EXECUTIVE DIRECTOR SNOW: Right.
 21 CHAIRMAN MADIGAN: Exactly.
 22 EXECUTIVE DIRECTOR SNOW: But the other
 23 thing that I would indicate is that the SB 900 process is
 24 drawing a lot of interest, and I think early on a lot of
 25 people weren't paying attention to it and now there is an

1 solution that I saw was that inevitably you can't do it all
 2 the first time around.
 3 On the institutional part, the third question
 4 what I heard was there may be a good reason to go forward
 5 with that but you won't be able to do it in the time frame
 6 1996?
 7 I think there was pretty much consensus on
 8 that.
 9 And I think we didn't get as far on the middle
 10 question, is my feeling. I mean, that's more a political
 11 question. In order to buy enough support for the whole
 12 package do you need to address other issues besides just
 13 Bay-Delta?
 14 CHAIRMAN MADIGAN: Lester.
 15 EXECUTIVE DIRECTOR SNOW: if I could kind
 16 of add to this discussion.
 17 What we are seeing evolving both from observing
 18 Senator Costa's process and then what we see going on in
 19 our own Workshop process is a concept from the Workshop
 20 side and even from our staff and consultant side that we
 21 may be identifying what we call Corps actions, that as
 22 people start going through this process of alternative
 23 formation, people are starting to observe, well, here are
 24 some things that need to be done no matter what, and so we
 25 may find out -- in fact, we will discuss with you this

1 awful lot of interest there and if there is an opportunity
 2 for any sort of interim implementation I think that is very
 3 important to this process.
 4 You are experiencing frustration just waiting
 5 to get to alternative formation, but when you look down the
 6 road, there is people who are going to be waiting a long
 7 time to get the actions implemented.
 8 And so if there is any possibility of earlier
 9 implementation of some actions, I think it helps make sure
 10 that we can actually implement a long-term fix and so I
 11 think that we need to look at this whole process very
 12 carefully and see if it can be a mutual benefit going on.
 13 CHAIRMAN MADIGAN: I think there were a
 14 lot of interesting questions but one of them during the
 15 process was whether or not there was some different ongoing
 16 structure than we now have to deal with this question in
 17 the Bay-Delta and when I was asked that question, I said
 18 that I didn't think that there was anything that precluded
 19 this CalFed process and this group from looking at that.
 20 I'm inclined to agree with Tom, that that's
 21 probably not the first thing that we can resolve, but I
 22 think that it's an open question and it's one of the things
 23 that as we go forward and as you determine that there might
 24 be some better mechanisms for doing this, either within the
 25 Department Of Water Resources or outside it, then I think

1 those are reasonable kinds of questions for us to ask and
2 reasonable kinds of notions for us to have and proposals
3 for us to propose.

4 I saw somebody's hand over here -- Stu and then
5 David.

6 MR. PYLE: I was at the hearing as an
7 observer and I might just comment on what seemed to come
8 through to me, was that there was this kind of theme going
9 back and forth on do you try to go for a long range package
10 and do it all now or could you go for just a short
11 something that you think that you can get public approval
12 on.

13 And I think Jim has already mentioned here that
14 Jim Costa was exploring this idea of some type of general,
15 broad authorization that you could plug in units from time
16 to time but not have to go back to the public for vote to
17 approve the financing on that.

18 And I think he referred to the school system.
19 You know, you've got a process for building schools but you
20 don't necessarily identify every schoolhouse in the
21 process.

22 But then David Kelly came on with this other
23 remark, which is the pragmatic view that when you start
24 talking about a bond bill in the legislature, that there is
25 an awful lot of competition. There is an awful lot of

1 MR. GUY: I think I would concur with
2 others that I think it was a particularly healthy exercise.
3 I think as Steve wisely indicated I think that
4 those three questions absolutely have to be answered and I
5 think we probably got further down that road than maybe we
6 want to give credit to ourselves.

7 I think the discussion was very helpful.
8 The one thing I think for purposes of this body
9 that I heard and maybe it goes without saying but I think
10 that it needs to be re-emphasized, was that I heard a
11 unanimous support that day at the hearing that SB 900 be
12 linked to the recommendations of CalFed and BDAC and I did
13 not hear any dissenters to that and so I think it again
14 just kind of impresses upon us, I think, the ability to
15 move forward with these alternatives and to get something
16 that week can actually get our hands around and then we can
17 start having the more fruitful discussion.

18 CHAIRMAN MADIGAN: All right.
19 Ray and then Tib.

20 MR. REMY: I didn't have the opportunity
21 of being in Palm Springs but I did testify before the
22 Senator in the Los Angeles hearing.

23 And one of the concerns that at least the
24 Senator expressed was that as a bill goes through folks in
25 the legislature are either going to have to support or

1 opinion against bonds bills and also money that's failed.
2 There is a tough go in the legislature to get these through
3 and so I think David Kelly was trying to support the fact
4 that you identify something like in the initial Corps
5 project and move with that right now.

6 So I think those two issues are hanging out
7 there in the balance that have got to be solved.

8 CHAIRMAN MADIGAN: One of the things that
9 we have talked about a little bit today is the notion that
10 we would try to set some sort of an opportunity to meet
11 with Senator Costa on 900 because 900 clearly could be a
12 really important part of resolving this.

13 It could become the implementation vehicle for
14 all of these conversations.

15 And so we are going to work on that and try to
16 do that.

17 I wouldn't ever want to try to speak for the
18 Senator.

19 It's my impression that he believes that 900
20 ought to have some shelflife, though, and that this isn't
21 just a short-term, you know, first blush kind of thing,
22 that this should be a long look and that we owe the public
23 that and our process and that 900 ought to be reflective of
24 that.

25 David.

1 oppose it and it's got to have some specificity for both
2 legislatures as well as the organizations and could that
3 bill go forward in a time frame that would be consistent
4 with the time frame of the Bay-Delta Advisory Council so
5 that the input would indeed be consistent and not
6 inconsistent.

7 And so I think it's very useful that we have an
8 opportunity to meet with the Senator and would certainly
9 support that because as I said it's important.

10 On the other hand, the realities are that this
11 bill is going to be up there and somebody is going to have
12 to support it or not.

13 CHAIRMAN MADIGAN: Linda, I think that you
14 and Sunne have already chatted a little bit this morning of
15 our desire to try to set something with the Senator so we
16 are going to be working on that.
17 Tib.

18 MR. BELZA: Yeah, Mike.

19 We are going to need a mechanism. Whatever
20 this body comes up with as problems and solutions we are
21 going to need a mechanism then to put it into gear and I
22 think we are going more or less on a parallel track that
23 SB 900 seems to be the mechanism that would work.

24 Secondly, I think that we are going to flush
25 out some problems that may not necessarily be solved

1 completely with SB 900 and getting away from that be all,
 2 solve all for everyone but it can start the process going
 3 to maybe then getting a little more specific with some of
 4 these various projects that then have some benefit ratio to
 5 them to where individuals can move ahead with a project
 6 with some sort of help from an SB 900 or some guarantees
 7 from this body, something that says, well, now this
 8 solution can help solve that problem and in the meantime
 9 provide benefit for us.

10 So I think that there's some wheels turning
 11 that will help this process move along and flush it out the
 12 way we need to.

13 CHAIRMAN MADIGAN: Jack, anything on the
 14 hearing?

15 MR. FOLEY: Mike, I think the only point
 16 that hasn't been raised here are the comments that Dave
 17 Kelly made in terms of the urgency of moving forward with
 18 this legislation and the rather limited time that will be
 19 available in the legislature to move this.

20 And along those lines I think it somewhat sends
 21 a signal to us to move forward in a more rapid fashion,
 22 which I'm sensing here today, that certain discomfort of
 23 not moving forward fast enough and I think that was a big
 24 point he made.

25 One other point that hasn't been mentioned is

1 MS. BORGONOVO: Did I understand from what
 2 you said that that's not necessarily a question that has to
 3 be decided?

4 Can the bond go forward and can additional
 5 legislation then move the control of the bond's money over
 6 to the institution?

7 Was that question addressed in our panel?

8 CHAIRMAN MADIGAN: I think that the answer
 9 is that it's simply open right now.

10 If it's a part of this process it seems
 11 appropriate that some institutional mechanism be suggested,
 12 that's a fair consideration for this group.

13 If as a result of this process that does not
 14 seem appropriate or it only seems appropriate at some later
 15 date I think that's also fair.

16 It's simply something that isn't precluded at
 17 this point, that's all.

18 Bob.

19 MR. RAAB: You answered my question.

20 CHAIRMAN MADIGAN: Anybody else?

21 Yeah, Stu.

22 MR. PYLE: I have a thought that's
 23 somewhat different to that, similar to what Tib was saying
 24 there.

25 At that hearing when they asked Bob Potter,

1 in discussing the implementation mechanism we have to be
 2 careful that we recognize that this is a Federal, State
 3 body and that's a Federal State solution and we can't
 4 necessarily just be a State implement -- I think
 5 Betsy Reike represents that notion today.

6 CHAIRMAN MADIGAN: That's what she's
 7 always said, anyway.

8 Alex.

9 MR. HILDEBRAND: I'm a little puzzled as
 10 to how at this juncture you can decide whether or not you
 11 need some kind of a managerial entity to implement whatever
 12 we come up with.

13 It seems to me that depends on what we come up
 14 with.

15 So it isn't clear to me, that being the case,
 16 how it can be part of the bill at this stage of the game.
 17 I don't know how you'd know whether you need it or not.

18 CHAIRMAN MADIGAN: I don't know that you
 19 do.

20 My only point at the hearing was that it's on
 21 the table if as a result of this process there are changes
 22 that seem to make sense to this group.

23 I wouldn't try to prejudge what that solution
 24 was either.

25 Roberta and then Bob.

1 Deputy Director of the Department Of Water Resources what
 2 he thought ought to be done, he came forward with a list of
 3 actions that the Department Of Water Resources has got some
 4 background on and been working on, like South Delta
 5 improvements and so forth but he focused in on actual
 6 things that the department has the capability to do.

7 And it seems to me that someplace within the
 8 CalFed operation, and I don't know whether BDOC gets
 9 involved in it or not, but there should be some steps taken
 10 amongst the CalFed Director to not have everything wait and
 11 depend on the ultimate answer of this operation and the
 12 financing questions and so on and so forth.

13 But there are things that need to be done in
 14 the Delta that the Department Of Water Resources, the State
 15 Project has got planning going for, for instance, an
 16 environmental impact statement on South Delta improvements
 17 and things like increasing forebay capacity and for the
 18 pumping plants and so on and so forth, that there ought to
 19 be some approach to enable the department to move ahead
 20 without appearing to be in conflict with an eventual plan
 21 of CalFed and that all of these items could be part of the
 22 total package.

23 So if there are resources that can be put into
 24 a beneficial use at this time they just don't have to wait
 25 for three years down the line until we get some answers

1 here.

2 CHAIRMAN MADIGAN: Lester.

3 EXECUTIVE DIRECTOR SNOW: Yeah, a couple

4 of comments.

5 I mean, I think one of the foundations of this

6 long-term fix is that everybody moves forward together and

7 everybody meets the interests of the different resource

8 areas and so while there may be some adjustments or

9 improvements in terms of everybody's big success it kind of

10 needs to move forward at the same time.

11 And I think we need to keep that in mind.

12 Everything said that I think we do need to look

13 at the CalFed Agency and what can we do to keep making the

14 system better.

15 If I could also add, you mentioned the list

16 that Potter that mentioned South Delta and I think that I

17 can recall what they had mentioned on that list.

18 I think the DWR list that they threw out at

19 that meeting had category three funding and category three

20 is the part of the Water Quality Standards and Corps for

21 water habitat restoration, non-flow types of things.

22 It was the State's CVPIA match for cost share.

23 It was a chunk of money for a fairly large

24 offshore storage and conjunctive management investigation

25 in the Central Valley.

1 experienced with transportation where you get it staged in

2 a way that you don't get the full package completed.

3 And I know that's what you're going to do and

4 that's what Chairman Madigan is going to do.

5 It just would be helpful and worth our time I

6 think to have your comments with respect to the package

7 looking at what DWR has laid out.

8 MR. HILDEBRAND: Another way to put it is

9 how do these things relate to the base case?

10 MS. MCPEAK: That's right, Alex. That's

11 right.

12 How do those things, the DWR proposals, relate

13 to the base case, right.

14 EXECUTIVE DIRECTOR SNOW: We can do it

15 that way.

16 We need to look at what benefits all of these

17 things provide.

18 But, in addition, part of the package that you

19 would be getting for the February meeting not only will

20 have descriptions of alternatives that we are looking at,

21 but we envision at this point there will also be a

22 discussion of what appears to be Corps actions and we'll

23 get some discussion of that today and I think that's

24 related to this issue, also, is that what seems to be done

25 no matter what else is picked as part of your alternative,

1 It was the Delta portion of flood subvention

2 monies for Delta levee maintenance, some level of that.

3 I think also another chunk for habitat

4 restoration of some sort.

5 If anybody else was in attendance can recall if

6 I'm missing anything that was on that list.

7 MR. HALL: South Delta.

8 EXECUTIVE DIRECTOR SNOW: South Delta.

9 So it was kind of a mix of things and generally

10 related to existing programs.

11 CHAIRMAN MADIGAN: Sunne.

12 MS. MCPEAK: Lester, are you planning to

13 maybe at least in the alternatives that you bring up, it

14 might be worth at least in some way looking at referencing

15 that list or commenting on it in the alternative.

16 I don't want you to have to do an exhaustive

17 analysis and comparison but to look at what DWR has said

18 and relate that back to the actions that have come out of

19 the Workshops. It might be helpful so that we are

20 knowledgeable in other discussions.

21 I think Mike's really concerned that we have a

22 full picture and a balanced package and that even the Corps

23 of the action ensure that there's wins around the State and

24 that we don't set ourselves up to in some way have a

25 default like Tom mentioned that Senator Costa had

1 and then what that will mean is kind of the more political

2 judgment are the Corps actions tending to solve just one of

3 the issues and therefore, those folks, if that aspect is

4 funded, can drop away from the table and that will have to

5 be a subsequent judgment that is made.

6 CHAIRMAN MADIGAN: Steve.

7 MR. HALL: In one way or another this

8 group will have to deal with those three questions and I

9 can't say that the discussion that we had in Palm Springs

10 will provide the answers, but there were some good

11 insights.

12 We have already transcribed the notes that we

13 took, which we will provide to the committee as promised,

14 and we are also going to write a summary of the discussion

15 and try to capture the sense of where it was leading which

16 We will provide to the committee and with the committee's

17 permission we will pass on to the Council.

18 CHAIRMAN MADIGAN: Thank you, Steve.

19 Seeing no other hands, let me ask if there is

20 any member of the audience who wishes to be heard?

21 I have no card up here but this would be -- Mr.

22 Petry, nice to see you.

23 MR. PETRY: Thank you, Mr. Madigan and I

24 appreciate your help by getting on today's Agenda.

25 I at one time came to BDOC and mentioned about

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1 all of the flood waters that were flowing in the Mendota
 2 Pool and why couldn't there be a price laid on those
 3 waters.
 4 There was 1,226,350 acre foot that came into
 5 the Mendota Pool this past year.
 6 In 1993, 171,680 acre foot came into the
 7 Mendota Pool only by way of San Joaquin River.
 8 I didn't get the flow from the north fork
 9 King's River but there was a considerable amount then.
 10 1986, a hundred and -- 912,340 acre foot by way
 11 of the San Joaquin River into the Mendota Pool. They were
 12 counted as flood waters and flood waters are free. And if
 13 the water belongs to the people, how much do the people get
 14 how much of the water?
 15 When it goes from one place to another place
 16 they pay for a transfer fee. But who pays for the water?
 17 If there is a fee imposed on water like an acre
 18 foot of water, so much per acre foot, people in New York
 19 City are going to feel it.
 20 When you rake up a crate of melons in the
 21 San Joaquin Valley, you send it to New York, they are going
 22 to see a price increase. It's a normal thing.
 23 So the general public will be charged. I don't
 24 care if it's apples, oranges, grapefruits, nuts or
 25 whatever, the general public is going to feel it, but they

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1 are not going to feel it so bad.
 2 There is a lot of ways of charging fees and I
 3 think everybody ought to be accountable for the water that
 4 they use and water has become more and more of a valuable
 5 commodity.
 6 I launch a boat -- I've got a boat and it cost
 7 me five dollars for that boat. It's an eighteen foot
 8 cobalt Barrider, pretty good boat. It's got a V-8 engine
 9 in it, I and O. It costs me five dollars a year throughout
 10 the year to use that boat but the dam trailer that pulls
 11 that boat around costs me \$35 a year.
 12 Now, if the fisherman are going to gain or the
 13 sports enthusiasts are going to gain by launching their
 14 boat in additional storage, why shouldn't they pay for that
 15 additional storage or help pay for it.
 16 If it's going to take additional storage to
 17 bring better quality water for wildlife, I think the
 18 wildlife people ought to help pay for it.
 19 There's many factors involved here with water
 20 pricing, and I think if you use it -- if you want to play,
 21 you've got to pay.
 22 From what I see what this is going to mean is
 23 that everybody is going to be conservative. If you use it,
 24 you pay for it.
 25 I don't know what the what the fees are going

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1 to be. Somebody is going to have to set the prices on
 2 fees, and if we have a general public or some kind of a tax
 3 or assessment or something like that, the general public's
 4 going to pay.
 5 But I believe that the Fish and Wildlife people
 6 want six to 800,000 acre foot of water for wildlife, maybe
 7 they ought to foot the bill, too.
 8 If the fisherman are going to use the water,
 9 increase the fishing license fees. I'm a fisherman and
 10 I've got a boat, and I think everybody should share in the
 11 cost and it's one thing that we have to take a serious look
 12 at.
 13 Thank you.
 14 CHAIRMAN MADIGAN: Thank you, Mr. Petry.
 15 Thank you.
 16 It's always a pleasure to have you join us.
 17 Mr. Snow, that seems to be completing our
 18 discussion.
 19 Do you want to take a few minutes and take a
 20 little break.
 21 Why don't we take ten minutes, take a break and
 22 then we'll come back and move on to item three.
 23 We are in recess.
 24
 25

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1 (Whereupon a recess was taken at
 2 11 o'clock a.m., after which the
 3 following proceeding were had at
 4 11:12 a.m.)
 5
 6 CHAIRMAN MADIGAN: All right. Item number
 7 three on the Agenda is a report on current program
 8 activities.
 9 Lester is going to lead us through that,
 10 alternative formulation process and strategies, overview of
 11 the alternative formulation process.
 12 The objective of the session is for us to go
 13 through the rationale for forming alternatives and so that
 14 at the end of this presentation that we will understand
 15 this particular part of the process.
 16 Lester.
 17 EXECUTIVE DIRECTOR SNOW: Yeah, I want to
 18 do two things under this Agenda item.
 19 One, I want to explain to you our alternative
 20 formation process and some of the pains that we are going
 21 to to establish a foundation on this.
 22 And if today is anything like the Workshop, it
 23 will actually accentuate your frustration in terms of
 24 wanting to get into some of the details.
 25 And the last thing that I want to accomplish is

1 that actually Dick will do this, is to talk about the
2 Workshop process that we had on Monday, where that ended up
3 and where we think we are headed with this.

4 And even before I get into it, we are
5 spending -- well, let me back up a step.

6 When we look at projects, anything remotely
7 like this nationally, the reasons that they typically fail
8 is in the final analysis because they did not thoroughly
9 evaluate all of the alternatives, and I'll bet everybody in
10 here can think of a project that did not move forward and
11 the reason it got held up was because of a procedural
12 reason, was that it got challenged at some point in the
13 permitting process, that they have failed to review all of
14 the reasonable and prudent alternatives.

15 And that's of great concern to us and that's
16 why we are spending what may be perceived as too much time
17 on the foundation of making sure we've got everybody on
18 board and understanding the process and that, as you will
19 see when I get into this, we are spending a lot of time
20 generating alternatives that you probably will look at and
21 say those are stupid. Why are you doing that?

22 And the reason that we are doing it, whether
23 you totally agree or not, is to see if before capturing
24 that area of alternatives, so when we get down the line
25 four years and four years down the line somebody sues and

1 CHAIRMAN MADIGAN: Mary.
2 MS. SELKIRK: I just wanted to make a
3 procedural comment.

4 I wasn't quite sure where to interject this but
5 maybe this will be a good point because we are going to be
6 accelerating the pace and making some substantive decisions
7 in terms of a package of alternatives over the next months.

8 It has to do with how public comments are being
9 both acknowledged and also integrated into -- through the
10 CalFed team into the array of alternatives.

11 I had a conversation with a member of the
12 public yesterday who is actually -- whose organization is
13 represented here -- actually, Judith just showed up -- but
14 one of her staff people had expressed to me that their
15 group had not received any comments back from the CalFed
16 staff with regard to their comments.

17 I know there were some submitted by East Bay
18 Mud staff after the October Workshop that had some good
19 discussions.

20 I as a member of the Council would like to have
21 a better idea about how those kinds of comments are being
22 integrated and also if it might be possible for those of us
23 on the Council who are interested to get copies of the kind
24 of written comments that are coming in, because I think
25 that will help us to have a sense of the integrity of this

1 says this permit should not be issued, that we can go back
2 and show people that we've gone through a very responsive
3 process, that we've looked at all of the alternatives,
4 we've tried to get everybody involved and we hope that we
5 have some reasonable basis for moving forward.

6 Looking at this schedule, again, I mentioned
7 this earlier, we are at the point of the process where we
8 are kind of finishing up our first level of actions,
9 starting to look at the solution strategies and then
10 starting to generate, as you'll see what we call boundary
11 alternatives, which then starts leading into alternative
12 generation, which is kind of a continual process all the
13 way through April.

14 That will give us some products for you to
15 start taking a look at, in February start refining those so
16 that hopefully we can drop into our report preparation and
17 have a short list by mid-May.

18 So, again, while some of you may be frustrated
19 with the pace, it's going to change significantly and we
20 are going to move from the conceptual sketches -- not
21 totally, because I love to do conceptual sketches -- but
22 with them will be some substance on what actions we think
23 need to be grouped together and what differentiates this
24 alternative from that alternative.

25 MS. SELKIRK: Lester.

1 as a through public participation process.
2 EXECUTIVE DIRECTOR SNOW: We have
3 internally a tracking system so they all get logged and are
4 set up in the process for all of them to be responded to.

5 In addition to having an evaluation of how we
6 incorporate -- I mean, if it's appropriate to incorporate,
7 on how we incorporate into the product.

8 So we can share that information with you so
9 you have a better handle on the number and the types of
10 comments that we are getting in the process.

11 MS. SELKIRK: Thank you.

12 EXECUTIVE DIRECTOR SNOW: As I indicated
13 earlier, basically the process that we are in right now or
14 the point of the process is both Step 4 and Step 5.

15 Step 5 -- 4 four of our process is development
16 of solution strategies and, as I indicated, it's our intent
17 as we have been moving forward with these strategies to try
18 to identify a full range of alternatives so that we have
19 reasonable confidence that two years hence when we look
20 back we don't say, oh, my God, we left out a whole area
21 that we should have investigated. And you'll see that we
22 start calling these the boundary areas of alternatives.

23 To do that, in order to get started because
24 generating the starting points is pretty important, we
25 think, in terms of trying to shed any bias that we might

1 have in the process so we look for a method of generating
2 starting points, and to do that we developed four basic
3 conflicts, the conflict areas as a tool to guide in the
4 development.

5 And after assessing the Problem Statements that
6 we had generated and looking at causal factors in those
7 problems, we focused in on four conflict areas, which I'll
8 discuss a little bit more in a moment, and then looking at
9 each of these conflict areas and how you would solve the
10 conflicts generate multiple starting points.

11 So instead of approaching a solution to the
12 Bay-Delta problem with somebody coming up with their best
13 idea on how to solve it and having one starting point and
14 going from there we've devised a process that has multiple
15 starting points.

16 The theory on the way that this works is you
17 start from the four conflicts. You apply the strategy,
18 which I will describe, and, hopefully, you end up with
19 starting points for forming alternatives that define some
20 universe of hopefully reasonable alternatives.

21 The four primary conflicts, as were described
22 in your mailout, are the conflicts between fisheries and
23 diversions, habitat and land use, water supply availability
24 and beneficial uses, kind of supply and demand problems in
25 the system, and water quality and land use.

1 (indicating).

2 Does that help?

3 MR. HALL: Broadly define 3.

4 But are we saying they really should be dealt
5 with separately?

6 EXECUTIVE DIRECTOR SNOW: Yeah, we think
7 so because, in fact, it's this first one that has been the
8 highlight of the conflict.

9 To some extent that's what all the suits and
10 that's what the December accord was about, how do we
11 ameliorate the conflict between fisheries and the
12 endangered species in particular and the diversions and the
13 exports from the system?

14 And to try to find some sort of boundary, what
15 we then did was say that as you approach each of these
16 conflicts you could take one side or the other to approach
17 it from.

18 In the case of fisheries and diversions you
19 could say, well, what we want to do to solve that conflict
20 is boost fishery production and so that's -- those are the
21 actions we are going to try to capture and bring forward,
22 are actions that increase fish production in the system and
23 do nothing to address diversions.

24 Or we could take the other side.

25 What we want to do is modify the diversions so

1 And we felt through characterization of those
2 four basics conflicts you're capturing most of the issues
3 or most of the problems in the system.

4 The thing that I would stress about this is all
5 this is is a tool to get started in alternative formation,
6 and once you get started on alternative formation, this
7 really goes away and you're still dealing with all of the
8 objectives that we've talked about before.

9 MR. HALL: Lester.

10 EXECUTIVE DIRECTOR SNOW: Yes.

11 MR. HALL: What's the difference between 1
12 and 3?

13 EXECUTIVE DIRECTOR SNOW: 1 and 3.

14 MR. HALL: Yeah, fisheries and diversions.

15 EXECUTIVE DIRECTOR SNOW: Let me start
16 with 3.

17 These are the total beneficial uses of the
18 system and so it's all the water use that you would have in
19 the system, how much water is available and when it's
20 available and, you know, the supply and the demand for it
21 and the competition that occurs.

22 This specifically is kind of your method of
23 diversion and its specific impact on fisheries. And so you
24 get into the entrainment issues and the terms that you need
25 at a specific moment and this is more the supply side

1 they have less impact on the fishery and do nothing
2 specifically about the fishery.

3 And you can see, you can take that type of a
4 stream approach in either case -- or in any of the four
5 cases rather.

6 CHAIRMAN MADIGAN: Questions about that?
7 This is an interesting approach.

8 EXECUTIVE DIRECTOR SNOW: Actually,
9 Mike --

10 MR. HALL: What level of endorsement was
11 implied there?

12 EXECUTIVE DIRECTOR SNOW: You're more kind
13 than the Workshop participants, and I think some of you
14 were here for the Workshop. I think the Workshop folks
15 kinds of ended up at the end holding their nose and saying
16 if you feel you have to do that, fine, but please don't
17 tell us about it again.

18 MS. SELKIRK: It would be helpful -- I was
19 there on Monday and scratched my head along for several
20 hours with a lot of other folks.

21 We were especially fascinated by the super
22 Nova.

23 But I had a question as to how -- if you could
24 try to explain to us the thinking that went into devising
25 those four conflict areas.

1 Are they supposed to, within those four
 2 conflict areas, embrace the most essential elements of all
 3 the problem -- from the problem definitions?
 4 I'm assuming that that was --
 5 EXECUTIVE DIRECTOR SNOW: Yes.
 6 MS. SELKIRK: -- the hope?
 7 EXECUTIVE DIRECTOR SNOW: Right. That's
 8 true.
 9 CHAIRMAN MADIGAN: Tom.
 10 MR. GRAFF: I don't know if this is
 11 the -- hello -- I don't know if this is the right time to
 12 bring it up and we're still on maybe one level of
 13 generality greater than I'm going to talk about, but I did
 14 go through this document, I was back east the last couple
 15 of days and on the plane on the way home yesterday I went
 16 through the package that was distributed and I guess it was
 17 distributed to the Workshop participants and there seems to
 18 me to be one major category of -- I don't know how to
 19 describe it -- one major category of inquiry, I guess, that
 20 is missing from this package, and that has to do with
 21 alternative supplies available to at least one major
 22 diverter from the Estuary; namely, urban Southern
 23 California.
 24 And there is a category for demand reduction.
 25 There is a category for waste water reclamation, but there

1 careful, independent look at how much water over time is
 2 going to come to urban Southern California from the
 3 Colorado River.
 4 You know, San Diego has put a proposal on the
 5 table. MWD recently has signed an agreement with
 6 Las Vegas, that I don't think is broadly known and is the
 7 specific point of my inquiry today.
 8 There are talks going on between MWD and
 9 interests in Arizona. All that is highly relevant to what
 10 we are up to.
 11 EXECUTIVE DIRECTOR SNOW: Yeah, I think we
 12 can capture those issues.
 13 I'm not sure at this point, Tom, that there is
 14 as big a determinant of what needs to be done in the Delta
 15 than perhaps what you're thinking there are.
 16 Perhaps if I look out thirty years from now and
 17 take a look at is there another half million acre feet of
 18 Colorado River water going to the coastal plane or not,
 19 does that change whether we need to restore habitat, screen
 20 diversion, stabilize levees, et cetera, et cetera, I'm not
 21 sure how much it changes what we do.
 22 Now, having said that I think we need to take a
 23 very careful look at projected demands and make assumptions
 24 about ranges of demands, assuming demand management,
 25 reclamation and kinds of transfers that might take place.

1 is not a category for alternative supplies available to
 2 urban Southern California.
 3 And, as you know, Lester, and the Chair knows,
 4 the question of how much water urban Southern California
 5 will take over time from the Colorado River is a matter
 6 that has been of great interest to EDF over many years,
 7 going back to the last time we went through an exercise
 8 like this before the voters in 1982.
 9 There have been some very major recent
 10 activities not generally known, I think, to the members of
 11 this body, related to this matter, and so the question is
 12 when do -- you know, I guess we are going to hear about
 13 some of them from MWD today, but I just want to make sure
 14 we didn't kind of go past a point where that whole area of
 15 inquiry is not -- is sort of off limits to this group.
 16 EXECUTIVE DIRECTOR SNOW: The general
 17 issue of reducing demand on the Delta system, in my
 18 opinion, is clearly included in all of the actions that we
 19 have put together.
 20 In the specific issue that you raise,
 21 presumably, like the IID transfer and that sort of thing,
 22 is included in transfers. I mean, so I think we have those
 23 kinds of issues on our list.
 24 MR. GRAFF: I guess I think at some point
 25 one of the major activities of your group ought to be a

1 So we have a handle on it.
 2 But at this point I'm withholding judgment on
 3 how big of a determinant that is on what needs to be done
 4 in the Delta.
 5 CHAIRMAN MADIGAN: Well, I think there is
 6 a fair point that Tom raises, and, that is, that we have to
 7 all be knowledgeable about those issues, even if they are
 8 timing and phasing kind of questions because they are
 9 important in terms of timing and phasing, and because they
 10 are important in terms of the level of trust and confidence
 11 around the table.
 12 And so I am inclined to think that we ought to
 13 be sharing that information around here and whether we cast
 14 it up as a fifth conflict or whether we make it a part of
 15 the ongoing problem here to make sure that all of those
 16 conversations are brought before the House, I guess, isn't
 17 critical to me.
 18 But I want them here because they do play a
 19 role in the Bay-Delta process.
 20 And I've asked Jack at some point today to give
 21 us all a briefing on the current MWD Las Vegas
 22 conversations as a result of a memo that Tom sent to Sunne
 23 and me a few days ago, and I think that it's a good point.
 24 So we need to factor that information into this
 25 process in some fashion as we go to make sure that

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1 everybody is up-to-date on it.
 2 I don't know, Jack, if you want to take a few
 3 minutes now and tell us about it?
 4 This might be as good a time as any.
 5 MR. FOLEY: Right.
 6 I think it's probably time to bring this a
 7 little bit more into focus.
 8 I would go back to Lester's comment.
 9 No matter what MWD does to address its
 10 available supply, it's certainly within the demand
 11 management and supply availability as being included here
 12 so I think it's appropriate that it be discussed and
 13 understood.
 14 Understanding it is probably the most important
 15 aspect.
 16 There has been no agreement signed with Nevada.
 17 Let me say that one more time.
 18 There has been no agreement signed with Nevada.
 19 Are there negotiations to develop an agreement?
 20 Yes, there are, but let me put this in perspective on what
 21 the grand strategy is, which has nothing but a beneficial
 22 effect on this whole Bay-Delta negotiation.
 23 Obviously, the intent of Metropolitan is to
 24 keep as much of the aqueduct from the Colorado River as
 25 full as possible.

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1 That means keeping the entitlement of the
 2 Metropolitan in that aqueduct and acquiring whatever other
 3 supplies might be available.
 4 For example, we have gone down to the Imperial
 5 Irrigation District and negotiated over time a conservation
 6 program where Metropolitan invest in aligning canals to
 7 conserve water that would otherwise be lost and bringing
 8 that back into the aqueduct to meet the needs of the
 9 Metropolitan area.
 10 And we continue that program. To date that's a
 11 106,000 acre feet to be added to the Metropolitan
 12 allocation.
 13 Secondly, confronting the Federal Government
 14 has always been the San Luis Ray Indian water rights
 15 settlement.
 16 By virtue of entering into an agreement with
 17 the Federal Government to provide aligned All American
 18 Canal and in turn settle the Indian water settlement rights
 19 settlement with the San Luis Ray Indians we developed
 20 another 86,000 acre feet available.
 21 This is not giving away water. This is picking
 22 up water that would otherwise not be available.
 23 Now, overall the ultimate solution to this
 24 problem is to take excess and surplus waters on that river
 25 and conserve them, and today we are losing some three or

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1 400,000 acre feet because of institutional barriers, not
 2 physical barriers, institutional barriers.
 3 And that means if we were able to develop the
 4 mechanism to bank surplus waters on the Colorado River in
 5 an equitable fashion, particularly, in times of surplus, we
 6 would have the availability of water to meet the demand
 7 during times of shortage and, further, guarantee a full
 8 aqueduct from the Colorado River.
 9 To develop that banking capability we have to
 10 get the Federal Government to agree to it. We have to get
 11 the Secretary Of Interior to agree to it.
 12 We also would like to have all of the members
 13 participating in the Colorado agreeing to it.
 14 Now, that's not an easy task but it's certainly
 15 one worth pursuing.
 16 One of those members is the state of Nevada.
 17 The State of Nevada needs 30,000 more acre feet.
 18 It seems to me that it was a worthwhile effort
 19 to go down and talk the aligning of the All American Canal,
 20 which develops 36,000 acre feet, why not let the State of
 21 Nevada participate in that aligning and share in some of
 22 the benefits from that, and that's exactly what's being
 23 negotiated.
 24 Now, you don't normally bring your
 25 mother-in-law to your marriage proposal so we are going to

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1 continue to discuss it and at the appropriate time
 2 mother-in-law will be included when we think we've got
 3 something worthwhile.
 4 Again, I don't want to dwell on this, Mike,
 5 because I get emotional, but I do think that the intent
 6 here is to keep that aqueduct full for the next thirty
 7 years and by so doing we are saving the demand that would
 8 be perhaps placed up here on the Bay-Delta.
 9 So it's a win-win no matter how you look at it,
 10 but if you take each piece in isolation and criticize it,
 11 you haven't picked up the grand strategy.
 12 Tom, that's what's behind all of this.
 13 Again, there has been no agreement with Nevada.
 14 There's been negotiations.
 15 MR. GRAFF: I hope you're right.
 16 What I've got in front of me is a letter that
 17 was jointly signed by Woody Wadraska (phonetic) and
 18 Pat Mulroy of Southern Nevada Water Authorities sent to
 19 Secretary Babbitt a couple of weeks ago that is labeled
 20 Memorandum Of Understanding and states that "It is
 21 therefore, with a great deal of pleasure that MWD and the
 22 Southern California Water Authority can jointly today
 23 advise you of successful negotiation of an MOU that we
 24 believe will create the essential spirit of cooperation in
 25 all of our future discussions on the Colorado River."

1 It describes that MOU.
 2 MR. FOLEY: That MOU is no different than
 3 the MOU signed between the San Diego County Water Authority
 4 and IID, which is to agree to negotiate with some
 5 conceptual terms. That's all it is.
 6 MR. GRAFF: I mean, it's been described in
 7 Nevada press as the greatest thing since sliced bread. You
 8 know, we've gotten a handle on California's water basically
 9 and by the Arizona Governor as the most dastardly deed ever
 10 to come down because Nevada and California are cutting
 11 Arizona out.
 12 I mean, this is a big deal. It can't just be
 13 described, you know, as we're in the back room somewhere
 14 cutting a deal.
 15 MR. FOLEY: We haven't described it that
 16 way nor have we described it as a given way of Metropolitan
 17 water. It's just the reverse.
 18 It's the acquisition of additional supplies and
 19 the ability to work with lower members of the lower basin
 20 states to come up with a good solution for the Colorado
 21 River.
 22 And I guess that's the framework that you
 23 wanted me to talk about.
 24 CHAIRMAN MADIGAN: Good. It is.
 25 Thank you very much.

1 conflicts, are there any other options that haven't been
 2 itemized that are here?
 3 Did you find anything else, Tom, as an example?
 4 MR. GRAFF: NO.
 5 This is a big one, though.
 6 I appreciate MWD's overall position, which is
 7 actually a big change from where it was back when we had
 8 this statewide debate, you know, a dozen years ago or
 9 thirteen, fourteen years ago, just by way of history, and
 10 maybe we ought to just have a whole presentation on this in
 11 February.
 12 I was thinking about this on the drive as I was
 13 driving up.
 14 We had a big public debate with then General
 15 Manager Blaze where he put out a --
 16 CHAIRMAN MADIGAN: chairman Of The Board.
 17 MR. GRAFF: chairman Of The Board, excuse
 18 me, Blaze where he put out a -- it he was kind of debating
 19 on the Op Ed pages of the LA Times, as I remember, where he
 20 made the argument and the popular ad campaign that MWD and
 21 the then proponents of the initiative referendum put out
 22 was that Southern California is going to go dry in 1985.
 23 Because we don't have enough water from the Colorado, we
 24 are going to be cut back to the base MWD supply of 550,000
 25 acre feet.

1 I appreciate both the question raised and the
 2 explanation given.
 3 Sunne, you had a question that goes back to our
 4 earlier discussion and then we'll return to Lester.
 5 MS. MCPEAK: With respect to the third
 6 tension, which is supply availability, in the workbook for
 7 the Workshop there is a whole list of items that have been
 8 examined, and the question I heard Tom raise and Jack
 9 respond to is one not on the list, although I heard you
 10 say, Lester, that you would be looking at that, but you're
 11 starting from the point of view of what's needed in the
 12 Delta to carry out the State Federal agreement irrespective
 13 of the supply augmentation options that are here, is that
 14 true?
 15 Is that what you --
 16 EXECUTIVE DIRECTOR SNOW: No.
 17 MS. MCPEAK: No?
 18 EXECUTIVE DIRECTOR SNOW: No.
 19 Included in this approach is looking at actions
 20 that take place outside of the system.
 21 MS. MCPEAK: Then the question I have
 22 is -- Tom's raised one -- is are there any more,
 23 Mr. Chairman, to be -- that this list -- that would
 24 complete this list as Lester's going to move forward and
 25 look at the actions that would flow out of those four

1 And we on the other side of that campaign made
 2 the argument that, no, that wasn't true, you could keep the
 3 aqueduct full if you adopted a series of management options
 4 that MWD actually was thinking about but didn't want to
 5 disclose at the time.
 6 MR. PYLE: I wonder if Tom would describe
 7 how what you're discussing is related to the election of
 8 alternatives.
 9 MR. GRAFF: If California over time could
 10 keep the aqueduct flow and maybe even figure out a way to
 11 bring a second conveyance where additional water comes to
 12 Southern California from the Colorado as opposed to from
 13 Northern California, that eases substantially the pressures
 14 on the Delta from diversions and it's of interest not just
 15 to Bay-Delta interest but even to Kern County.
 16 MR. PYLE: I think Lester is talking about
 17 32 squared number of alternatives here and I just wonder
 18 why we are discussing that one.
 19 CHAIRMAN MADIGAN: Let me go back to
 20 Lester.
 21 I think Tom raises a fair point but I want to
 22 get back to Lester in terms of your -- both your conflict
 23 approach and your 32 alternatives and ask you how -- the
 24 question that Tom puts before the House, which is as other
 25 sources are identified or developed or encouraged or

1 whatever the case might be, how is that going to be
 2 factored into the recommendations of the group here
 3 regardless of whether they are MWD, the All American Canal
 4 or whatever.
 5 EXECUTIVE DIRECTOR SNOW: Those specific
 6 enhancement of supplies or reduction in demand, however you
 7 want to portray that, are all part of the action packages
 8 that come together to solve this problem so even though it
 9 may not be apparent that that issue is captured here, I
 10 mean, it really is, in terms of the conflict between supply
 11 availability and beneficial uses, what do you do to resolve
 12 that conflict, and you can build a decel plant in Southern
 13 California, you could transfer water from the Colorado
 14 River. I mean, those things are in there as you start
 15 building the packages and so I think we can capture that.
 16 Down the road, and I think Alex brought this
 17 point up earlier, when we move down to EIR/EIS we'll have
 18 to come to agreement as to what is in the base case.
 19 What's going to happen, what's the no action alternative?
 20 And I suspect given this discussion here people
 21 are going to want to debate whether some big transfer in
 22 Southern California is part of the no action alternative.
 23 Typically it would not be given the environmental review
 24 process, but I guess I could see that one coming down the
 25 road.

1 EXECUTIVE DIRECTOR SNOW: Sure.
 2 And if I could add to one of the fundamental
 3 points that you are making and why I think we will be
 4 assuming Colorado River aqueduct is full, and there is a
 5 lot of interest not only in this group but in stakeholders
 6 in the Workshop process who are making sure that this
 7 process captures good demand management, that that's got to
 8 be part of the foundation, and if you talk about demand
 9 management and you think of it in terms of ultra low flow
 10 toilet programs and things like that those don't hold a
 11 candle to the basic assumption that the Colorado River
 12 aqueduct will remain full because the swing there is it's
 13 600,000 acre feet. And so it's so significant.
 14 I mean, when we talk about demand management on
 15 the Bay-Delta system, making an assumption that the
 16 Colorado River aqueduct will be full is very, very
 17 significant in terms of control and demand on the Bay-Delta
 18 system.
 19 CHAIRMAN MADIGAN: Steve.
 20 MR. HALL: I certainly don't disagree with
 21 Tom that this is significant and it ought to be addressed
 22 in this forum, but I have a fair amount of confidence in
 23 what Lester is saying, that the assumptions, the operating
 24 assumptions of CalFed is that the Colorado aqueduct will
 25 remain full except under extraordinary circumstances.

1 I would add, though, in response to some of
 2 Tom's concern I cannot see any demand scenario that we put
 3 up on the Bay-Delta system that does not assume a full
 4 Colorado River aqueduct. To me that's foolish on its face.
 5 I can't even see for purposes of enveloping ranges of
 6 demand ever assuming that the Colorado aqueduct is not
 7 full.
 8 MR. GRAFF: You know, let me just say,
 9 maybe this isn't the right place to debate this and Stu may
 10 be right, but MWD has a junior priority on California's
 11 Colorado River supply if -- you know, they used to talk
 12 about how little it was. Now they are trying to build it
 13 up as to how big it is, as Jack points out with the IWD
 14 deal and maybe they'll add to it by aligning the All
 15 American Canal. It's a little obscure as to how that
 16 happens, but that's a big deal for California, is how that
 17 assumption actually ends up being true.
 18 EXECUTIVE DIRECTOR SNOW: Yeah.
 19 MR. GRAFF: And one of the things that
 20 happened recently is San Diego and IID came forward with an
 21 innovative way to help make that true and MWD is by some
 22 lights, anyway, tried to make that not happen.
 23 So I think all these issues deserve to be
 24 aired, you know, and this is a pretty good forum to air
 25 them.

1 And the reason I'm fairly confident is because
 2 I don't know of anybody who has done any long-term water
 3 supply planning in California for several years now that
 4 has not made that assumption, precisely because of the
 5 opportunities that exist that Tom described, that
 6 Metropolitan and others have pursued.
 7 I don't think any of us can say categorically
 8 how it will remain full, but the fact that it's assumed it
 9 will remain full while not making Tom's point moot, I
 10 think, addresses Tom's point.
 11 So I think it's important to consider it and
 12 from what Lester has said it's being considered.
 13 CHAIRMAN MADIGAN: Roberta.
 14 MS. BORGONOVO: In the Workshop discussion
 15 we did talk about demand side management and I guess I
 16 heard people not really understanding what demand side
 17 management is, but I think one of the points Tom is making
 18 is that the way in which the demand is put out there is of
 19 significance to CalFed, and I think what we were asking is
 20 that it would be good to have those assumptions out there
 21 and to have us examining.
 22 My understanding is what the CalFed team is
 23 looking at is they are looking at the demands that are
 24 there in Bulletin 160 and not everybody agrees with the way
 25 in which the Department Of Water Resources arrives at those

1 figures and so maybe it's not a topic for discussion today
 2 but certainly there are many of us that are interested in
 3 having that discussion because it is going to be part of
 4 those conflicts that are up there.
 5 CHAIRMAN MADIGAN: I don't especially want
 6 to move forward here until we have some sense of how to
 7 deal with this issue because it is an important issue and
 8 it will come back before the House in a lot of different
 9 ways over time and we might as well have some sense of how
 10 we are going to deal with it.
 11 Alex.
 12 MR. HILDEBRAND: I think that another
 13 aspect of what's basically the same problem is that in the
 14 base case we've got to address the question of what do we
 15 do about the ongoing decline in the inflow to the Delta due
 16 to increasing consumption upstream and increasing exports
 17 from upstream, and this tends to get ignored that what we
 18 have in the way of inflow today isn't going to continue
 19 unless we do something about it.
 20 And there again we are talking about
 21 significant amounts of water.
 22 CHAIRMAN MADIGAN: Alex, I am reasonably
 23 confident that it will never be ignored so long as you are
 24 on the Counsel.
 25 Hap. Go ahead, Hap.

1 In the industry -- and Roberta is very attune
 2 to this -- there is something called demand management and
 3 there is specific things that you can do and AWWA has put
 4 out workbooks on how you go about demand management and
 5 it's ultra low flow toilets and audit checks and all kind
 6 of stuff.
 7 But those things have an effect and so we tend
 8 to mix things.
 9 And let me describe for a moment.
 10 If we are looking to reduce the demand on the
 11 system or, you know, Delta water use, then you can go down
 12 into the service area and you do demand management, supply
 13 enhancement, both, that have the effect of reducing demand
 14 on the system.
 15 You can go up into the Sac Valley and institute
 16 certain kinds of demand management that have the effect of
 17 increasing supply into the system and so we get a little
 18 twisted around on how we use the term demand management,
 19 and I want to make that clear.
 20 A demand management program in an export area
 21 has the effect of reducing the demand on the system. The
 22 demand management program in an upstream area has the
 23 effect of increasing supply into the system and so they are
 24 a little bit or -- or can be a little bit different.
 25 Now, on to Hap's issue.

1 MR. DUNNING: Lester, coming back to Tom's
 2 point, in the action categories to enhance water supplies
 3 there is one category called Construction and Improvement
 4 of Conveyance Facilities and it mentions things like
 5 construct east side isolated transfer system, construct
 6 west side isolated transfer system, et cetera.
 7 Would it or would it not be appropriate to
 8 include there construction of a second conveyance facility
 9 from the Colorado River to urban Southern California?
 10 Is that out of bounds because it's removed from
 11 our Delta concern or is it in the picture because it
 12 greatly impacts what Met -- or could great re-impact what
 13 Met demands from the Delta?
 14 EXECUTIVE DIRECTOR SNOW: That's a good
 15 question.
 16 I don't have an immediate response to that,
 17 where that kind of thing would fit in.
 18 I don't know if Steve has an opinion about
 19 that, of whether it would fit in that category.
 20 What occurs to me on some of that kind of
 21 stuff -- let's kind of look at the system this way because
 22 this issue in general has come up when we talk about demand
 23 management:
 24 I'm going to digress and then come specifically
 25 back to your issue.

1 I think it's unclear at this point as we form
 2 these alternatives, whether as we look at the needed or
 3 projected demand on the system whether we would just assume
 4 certain things take place, that Southern California
 5 implements best management practices, builds another
 6 facility or what have you or whether all our alternative
 7 would contain specific reference to another facility.
 8 And I think we were leaning to the former way
 9 of doing it, that they have done IRP kinds of things to
 10 look at their resource mixes and we make assumptions of
 11 what that results in and demand on the system and then we
 12 fix this system.
 13 Steve, did you want to add to that?
 14 MR. YAEGER: NO.
 15 Just to pick up on the point that you were
 16 making there, our intention is to look at what we consider
 17 a base case, and, that is, that all the water users in
 18 the -- from the Delta are using all the tools that are
 19 available to them to make the appropriate use of that
 20 water, and we are going to look at all those assumptions,
 21 do some sensitivity analysis on those assumptions and see
 22 how employing those assumptions really affects the
 23 alternatives that we are developing.
 24 It seems to me that, you know, certainly, the
 25 Colorado River aqueduct outflow being full and the

1 opportunities there could be part of that base case
 2 sensitivity analysis in looking at and whether if you
 3 assume that the aqueduct is full, which I think we want to
 4 do, and if you assume that there are additional
 5 opportunities for additional conveyance there, whether that
 6 affects the way that we develop alternatives, the way that
 7 we look at the alternatives for the Bay -- in resolving
 8 that conflict from the beneficial uses of that water in the
 9 Bay-Delta system.

10 CHAIRMAN MADIGAN: Tom.

11 MR. GRAFF: I'd have thought maybe when we
 12 were getting around to institutional guarantees, what we
 13 could do is consider, and I don't know whether MWD would
 14 agree to this, but some sort of warranty on MWD's part that
 15 it would keep the Colorado River aqueduct full as one of
 16 the institutional guarantees for Bay-Delta and Central
 17 Valley interests.

18 MR. HALL: That's assuming God and mother
 19 nature agree.

20 MR. GRAFF: I mean, if there is an
 21 earthquake and the aqueduct goes out, they probably can't
 22 live up to the warranty or something. I agree with that.

23 CHAIRMAN MADIGAN: Tom and then Stu.

24 MR. MADDOCK: I just have a comment on
 25 that, and even on Hap's point is that part of what we ought

1 are talking about exactly the same water that Metropolitan
 2 has an option to go ahead with.

3 Can you enlighten us on that, please.

4 MR. FOLEY: Yes, Tom.

5 I think that -- first, let me clarify for
 6 Tom Graff that we are not opposed to the negotiations
 7 between IID and the San Diego County water authority.

8 In fact, we encourage any of our members that
 9 can generate additional supplies, and we spend an awful lot
 10 of money in incentives doing that, both ground water
 11 recovery, reclamation, conservation, toilet retrofit, and
 12 we have invested heavily in that.

13 There is a concern that that negotiation is not
 14 predicated on the fact that they will compete for the same
 15 water that we are trying to acquire at, hopefully,
 16 extremely cheaper rates and then attempt to wheel the water
 17 through the aqueduct at the expense of the cheap water,
 18 which we were able to put in that aqueduct.

19 Those are concerns we have.

20 If they are able to overcome those concerns,
 21 then we have no problem whatsoever.

22 In fact, it falls right in line with our
 23 integrated resource program.

24 So you are correct. I think we've got to be
 25 careful, are we bidding up the price of the same water?

1 to say is that there ought to be a second aqueduct, but the
 2 question is you've got the law of the river, you have all
 3 these participants and just because we sit here and dictate
 4 that doesn't mean it's going to happen.

5 So because of all of these -- the compacts and
 6 the entitlements and everything else, I mean, I think we
 7 have to realize that even though that might be desirable,
 8 the question is can it really happen, and realistically.

9 But I'd like to ask Jack Foley a question here
 10 on Tom's point about IID, and I gather, Tom, what you're
 11 saying is that Metropolitan is trying to stop the IID
 12 San Diego water authority transfer.

13 But, Jack, I was under the impression that
 14 Metropolitan in its program to conserve water with IID had
 15 an option to expand that program into another hundred
 16 thousand acre feet or hundred and fifty thousand acre feet
 17 under the same program.

18 So it seems to me that you're either talking
 19 about IID doing that directly with the water authority or
 20 Metropolitan doing it, but it's the same amount of water,
 21 and I was under the impression that that additional
 22 conservation to IID, at least I had seen some MWD studies
 23 where that was factored into the potential supply in the
 24 future.

25 But, I mean, I mean, it looks like to me you

1 That's a concern.

2 Are we taking more than the Imperial Valley can
 3 afford to give up?

4 That's a concern.

5 Will this endanger our ultimate objective to
 6 bank water on the river?

7 That's a concern.

8 And when you put all of these together, they
 9 are all concerns that might affect the overall strategy,
 10 which is to develop additional water supply.

11 So the ultimate strategy is still as sound as
 12 it always was. How we work our way through these is the
 13 important part of it.

14 So, again, Tom, to answer your question, yes,
 15 in some respects there is the same water.

16 We do have a Phase 2. As I mentioned before,
 17 Phase 1 was 106,000 acre foot. Imperial lining the canal
 18 was 86,000, of which we are considering sharing 30,000
 19 acres of that with the State of Nevada to ensure that
 20 Nevada will support their banking program on the river.

21 Arizona we need to work with. There are
 22 situations in Arizona that have not been resolved.

23 We are talking about water stored on the river
 24 as a first top of the reservoir release so there are
 25 acquisitions in there. We are also talking about

1 priorities and Arizona has the need to suffer the first
 2 shortage.
 3 There may be a way we can share in suffering
 4 that shortage and bringing the ultimate project purpose
 5 together. I guess I'm getting too detailed.
 6 CHAIRMAN MADIGAN: That's okay.
 7 MR. FOLEY: I think it's important that I
 8 leave one thought and, that is, we are not opposed to the
 9 Imperial negotiations. We are concerned if they conclude
 10 that that results in another aqueduct, so be it. That's
 11 fine. That's just another advantage to Southern California
 12 in terms of meeting their supply.
 13 CHAIRMAN MADIGAN: This has all been very
 14 helpful.
 15 Stu.
 16 MR. PYLE: I'd just like to make a
 17 statement regarding demand management, and I don't know if
 18 people at the table have heard both sides of the argument
 19 on this, and I'm not going to bore you with my side, but I
 20 don't agree with that demand management necessarily reduces
 21 the need for water supplies from the Delta.
 22 And it relates to the fact that the Delta is a
 23 supplemental supply in most areas. Most water suppliers
 24 carry out water conservation demand management programs at
 25 their own expense.

1 explicit there where that lower salinity water might come
 2 from, but, I don't know, unless it's Mono Lake, it's
 3 probably the Delta, and so I don't know whether that's
 4 consistent with MWD's policy of keeping the aqueduct full.
 5 MR. FOLEY: The point there, Tom, is that
 6 there can never exist, if we are going to pursue this
 7 extensive recycling program, it can never be a hundred
 8 percent reliance on the Colorado River for the salinity
 9 reason alone.
 10 There will always be a need for lower salinity
 11 water, whether it be from the Delta or elsewhere.
 12 If we are going to have a recycling program
 13 which is truly demand management, we are talking 200,000
 14 acre foot a year now. We're talking of tripling that in
 15 the next 25 years.
 16 To accomplish that goal we are going to have to
 17 have a quality water that you can recycle and not end up
 18 unable to use it.
 19 So in there is, of course -- it has nothing to
 20 do with keeping the Colorado River aqueduct full. That has
 21 to be full and that's something that I think is a
 22 reasonable one, and it will be full. I'm just trying to
 23 extend the time that it will be full.
 24 CHAIRMAN MADIGAN: Lester.
 25 EXECUTIVE DIRECTOR SNOW: Yes.

1 They are not related to the Delta supply but,
 2 on the other hand, if the Delta programs desire to enter
 3 into demand management programs, I'm sure our Agency would
 4 like to receive money to enable us to save water, extend
 5 our supplies in our area in return for reducing a demand on
 6 the Delta.
 7 But I think it's got to be a negotiated
 8 operation and you can't just automatically assume that
 9 demand management will reduce a water supplier's need for
 10 Delta water.
 11 CHAIRMAN MADIGAN: So your point is that
 12 to the extent that you institutionalize demand management
 13 you still have to have an insurance policy somewhere and
 14 the Delta becomes a part of that insurance policy?
 15 MR. PYLE: That's right.
 16 CHAIRMAN MADIGAN: Tom.
 17 MR. GRAFF: One last point.
 18 We've really only been talking about quantity
 19 and the other issue in Southern California is quality.
 20 And at least in some of the documents that have
 21 been forwarded to the Interior Department recently by Met,
 22 one of the described key features of Met's program is
 23 diversion of lower salinity water in lieu of Colorado
 24 River water to encourage waste water recycling and ground
 25 water replenishment, and, of course, that it isn't made

1 If I could just take five more minutes and kind
 2 of finish off this alternative formulation process.
 3 And I want to stress something.
 4 I've kind of made light of this because of what
 5 we ran into in the Workshop, people wondering why you're
 6 generating boundary alternatives that don't make any sense
 7 or that we know aren't going to make it through the end of
 8 the process.
 9 And I don't want to make some light of it so
 10 you understand why we are doing this and there's two
 11 primary reasons why we are going to these efforts to
 12 generate starting points to formulating alternatives.
 13 One is to make sure that we're generating an
 14 array, that we are not starting in one spot so that
 15 everything goes through that and find out that that one
 16 spot was not the right place to start. We want to have
 17 multiple places so we are taking kind of extreme views or
 18 very different views of the situation.
 19 The other is to go through a process like this
 20 to try to strip all of the bias out of it.
 21 Any of us who have worked on the Delta for any
 22 length of time we have opinions about it and if we just
 23 start with our basic opinions, we may be wrong when we get
 24 to the end, and so we've devised kinds of a mechanical
 25 process that forces us out to the extremes of this so we've

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1 got multiple starting points and we really see what happens
 2 when you pursue these other approaches, and this is very
 3 important.
 4 We think it's an essential to the foundation of
 5 having a defensible process.
 6 The numbers are not all that important but as
 7 you come up with the four conflicts, two ways of
 8 approaching each conflict and then you package one way of
 9 each to get all four conflicts and then you can do a
 10 maximum conflict resolution or a minimum, you end up with
 11 32 starting points and that's what we have done.
 12 And how we are starting from these starting
 13 points to then accumulate actions to start preparing
 14 material that we then will bring back to the public and to
 15 BDAC next year as we start moving from these starting
 16 points into actually forming what we have called here
 17 preliminary boundary alternatives from these starting
 18 points.
 19 You take the starting point as defined from
 20 picking one side of the conflict to solve it. You look at
 21 the actions and action categories that can address those
 22 issues.
 23 You give some consideration, although not at
 24 this point detailed consideration, principles and you start
 25 coming up with extremely rough preliminary boundary

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1 alternatives.
 2 And the thing I would stress is that we know at
 3 this point none of these boundary alternatives will make it
 4 through to the end of the process because we are trying to
 5 define the limits and make sure we've got the better
 6 alternatives in front of us, and as we do that the rest of
 7 the process is to start moving in from here and modifying,
 8 evaluating, looking at performance measures, looking at
 9 solution principles to start generating better and better
 10 alternatives.
 11 As you go through the screening then you start
 12 generating short lists. Kind of the way this will work,
 13 and you'll hear a little bit more about it later today,
 14 you'll start from here, you may generate as many as 150
 15 alternatives. A lot of them won't be any good. You start
 16 screening down to what is reasonable, you start coming up
 17 with a short list, 20, 30 alternatives, down to hopefully
 18 eight to twelve, down to hopefully four to five or three to
 19 five.
 20 That's kind of the process -- well, a couple
 21 more things, I guess, just a little bit mechanical.
 22 But once you have come up with a starting point
 23 you start looking at in this case all of the different
 24 actions that can increase fish productivity, and you look
 25 at the ones you think are best fits in a minimum case and

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1 you pull those down.
 2 You look at modifying land use patterns. You
 3 look at supply enhancement actions, et cetera, and you
 4 start pulling those down and start forming the boundary
 5 alternative and that's the exercise we've gone through.
 6 And again those boundary alternatives are not
 7 terribly good alternatives but we think it gives us the
 8 adequate starting points.
 9 Roberta thinks this one (indicating) just
 10 speaks for itself so I don't have to say anything about it,
 11 right?
 12 MS. BORGONOVO: Only when you draw on it.
 13 MR. HALL: Mr. Chairman, I don't want to
 14 get too personal but I hope our Director of medical plan
 15 includes conceptual graph therapy. This is getting out of
 16 hand here.
 17 EXECUTIVE DIRECTOR SNOW: Actually, I have
 18 a clinic I will enroll you in.
 19 MR. HALL: I don't want to be in the
 20 clinic. I want you to be in the clinic.
 21 EXECUTIVE DIRECTOR SNOW: I'll be brief on
 22 this one here.
 23 And I'll also say thank you.
 24 The whole point of the boundary stuff, and I'll
 25 just take two of our resource areas, and you could come up

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1 with some type of minimal package that gives you a little
 2 bit of improvement in ecosystem quality, a little bit in
 3 water supply reliability and some of us say that's not
 4 enough, that's not far enough from the base case to do much
 5 good.
 6 You could go to the other extreme and spend 20
 7 billion dollars and you've got increased habitat, you've
 8 got increased water supply reliability, you've got a decel
 9 plant everywhere, you've got alternative sources and you've
 10 fixed the flow problems in the Delta but nobody can afford
 11 it and so we are kind of looking for those limits.
 12 Also, you can pursue strategies that give you
 13 significant increases in reliability without much
 14 counter-change in the ecosystem health and so the issue is
 15 trying to figure out what the boundaries are and obviously
 16 the objective is to try to start moving in to something
 17 where we are balancing all four resource areas.
 18 We think with these kind of starting points it
 19 helps us move in that direction and we don't necessarily
 20 ask you to endorse those boundary conditions.
 21 We know we know it's kind of a frustrating part
 22 of the process but we wanted you to understand how we are
 23 doing it and a little later today Steve will talk about the
 24 refinement process, which will probably be of a more
 25 interest to you.

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1 Under this Agenda item we wanted to have Dick
 2 talk about the Workshop and what we learned from that and
 3 we can do that after lunch.
 4 CHAIRMAN MADIGAN: Okay. How much time do
 5 you expect after lunch that we will deal with this item?
 6 EXECUTIVE DIRECTOR SNOW: Dick, how long
 7 were you planning on that?
 8 MR. DANIEL: Anywhere from ten minutes to
 9 three hours.
 10 CHAIRMAN MADIGAN: Okay. So on the
 11 boundary chart here, then the ten minutes is where?
 12 EXECUTIVE DIRECTOR SNOW: Ten minutes
 13 would be -- it's kind of over in this area.
 14 CHAIRMAN MADIGAN: All right. We have
 15 arrived at a reasonable point to break for lunch.
 16 Let's try to hold it to about 40 minutes or so
 17 and get back here about ten minutes before the hour. We
 18 are running behind.
 19
 20 (Whereupon the noon recess was taken at
 21 12:10 p.m., after which the following
 22 proceedings were had at 1:02 p.m.:)
 23
 24 CHAIRMAN MADIGAN: All right. Mr. Snow,
 25 did you want to continue with your report?

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1 Did you want to call Dick Daniels up?
 2 EXECUTIVE DIRECTOR SNOW: Dick can kind
 3 of give us a brief overview of what happened at the
 4 Workshop and then move on into what could be an important
 5 exercise in terms of looking at potential Corps actions and
 6 how we may utilize them.
 7 CHAIRMAN MADIGAN: Dick, you're on.
 8 Do you have a mike?
 9 MR. DANIEL: Stall for one more minute.
 10 CHAIRMAN MADIGAN: All right.
 11 MR. DANIEL: What we did last Monday at
 12 our Workshop was really jumped into the water in a big way.
 13 The first thing we found out was that the water
 14 was pretty cold. Like many of you, the participants of the
 15 Workshop, and I know many of you were there, there was a
 16 considerable degree of frustration with the process.
 17 When we split up into break out groups, and we
 18 had about 117 people attended our work shop, about 30 of
 19 those were new faces. Several of them represented new
 20 interests, new stakeholder groups, and that was very
 21 gratifying, the level of interest in the Workshop itself.
 22 But the Workshop stumbled for a while, frankly.
 23 People were frustrated with the process that we
 24 were trying to get them to mold themselves into. They
 25 floundered for quite a while during the Workshop.

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1 In the breakout groups there was initially
 2 considerably more discussion on process and background and
 3 levels of detail than we had anticipated, but as the
 4 process worked through itself we started getting some very
 5 productive discussions, discussions that were more
 6 enlightened, at least than I had anticipated.
 7 What we did that may have been a mistake but
 8 turned out to be an important point, is we started people
 9 out using what we called a very minimum level of conflict
 10 resolution.
 11 We feel that we are required in order to have a
 12 very complete, comprehensive planning process to cover the
 13 full range, the boundary conditions, the outside edges of
 14 the super Nova, as Lester has depicted it.
 15 You'll notice I don't use these complicated
 16 graphics. I'd just as soon use English language.
 17 What we asked people to do was to construct an
 18 alternative using action categories and actions that we had
 19 provided them to discuss an alternative that would achieve
 20 the following:
 21 That the winter run Chinook salmon and Delta
 22 Smelt are no longer facing extinction. That wasn't
 23 satisfactory to the rest of the group. They wanted to do
 24 better than that.
 25 We asked them to try to put together an

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1 alternative that in addition to dealing with the endangered
 2 species eliminated the uncertainties associated with the
 3 take limits tied to endangered species.
 4 They didn't think that was good enough. They
 5 wanted to go further, develop a more comprehensive
 6 alternative than that.
 7 We asked them also to look at actions that
 8 reduced the likelihood that any other species might be
 9 placed on the endangered species list. They wanted to do
 10 better than that.
 11 They wanted us to enhance the population.
 12 And we fell back upon one of our very basic
 13 solution principles and, that is, that equity is satisfied.
 14 The benefits will be fairly distributed amongst all of the
 15 beneficial uses of water and facilities in the Delta.
 16 We reminded the group that we're wedded to an
 17 important set of solution principles. They agreed to that
 18 and constantly referred to these solution principles as
 19 they worked together to try and develop some alternatives.
 20 Probably the most controversial thing we did,
 21 and frankly, it's okay if you can't read this because I'm
 22 going to throw it away right after today's
 23 presentation -- is we went through in-house and developed
 24 what we described as a minimum boundary alternative,
 25 focusing on the conflict that Lester discussed with you

1 surrounding the issue of fisheries and diversions.
 2 We would found that we could come up with some
 3 actions that at a very minimum level would deal with that
 4 problem.

5 We also found that there was some synergy in
 6 terms of the other conflict areas.

7 This particular example focused on the "A"
 8 alternative, which was dealing with fisheries' populations;
 9 i.e., the concept of enhancing fisheries' populations so
 10 that the level of entrainment or loss associated with
 11 diversion might be tolerable.

12 People weren't satisfied with that. We offered
 13 them a second look at it from the standpoint of dealing
 14 specifically with diversions themselves and trying to
 15 reduce the loss of fisheries to diversions.

16 Here again we found a couple of opportunities.
 17 We found amongst our actions that there was an opportunity
 18 for synergy or multiple benefits, but that didn't satisfy
 19 folks.

20 What they did then is together in a very
 21 constructive fashion developed a set of actions that they
 22 felt went beyond the minimalest approach that we had
 23 proposed and went beyond focusing on the specific conflict
 24 relative to fisheries and diversions and they came up with
 25 what I think we are going to end up calling a set of Corps

1 of the common ideas that is floating around the Central
 2 Valley of California right now, the whole concept of demand
 3 management, universally applied demand management so that
 4 we make the most of the water that we have to take out of
 5 the Delta and reduce the pressure on the Delta if at all
 6 possible.

7 I was pleased to hear a considerable amount of
 8 support for the general idea that we have to protect the
 9 levees in the Delta, not only protect them from a water
 10 supply or water quality standpoint, but, of course, you
 11 know one of my pet ideas here is to utilize these levees
 12 for improved habitat in the Delta and thus reduce some of
 13 the pressure on our fisheries.

14 That was suggested as a Corps action and
 15 perhaps something that we ought to get along with.

16 There are some other ideas that I would
 17 categorize more in the area of institutional changes.

18 It was suggested in several of the groups that
 19 additional funding be provided to develop insides into
 20 criteria for protection of species and identification of
 21 existing impacts, an evaluation of the role that hatcheries
 22 currently play in maintaining the fisheries.

23 There is some concern over whether or not the
 24 benefits that are attributed to hatcheries are realistic,
 25 whether or not we ought to look real hard at our policies

1 actions.

2 We had four breakout groups and there was a
 3 remarkable amount of consistency between those groups.

4 By and large everyone concurred that a fish
 5 screening program on diversions in the Delta, upstream of
 6 the Delta and elsewhere would be very appropriate and that
 7 we ought to get on with it.

8 They agreed as a group that habitat restoration
 9 was a key element to any alternative that's developed for
 10 resolution of the problems in the Delta, and they broke it
 11 down into the different habitat types.

12 What's important is that they focused on
 13 habitat restoration and they said we ought to get on with
 14 it.

15 A considerable amount of discussion centered
 16 around the idea that we're allowing too much toxic
 17 discharge into the ecosystem of which the Bay and Delta is
 18 part.

19 A lot of talk about reduction of point and, if
 20 possible, reduction of non-point discharges throughout the
 21 system in order to reduce contamination.

22 There was controversy surrounding the idea that
 23 perhaps we may have to take some land out of production in
 24 order to reduce agricultural pollutants.

25 That certainly is up for debate, but it is one

1 in using artificial reproduction to maintain fisheries'
 2 populations.

3 Again, here there was an interest in the levee
 4 protection issue, what level of levee protection is
 5 necessary, do all the levees in the Delta require the same
 6 degree of protection for those that serve multiple benefits
 7 in terms of water supply, Water Quality, agricultural
 8 production and habitat need to first look at perhaps the
 9 first fix.

10 The concept of adaptive management is something
 11 that we are getting very used to here at the CalFed
 12 Bay-Delta Program. We do it every time we have a public
 13 meeting.

14 But in relationship to fisheries' management
 15 and water supply it was agreed that adaptive management and
 16 accurate realtime monitoring is very important and that
 17 that could provide a linkage and support to other programs.

18 The whole concept of water transfers, there
 19 seems to be general agreement that water transfers can
 20 solve some of our water supply problems, may be able to
 21 solve some of our fisheries problems, but there is the
 22 perception that it's too difficult, too costly, and too
 23 time consuming at present to implement water transfers, so
 24 we were directed to take a hard look at that.

25 Storage capabilities, not only in the context

1 of being able to implement transfers through the Delta, but
2 additional storage capabilities to take advantage of those
3 abundant water years and reduce pressure on the system
4 during the dryer period.

5 Conjunctive use of ground water offstream and
6 onstream storage facilities were also suggested as areas
7 that we ought to look more closely and more rapidly at.

8 Land use changes to reduce subsidence. That's
9 specific to the Delta, where there is some concern that if
10 we continue to use the land as we have in the past without
11 remediation, that it may be impossible to back up the
12 levees such that they could protect the existing uses.

13 Once again, the whole concept of introduced
14 species came up, the practicality of implementing ballast
15 water discharge requirements as soon as possible,
16 developing a program to regulate the discharge of ballast
17 water from ships that enter the Bay and Delta area in order
18 to reduce the likelihood of additional, unwanted
19 introductions into the system, and the focus there was on
20 ballast water.

21 And then the concept of developing an emergency
22 response system, planning for a catastrophe in the Delta,
23 planning for large scale levee loss, should it occur before
24 we get things fixed.

25 We've taken a hard look at these over the last

1 breakout groups in the Workshop format people do focus in
2 on specific issues, specific problems. They are often very
3 frustrated with the fact that we are trying to deal with a
4 level of detail. It's much more general.

5 I know that in the group that I worked with,
6 Iron Mountain Mine and the acid mine drainage discharge in
7 the Sacramento River was brought up. That's generally
8 recognized by the fisherman biologists as a tremendous
9 threat and a tremendous threat to the winter run Chinook
10 salmon. Diazynon as it's used as an orchard spray during
11 the dormant period has gotten quite a bit of publicity of
12 late.

13 It may not have gotten as much study as is
14 necessary, but it comes up as an issue on a fairly regular
15 basis.

16 There was some comment about dioxin in the
17 upper Sacramento River.

18 You can't have a public meeting involving water
19 issues and agriculture without hearing about seleniums and
20 salinity discharges from the San Joaquin Valley.

21 I think in general those were the kinds of
22 specifics relative to toxics that I heard about.

23 CHAIRMAN MADIGAN: Tom.

24 MR. MADDOCK: Could you expand just a
25 little more on some of the discussion around -- surrounding

1 48 hours or so. We are encouraged by the universality of
2 the suggestions that came out of these roughly 120
3 different people.

4 It does look as though there may be some
5 opportunity for early implementation, early evaluation of
6 these concepts, and we are very much encouraged by it.

7 I'd like to open it up to a little bit of
8 discussion at this point.

9 I know that a number of you were there at the
10 Workshop. I'd like to have your views. Sometimes we don't
11 get as much feedback as we'd like.

12 Mr. Chairman, I'd be more than happy to
13 entertain some questions or comments at this point.

14 CHAIRMAN MADIGAN: Roger.

15 MR. STRELOW: I'm curious about the
16 particular rationale, for example, the call for some
17 additional pollutant discharge reduction. That's an issue
18 that we haven't touched on much in these discussions.
19 We've tended to focus on salinity and fish entrainment and
20 so on as far as the environmental problems are concerned.

21 Did people voice particular concerns of, you
22 know, specific pollutants that were felt to be harming
23 certain fish populations or was it just the general notion
24 that somehow we ought to keep doing more?

25 MR. DANIEL: In almost all of our

1 the institutional mechanisms to facilitate water transfers.

2 I'm sorry I wasn't at that, but if you could
3 expand on that a little bit I think it might help us,
4 particularly with what we are doing with this business
5 round-table and California Chamber and Farm Bureau Project
6 to take a look at the water transfer issue, just give us
7 some idea of what developed there, Dick.

8 MR. DANIEL: I don't consider myself an
9 expert in this, but I listened.

10 There are concerns about water rights, about
11 the potential loss of vested water rights associated with
12 the transfer. I think the legislature has dealt with that.
13 I don't know that it's dealt with it completely to
14 everyone's satisfaction.

15 There is concern about the amount of time it
16 takes to implement a transfer.

17 Very often folks who might have water available
18 on a willing seller basis don't know until quite late in
19 the season until the late winter period, those that might
20 want to buy the water have an immediate need for it early
21 in the spring, and the regulatory process as it exists now
22 might be too cumbersome.

23 So is there a way, is there a regulatory or
24 institutional mechanism to streamline that process?

25 There is some concern from the environmental

1 standpoint that transfers could deplete instream flows,
2 that water right now that is either directly or indirectly
3 allocated to instream flows might be foregone through a
4 sale and there is a concern about that.

5 In the group that I dealt with there was a
6 discussion -- I don't think a consensus -- over the idea of
7 setting up a brokerage house that is government run that
8 has the interests of all of the different sectors involved
9 in managing water transfers, not unlike the drought water
10 bank that we had a couple of years ago.

11 Those were sort of the concepts that I took
12 away from the group. Maybe somebody else had other
13 opinions.

14 MR. HILDEBRAND: Maybe I could supplement
15 that a little bit from another point of view, and, that is,
16 that in the San Joaquin River system, which is a greatly
17 over-committed system, the main stem of the river and
18 inflow into the Delta consists largely of return flows in
19 the summer, and if you start transferring agricultural
20 water that would normally be applied in the summer and
21 generate return flows and instead let that down for fish in
22 the spring and then we deplete those return flows and
23 destroy the flow in the summertime, which is needed by
24 downstream riparian diverters and other uses.

25 MR. DANIEL: Thank you, Alex.

1 How could we fashion some kind of authority
2 that would provide the current resource agencies with
3 access to the market in the same way that an urban water
4 district might have?

5 CHAIRMAN MADIGAN: Roberta.

6 MS. BORGONOVO: I've asked Dick this
7 question, and the answer has been in the affirmative, but I
8 just thought I would ask it in the -- for the group at
9 large.

10 The question came up in our group "What is the
11 baseline," and those of us who worried about restoration
12 have assumed that the baseline upon which all of these
13 improvement programs are built really is the water quality
14 standards that came out of the Bay-Delta accord and the
15 Water Resources Control Board plan.

16 So that in effect that really does guarantee a
17 minimum outflow. It affects the amount of export,
18 especially during those spring months, which you
19 illustrated so well last night when you talked about the
20 change in the system.

21 So as long as that's understood, I think that
22 that gives me a level of comfort in beginning to evaluate
23 those other options.

24 MR. HILDEBRAND: The trouble with that is
25 that the Bay-Delta accord as it applied to the San Joaquin

1 In fact, that was one of several different
2 topics that sort of surrounded the issue of third party
3 impacts.

4 You can exacerbate existing water quality
5 problems by conservation given by the opportunity to
6 transfer water.

7 You can put folks out of business if you market
8 water that might have otherwise have been used for
9 agriculture and you can cause fish and wildlife impacts not
10 only in the stream but on the land as well as a function of
11 water transfers take a lot of land out of production or
12 rely on ground water that might be supporting riparian
13 habitat or something like that.

14 So, in fact, I think in my group that
15 particular item got both a plus and a minus in the matrix
16 that we were using.

17 CHAIRMAN MADIGAN: Mary.

18 MS. SELKIRK: I just wanted to add -- I
19 was in Dick's breakout group and raised the point that with
20 regard to institutional mechanisms around water transfers
21 that I think if we seriously look at that, that we have to
22 find some way if we are going to be -- and this is not new
23 information to anybody here, but -- I would imagine -- we
24 have to some -- create some mechanisms that in some respect
25 creates a level plane field for instream needs as well.

1 River called for flow standards without indicating where in
2 the world that water is going to come from in an
3 over-committed system so that that's not a very good
4 baseline from the standpoint of those of us in that
5 watershed.

6 MS. BORGONOVO: These are the devil in the
7 details question.

8 CHAIRMAN MADIGAN: Lester.

9 EXECUTIVE DIRECTOR SNOW: Perhaps if I
10 could add a comment that might reconcile that -- maybe
11 different views of that, and I think that what we are
12 rapidly coming to is that the December accord and the water
13 quality plan adopted by the State Board provides the
14 baseline, but it probably is the baseline as adjusted and
15 as implemented.

16 Because there is a number of things in that
17 accord, and one is category three, and we don't know what
18 all of those things are and so it's kind of abstract to
19 call that part of the baseline.

20 And, also, there seems to be increasing
21 discussions that there are flaws on the San Joaquin side,
22 that we have to figure out a way to address those problems,
23 but having said that it does seem like that that -- the
24 Water Quality Standards or the protection plan does provide
25 us some sort of baseline, that the rest of this needs to be

1 measured against.

2 CHAIRMAN MADIGAN: Sunne.

3 MS. McPEAK: Dick, you had up there under

4 the second slide and storage -- or storage facilities the

5 re -- is it the re-operation of existing facilities?

6 I don't know what that means and it's not

7 explained in the workbook.

8 Could you elaborate what re-operation means?

9 MR. DANIEL: There may well be some

10 opportunities to deal with existing conflicts or problems

11 by operating some or a number of our reservoirs

12 differently.

13 An example I think I can offer --

14 MS. McPEAK: So that should say

15 modification of operations of existing facilities?

16 MR. DANIEL: Or evaluation of the

17 opportunity to do that.

18 There are some rigid rules associated with the

19 operation of existing facilities.

20 For example, there are fairly rigid rules

21 established for flood control on the reservoirs off the

22 tributaries of the San Joaquin River.

23 MS. McPEAK: That's right.

24 MR. DANIEL: It has turned out on some

25 occasions that those rigid rules have created problems.

1 would be an important part of the analysis and

2 that's -- that gets going big time last Monday night, I

3 think it was.

4 MS. McPEAK: Steve is lurking behind you.

5 CHAIRMAN MADIGAN: Steve, is there

6 anything you want to say?

7 No? Okay.

8 MR. YAEGER: Dick said it all.

9 MR. DANIEL: I think the consultants

10 worked until midnight last night.

11 CHAIRMAN MADIGAN: All right. Are there

12 questions?

13 All right. Dick.

14 MR. DANIEL: What I'd like to do now, and

15 actually we've started this a little bit, is see if we can

16 hold a mini-Workshop for a few minutes.

17 CHAIRMAN MADIGAN: Okay.

18 MR. DANIEL: I feel naked without flip

19 charts but I do have a couple of blank overheads.

20 CHAIRMAN MADIGAN: Have you been

21 brainwashed or what?

22 MR. DANIEL: Yes, I have, overheads, flip

23 charts and now photo slides new to my repertoire.

24 Judy has agreed to help facilitate this for me

25 by writing down suggestions that you have.

1 They have created surges of flow due to flood releases that

2 have flooded out Delta farmers.

3 It has created a circumstance perhaps where

4 inadequate flushing of sediments down the San Joaquin River

5 has caused some problems.

6 It would seem intuitively obvious that if you

7 could go back and work with the operators and with the Army

8 Corps of Engineers that maybe you can resolve some of the

9 flooding problems. Maybe you can alleviate some of the

10 sediment problems and you might even be able to generate

11 some water supply.

12 So people were talking about those kinds of

13 opportunities, using existing facilities but operated

14 differently.

15 MS. McPEAK: At what stage would you get

16 to evaluating the magnitude of potential contribution

17 through something like that first slash hyphen?

18 MR. DANIEL: This is sort of Steve

19 Yaeger's area, but we are assembling a team of Agency

20 experts that will be supplemented as appropriate with

21 consultants and experts on the stakeholder arena to

22 evaluate the alternatives that we cobble together and it

23 would not surprise me at all in particular because this was

24 characterized as a Corps proposal, that an evaluation of

25 those kinds of opportunities and the attendant benefits

1 I can't show you the Corps actions at the same

2 time but in the process of the discussions, were there

3 ideas, were there actions that in your experience ought to

4 be part of a base or a Corps alternative, ideas or actions

5 that ought to be implemented perhaps early on before we

6 complete the full planning process.

7 MR. PYLE: Could you describe again your

8 objective in formulating this alternative?

9 MR. DANIEL: The objective, which was

10 rejected roundly by the people at the Workshop, was to

11 develop a minimal alternative that ensured that winter run

12 and Delta smelt did not reach extinction, that would ensure

13 that we no longer had to deal with take limits as they

14 might impact water diversions from the Delta, that would

15 ensure that no other species that is currently on the brink

16 be driven to listing on the Endangered Species Act and that

17 overall the alternative provided equitable benefits to

18 those dependent on the Delta for water supply, those

19 concerned about vulnerability of the levee, those -- of the

20 levees, those that are concerned about water quality and

21 ecosystem management.

22 Now, basically, what people told us was that

23 that wasn't enough. They didn't want to spend their time.

24 They didn't want to utilize their expertise to develop

25 something that was at bare bones a minimum.

1 They wanted to rise above that and pursue
 2 objectives that were at a higher standard.
 3 I don't think anybody specifically articulated
 4 what that standard was.
 5 Frankly, I don't think anybody is ready to jump
 6 into that cold water just yet.
 7 But by and large there was consensus that just
 8 keeping winter run from going to extinction or just
 9 ensuring that no new species gets put on the endangered
 10 species list or just minimally providing benefits to the
 11 various sectors of beneficial uses wasn't good enough.
 12 They wanted more than that.
 13 We are forced to deal with the outside edges in
 14 terms of our planning process.
 15 What we want to do is use the collaborative
 16 process to get closer to the middle, closer to consensus in
 17 terms of benefits.
 18 Have we found the super Nova?
 19 We found the super Nova.
 20 We have no additional suggestions.
 21 CHAIRMAN MADIGAN: Come on, guys.
 22 Nobody? Nobody is interested in upping the
 23 bidding on the Delta smelt.
 24 RICK BREITENBACH: It might be useful to
 25 use the handbook where all the actions are and let them

1 if undertaken now an ecosystem basis as opposed to rather
 2 than getting hit over the head with individual actions.
 3 MR. DANIEL: Yeah, I feel comfortable
 4 talking about that.
 5 The spring run Chinook salmon has experienced
 6 precipitous over the last several years.
 7 There are plans on the books which
 8 implemented -- or very hopefully will facilitate the
 9 recovery of that species.
 10 The splittail, a native fish that is pretty
 11 much relying exclusively on the Delta, has suffered again
 12 very substantial declines over a long period of time.
 13 We know considerably less about splittail.
 14 There are some hypotheses or theories relative to the
 15 habitat needs of splittail that might help solve the
 16 problem.
 17 The long fin smelt and other fish that's native
 18 to the Delta is in pretty much the same sort of shape but
 19 might also recover from habitat restoration.
 20 I think what we might end up focusing on is the
 21 concept of a multiple species habitat conservation plan, a
 22 tool that it seems to be working quite well in regard to
 23 dealing with terrestrial species that are threatened or
 24 endangered and then may be fully applicable to the Delta.
 25 It's something that hasn't been done in the

1 peruse through those.
 2 MR. DANIEL: We have in the Workshop
 3 mailout that we provided you a list of about 55 or 60
 4 categories and about 220 actions that are vaguely
 5 described, and, in fact, part of the Workshop process is to
 6 have people help us define the boundaries and the details
 7 of those actions.
 8 MR. STRELOW: The factual question that I
 9 guess we need to look at, maybe some people may know at
 10 least parts of the answer to this, there is a growing
 11 frustration at the way in which we try to deal with
 12 endangered species issues in this country under both the
 13 Federal and California laws.
 14 One by one we wrench people around to deal with
 15 one and then another comes out of the blue, and you said as
 16 an objective -- or suggested as an objective, you know,
 17 avoiding future listings.
 18 To your knowledge, are there good, scientific
 19 studies done of the various species, both aquatic and
 20 terrestrial, in the Delta system that could at least could
 21 conceivably be getting close to that point where there
 22 would be pressure to designate as threatened or endangered
 23 and in order to see what kinds of ecosystem preventative
 24 measures might be reasonable?
 25 It might be much lower cost and less disruptive

1 aquatic system but it's a tool that I think a lot of people
 2 will support.
 3 MR. STRELOW: How about terrestrial, are
 4 there birds or other species that are prevalent Delta that
 5 are --
 6 MR. DANIEL: There is a very long list.
 7 There are species that are dependent on tidal
 8 wetland habitat in the lower Delta and upper Bay, such as
 9 the clapper rail, that have diminished over time and are at
 10 some degree of risk.
 11 The greater sandhill crane utilizes habitat
 12 that used to be quite prevalent in the upper reaches of the
 13 Delta, the higher elevation islands in the Delta.
 14 A considerable amount of effort has been done
 15 and undertaken to conserve their habitat but they remain on
 16 the list.
 17 There is a huge number of plants in the Delta,
 18 many of which I'm not familiar with, that seemed to have
 19 suffered principally as a function of the loss of this
 20 levee or riparian habitat that is rapidly diminishing in
 21 the Delta, all of which seem to focus on the idea -- and
 22 the general precept of this program is that we are not
 23 going to take a single species approach but rather we are
 24 going to try and look at it from a habitat based or an
 25 ecosystem approach, whatever that is, to try and deal with

1 the habitat needs of a multitude of species.
 2 And I think there's scientific information
 3 available to support that.
 4 Some experimentation will be required.
 5 CHAIRMAN MADIGAN: Ann and then Mary.
 6 MS. NOTTHOFF: Where does pricing as an
 7 action to promote conservation and demand side management
 8 fit into your --
 9 MR. DANIEL: AS part of the overall
 10 concept of demand management, as Lester pointed out earlier
 11 in your discussions today, pricing or tiered pricing came
 12 up in a couple of different occasions discussions in the
 13 various groups as a tool to facilitate or to foster
 14 conservation and thus reduce demand but that was on the
 15 table.
 16 CHAIRMAN MADIGAN: Lester, you want --
 17 EXECUTIVE DIRECTOR SNOW: To follow up on
 18 that, Dick, in the breakout groups, yours or the others,
 19 and it seems like there was consensus that some level of
 20 demand management was a Corps action, did people go further
 21 into specific things, such as pricing or, you know,
 22 whatever?
 23 Are there specifics as part of Corps?
 24 MR. DANIEL: Pricing came up in my group.
 25 And perhaps I pointed the discussion in a

1 MS. SELKIRK: Just a comment.
 2 And I appreciate what you just said, so I don't
 3 want you to take this as a criticism, but in looking at
 4 this list, which is astonishing to me that you can pull
 5 that out of all of the material that you got, but the
 6 levels of detail are fairly disparate.
 7 You know, installing fish screens is a pretty
 8 specific alternative, it seems to me.
 9 However, under other habitat restoration we've
 10 got at least 13 categories of actions of alternatives
 11 listed in the packet here and maybe if we can establish for
 12 purposes of what we are doing right now what level of
 13 detail you are looking for in terms of suggestions from
 14 this body.
 15 There is a vast difference between saying,
 16 well, we support, you know, demand management generally
 17 defined from -- would this Body specifically support
 18 shallow riverine habitat restoration. You know, that's a
 19 class --
 20 MR. DANIEL: Would this Body support
 21 restoration of shallow riverine habitat, and, if so, how
 22 much?
 23 And are there suggestions as to what the
 24 constraints might be?
 25 As we travel around to various public meetings

1 particular direction.
 2 It's a matter of how much do you want to
 3 achieve, this whole concept of performance measures.
 4 Obviously, if you want to achieve a great deal
 5 of demand management, if you want to achieve a great deal
 6 of conservation, reduction in use, the price per acre foot
 7 will escalate dramatically.
 8 But if it's a matter of a modest level of
 9 demand management such that you actually had an opportunity
 10 to conserve during critically drought years, for example,
 11 then maybe the price that you'd set on water would be less.
 12 Devils and the details.
 13 CHAIRMAN MADIGAN: And.
 14 MS. NOTTHOFF: Is that just because it's
 15 not -- so just because pricing isn't specifically mentioned
 16 up there, there are actions that are going to flow under
 17 those general categories and are going to get left out of
 18 the process?
 19 That's what --
 20 MR. DANIEL: what I tried to capture here
 21 yesterday afternoon was the distillation of 500 person
 22 hours of discussion, which is about what that amounted to
 23 on Monday afternoon, and I gave it a broad-brush approach,
 24 in part to stimulate this kind of discussion.
 25 CHAIRMAN MADIGAN: Mary.

1 in a lot of our liaison work, I've pitched that.
 2 Obviously, that's one of the areas of my
 3 particular interest and some degree of expertise.
 4 I'm learning more and more that people are
 5 concerned that we might be taking too much -- might be
 6 considering it in such a grand scale that we take a lot of
 7 land out of production.
 8 Is there some boundary or can we just run out
 9 of there with the 20 billion dollar fix and go after every
 10 opportunity?
 11 CHAIRMAN MADIGAN: Ray Remy supports the
 12 rehabilitation of shallow Estuarine environments but it
 13 does, of course, draw with it the requirement that it's
 14 somebody else's money or did we want to talk about who was
 15 going to pay for that stuff?
 16 MR. DANIEL: I don't do that part.
 17 CHAIRMAN MADIGAN: Alex and then Roberta.
 18 MR. HILDEBRAND: well, first, just a quick
 19 comment that when you talk about pricing, you can also
 20 consider the price of duck stamps and fishing licenses.
 21 We don't only wanted to discourage the use of
 22 water but also the slaughter of the species. But, more
 23 importantly --
 24 CHAIRMAN MADIGAN: Is that a majority?
 25 MR. DANIEL: Was that directed at me?

1 MR. HILDEBRAND: When we talk about these
 2 things, there seems to be a tendency to talk about all of
 3 these things, do we want to go above the minimum on
 4 fishery, for example, and I'm not opposed to that, but we
 5 also need to go above the minimum on improved flood
 6 protection in the Mokelumne system.

7 We need to go above the minimum on what do we
 8 do about the salinity in the South Delta and various other
 9 things.

10 So that I don't feel it's very productive to
 11 talk about alternatives that only address one aspect of the
 12 four categories we talk about.

13 It's got to be what's an alternative that might
 14 begin to address all of these.

15 And I don't see how you can just look at one
 16 and then another without beginning to put them together in
 17 any productive fashion.

18 MR. DANIEL: We got that message very loud
 19 and very clearly at the Workshop.

20 Basically what people told us to do was to go
 21 back to our offices, to our cubbyholes and do all of this
 22 planning stuff, do all of this comprehensive around the
 23 outside circle stuff on our own and let them, the
 24 stakeholders, the interest groups, the professionals, help
 25 us develop those Corps alternatives that reach out and deal

1 included everything that you had on five of nine in the
 2 handout sheet, which was in the Workshop package,
 3 reclamation pricing ran some land out of production, decel,
 4 all of those things.

5 So I think the more that the BDAC group
 6 understands what all of those options and how the
 7 principles apply, the easier it will be for us to see where
 8 the team is going.

9 MR. DANIEL: Just as with demand
 10 management and all the different tools that fall under that
 11 umbrella, in response to Mary's comment, the groups did
 12 talk about all of the various habitat types that we've been
 13 able to articulate and emphasize the fact that if we are
 14 going to get away from single species' management, we have
 15 to get away from single habitat management or habitat type
 16 management as well.

17 And those concepts were presented not only in
 18 the context of the Delta itself but areas downstream of the
 19 Delta and well upstream of the Delta as well.

20 CHAIRMAN MADIGAN: Is that it?

21 MR. DANIEL: Do you want to entertain
 22 comments from the audience?

23 I know there are people here present who were
 24 at the Workshop or perhaps some that couldn't attend the
 25 Workshop that may want to contribute.

1 with all of the problems, and that's exactly what we are
 2 going to do.

3 We got a lot of that at the Workshop.

4 MR. HILDEBRAND: I think it's turned
 5 around when we try to do it in such an abstract manner.

6 MR. DANIEL: Slaughtering ducks is a very
 7 expensive proposition. I can tell you from personal
 8 experience.

9 CHAIRMAN MADIGAN: Roberta.

10 MS. BORGONOVO: In the group I was in the
 11 whole idea of looking at minimum levels, I think that there
 12 was a sense that some of the minimum levels didn't really
 13 stay with the mission, which was, in my group,
 14 concentrating on habitat restoration and the idea that just
 15 to save two endangered species doesn't give you the full
 16 habitat restoration philosophy and, therefore, a number of
 17 habitat should be included.

18 But what was difficult in the Workshop, which
 19 I'm sure you the remedy, was putting together all of those
 20 options that were in the packet and then trying to apply
 21 the different principles to them.

22 So that was again the direction my group gave,
 23 that it's really what Alex said. I think that you have a
 24 really good array of options.

25 Demand side management to my way of thinking

1 CHAIRMAN MADIGAN: I want to make sure
 2 that everybody has had a chance to ask their questions.
 3 Tom.

4 MR. MADDOCK: Yeah. One other point here.

5 I mean, it seems as you're describing this that
 6 they are looking at actions that would improve the
 7 fisheries and do some of these other things at the same
 8 time and I suppose that given the system as it stands now
 9 and you're describing, there are some things that would
 10 improve the fisheries, like install fish streams on the
 11 Delta diversions, and as you do that, then you attempt to
 12 say, all right, well, then the fishery population will come
 13 up somewhat, but then you're still back into the question
 14 of how much flow and then the quality issue, which is
 15 related to the hydraulics of this system, I think, and
 16 how -- did all of the -- I mean, basically what you're
 17 looking at is how much water and what is the water quality
 18 to support the habitat.

19 And so you can do some of these things and come
 20 up and then you still need so much water. And then that
 21 water gets into competition with other requirements perhaps
 22 on the inflow side where you can do something about it.

23 You can certainly do something about the
 24 hydraulics in the system which are part of the water
 25 quality issue and relate to the habitat issue.

1 But, I mean, was all of that discussed at this
 2 thing?
 3 MR. DANIEL: I think throughout our
 4 Workshops there has been general consensus that we ought
 5 not to rely on any single fix, that we ought not to rely on
 6 any single fix to deal with any given conflict, but rather
 7 we have to look at flows and the equitable distribution of
 8 those flows.
 9 We have to look at losses to diversions which
 10 are preventable and they may not all be preventable.
 11 We have to look at the restoration of habitat,
 12 the improvement of water quality. We have to look at
 13 temperature problems, spawning gravel problems.
 14 To the extent that we have to look at exotic or
 15 introduced species. All of these things have to be part of
 16 the comprehensive fix and what we've been struggling with
 17 as a program is trying to define some starting points using
 18 those different opportunities and moving towards some
 19 center ground that is a broad mix of all these and offers a
 20 solution that is affordable and equitable and deals with
 21 all of the conflicts and doesn't transfer impacts over it,
 22 those are all important solution principles that we talked
 23 about on a regular basis.
 24 And I think that by and large the folks that
 25 have been participating in the Workshops understand that

1 but those solutions that would be brought forward to this
 2 group wouldn't be acceptable unless to some degree or other
 3 they included those kinds of things.
 4 I mean, I guess that's the question, if that's
 5 clear.
 6 MS. SELKIRK: Yes. Not well, I think
 7 we've talked about some of them.
 8 I'm not sure we haven't exhausted the list
 9 about what the Corps actions are, either, but demand
 10 management --
 11 CHAIRMAN MADIGAN: Probably even things
 12 like adequate water supplies, sure.
 13 MS. SELKIRK: Yeah, full Colorado River
 14 aqueduct, right.
 15 I mean, some of those have been discussed
 16 today. I'm not sure that they are all up on the Board.
 17 CHAIRMAN MADIGAN: Right.
 18 And I don't anticipate that that list is
 19 comprehensive or exhaustive.
 20 I'm just trying to move this process forward a
 21 little bit and see if those kinds of things are appropriate
 22 for this next level of effort that the staff is starting to
 23 undertake now.
 24 CHAIRMAN MADIGAN: Steve and then Ray.
 25 MR. HALL: I'd like to make a statement

1 and were reflecting some frustration that we in our mailout
 2 packet gave them an example that didn't meet those solution
 3 principles because it was way out on the boundary.
 4 I don't want to ever do that again.
 5 CHAIRMAN MADIGAN: Let me ask a question
 6 here.
 7 Is there some sense that I am gathering here
 8 that there is a level of comfort in this group with the
 9 notion that there are, in fact, Corps actions that should
 10 be a part of whatever this selective series of solutions
 11 that are going to be opposed each ought to contain?
 12 Is that a fair statement?
 13 MS. SELKIRK: Could you repeat that?
 14 CHAIRMAN MADIGAN: Lester has proposed to
 15 you today some sorts of Corps actions that seemed to have
 16 some degree of, if not enthusiastic support, at least
 17 grudging acquiescence, in some of the Workshops, that there
 18 are going to be a series of alternatives that are in the
 19 process of being thought through, proposed, developed, that
 20 each of those alternatives ought to at some point include
 21 those Corps actions because that is at least a part of the
 22 starting point that he and his staff would have to work
 23 with.
 24 They don't define the ultimate solution. They
 25 are simply a part of those series of ultimate solutions,

1 that I haven't thought through real well, but would it be
 2 appropriate at our next meeting to have the staff list
 3 their version of those Corps actions?
 4 CHAIRMAN MADIGAN: Yeah, I think we may be
 5 heading toward that.
 6 MR. HALL: Because I mean I like the idea.
 7 I'm very comfortable with the idea that there
 8 are certain things we can all agree should be in every
 9 alternative, but if I get to make the list, it's going to
 10 be different than if somebody else makes the list, and I
 11 think the idea is only as good as the list we can agree on.
 12 CHAIRMAN MADIGAN: Alex and Ray.
 13 MR. HILDEBRAND: well, I think that
 14 basically what we are saying is that we can readily see a
 15 rather long list of potential components which should be
 16 addressed as possible common components at some level, but
 17 not at an undefined level.
 18 CHAIRMAN MADIGAN: well, I guess what I'm
 19 trying to do is get some nodding of heads that at least the
 20 things that have been put before us today have some level
 21 of support as a part of this next phase so that Lester has
 22 something to start working with and from.
 23 Ray and then Stu.
 24 MR. REMY: I think the difficulty that one
 25 has with that is that if we give the staff the go ahead to

1 go ahead with some Corps actions, they select the Corps
 2 actions, and I think that that's not going to do too well.
 3 And I think the second part is that type of
 4 Corps actions are a set of assumptions and I think you have
 5 to have a certain set of assumptions, and I don't want to
 6 re-invent the wheel because there has been a lot of
 7 Workshop sessions.

8 There even was one in Southern California and I
 9 think that it would be useful to at least have some sense
 10 of what is it that we are giving direction to to Lester and
 11 his people to do to Corps actions before they wind up with
 12 a whole full set of strategies and alternatives around
 13 those Corps.

14 CHAIRMAN MADIGAN: Put list number one
 15 back.

16 MR. REMY: List number one, that came out
 17 of a Workshop, didn't they?

18 CHAIRMAN MADIGAN: Yeah.

19 MR. REMY: A Workshop of 120 people here?

20 MR. DANIEL: Right here in this room.

21 MR. REMY: Right here in this room.

22 What about the other Workshops?

23 MR. DANIEL: At the other Workshops we've
 24 gotten suggestions that related to these sorts of things,
 25 but the intent at the other Workshops were first to

1 ultimately develop.

2 CHAIRMAN MADIGAN: Stu and then Eric.

3 MR. PYLE: I don't see how we can agree on
 4 a list of Corps actions when we are just looking at one
 5 alternative.

6 It seems to me that we have to see more of the
 7 alternatives that come out of Lester's series of conflicts
 8 where you've got water supply, levee vulnerability, water
 9 quality, et cetera.

10 But it seems to me that you have to formulate a
 11 list of actions that promote or do the best job possible,
 12 say, in regard to the habitat, in regard to water
 13 availability, in regard to water quality, in regard to the
 14 level of levee vulnerability and then hopefully you'll
 15 begin to see common actions that will show up on the list
 16 or actions that may be related specifically to one purpose,
 17 but you've got to have them.

18 But it seems to me that you have to look at
 19 more of these before you can come to a decision on what are
 20 our agreement on Corps actions.

21 CHAIRMAN MADIGAN: I guess one of the
 22 things that I'm looking for is to give Lester some kind of
 23 assistance in a sort of no time waster's pleas kind of
 24 thing where he can come up with an awful lot of
 25 alternatives but if somebody looks at them and this group

1 identify the problems, second, to identify the objectives,
 2 and at the third Workshop we kind of started to get into
 3 this because we presented the participants at the Workshop
 4 the list of alternatives -- or the list of actions rather
 5 and action categories.

6 We asked them to struggle with the idea that
 7 they might be able to find multiple benefits from these
 8 actions, and there was considerable discussion relative to
 9 screening of diversions.

10 I think that there was discussion and fairly
 11 broad consensus that if you can screen diversions and
 12 reduce the loss of fish in that way, you can reduce the
 13 frequency at which take limits interrupt water supply, both
 14 upstream and in the Delta.

15 I think that there has been a growing consensus
 16 surrounding the idea that habitat degradation is one of the
 17 sources of the problems that we have with the species that
 18 are dependent on the Delta system, and although it's still
 19 in the formulative stage people are coming around to the
 20 idea that maybe we ought to start to undo some of the
 21 damage that has been accruing over 150 years and restore
 22 habitat.

23 Those kinds of key concepts translate into
 24 actions, which we think might translate into Corps actions
 25 that are incorporated in each of the alternatives that we

1 says, well, geez, you didn't reduce pollutant discharges to
 2 the Bay-Delta system so I don't see why you'd even bring
 3 that one before the House, because if everybody already
 4 agrees that reducing pollutant discharges to the Bay-Delta
 5 system through point source and non-point source
 6 contamination, reduction, and taking land out of the system
 7 or reducing agricultural pollutants, or however we would
 8 define these things, if we all kind of agree that whenever
 9 solution comes forward ought to do that, then that's
 10 helpful information, too.

11 And if we don't all agree, if there are people
 12 around here who say, take land out of production, what are
 13 you talking about, we've got a growing population in this
 14 country, and it's an important part of the world economy to
 15 grow cotton or whatever the crop happens to be, then maybe
 16 that really doesn't have unanimous group support and even
 17 though it came out of a Workshop with support it doesn't
 18 reflect the opinion around here.

19 But if it does, then that's useful and that's
 20 all I'm trying to do.

21 Sunne has already suggested that one of the
 22 ways to do this is to take this list and about midway
 23 through the book that has a whole bunch of different
 24 actions in it, send them out to everybody around here and
 25 ask you to rank them in some fashion and she's got a notion

1 of how that ranking might take place and for this group to
 2 come back with some input on those issues.
 3 That's also fine, but if we are going to be a
 4 part of shaping these things for the CalFed staff in terms
 5 of their thought process, then these or some other vehicles
 6 are part of what we ought to be thinking our way through to
 7 give that advice and counsel as we are directed to do.

8 Eric and then Roberta.

9 MR. HASSELTINE: I certainly agree with
 10 the comments that were just made.

11 A number of times today we've started some
 12 discussions here with an idea or a concept which has been
 13 thrown out, which I think has been generally well accepted
 14 at the start, but it seems to me that the discussions bog
 15 down somewhat when we get into the details and try to give
 16 examples because it's becoming increasingly hard to relate
 17 the application of some of these concepts to the examples
 18 that have been given, and I'm still trying to figure out
 19 the private public comment thing.

20 But here is another example:

21 We have this list of it looks like a large
 22 number of potential actions and now we are trying to talk
 23 about some concept of Corps actions, which I subscribe to,
 24 but I don't know how to pull a Corps action out of this,
 25 you know, very large list here, and on the example that's

1 now and the next meeting.

2 MS. McPEAK: I have found that we have a
 3 large group as we do with different viewpoints and have
 4 generated a list of potential actions, that one of the ways
 5 to get a sense of where the group is and the relative
 6 priorities is literally to take the list of all of the
 7 proposed actions and survey the group, asking two questions
 8 on each proposed action, the first being yes, no -- yes or
 9 no, do you agree or not agree with it, and the second being
 10 on a scale of one to five how important do you think it is?

11 We stipulate upfront to the fact that that
 12 polling is not the end all. It would only give us a view
 13 of our relative priorities at this point in time, but it
 14 would be a pretty systematic fashion to identify where the
 15 Corps of interest is among the BDAC members of all of the
 16 alternatives, and when you put out the survey, you also
 17 have under each of these categories -- and which, by the
 18 way, I actually think, Lester you and the staff have done a
 19 very good job of cataloging all of this that has come out
 20 of the Workshops or have been discussed here, and we would
 21 want to know when we survey under each of the four areas
 22 which you have grouped them under and then there is subsets
 23 which then, as Eric said, for example, with 12 different
 24 options or actions under each one of these, we would want
 25 to know if you had anything to add.

1 given on the Board, for example, under the third bullet
 2 down, we are talking about reducing pollutant discharges by
 3 taking land out of production to reduce the agricultural
 4 pollutants.

5 Well, in the book under "Management Of
 6 Agricultural Drainage" there's 12 actions.

7 Several of those seem to me to be far more
 8 important and effective than the one we've got up here on
 9 the screen so I'm having difficulty relating.

10 CHAIRMAN MADIGAN: All right.

11 MR. HASSELTINE: And I'm also wondering,
 12 just to make one more point and not to bring up a whole new
 13 subject, but under "Management Of Agricultural Draining"
 14 I'm particularly concerned of how the concept of the
 15 San Luis drain proposal would fit into this.

16 It's not mentioned here and I'm just wondering
 17 when you've got a facility like that, you know, floating
 18 around and causing a lot of concern, you know, where does
 19 that fit in here?

20 CHAIRMAN MADIGAN: Okay. Let me stop.

21 And I do have Roberta on the list to call on
 22 but probably others of you.

23 But let me ask Sunne to take a minute and
 24 explain what she was talking to me about earlier and see if
 25 this makes sense to you, something that we could do between

1 So there is always an "other" category, an
 2 "other" under each of the options so that you could add
 3 that to it.

4 And when you see the picture of where we all
 5 fall out, we will have first had to have thought about it.
 6 So it's a way of engaging and getting past just idle, you
 7 know, reflection.

8 But, secondly, then bringing that back and
 9 showing us the results that we can look at, Lester, and
 10 compare to your proposals in February will give us a good
 11 basis for discussion and there might be challenge, too,
 12 gee, is this really the consensus and why or maybe there
 13 was something that was left out.

14 Maybe, Stuart, there was something that we
 15 didn't see that you added as "other" that should have been
 16 further discussed that we can then really get on the table.

17 But I have found that it's a pretty good tool
 18 to get a large group to indicate where our priorities are
 19 and I'd like to commend that to us and have Lester put that
 20 in a format.

21 We'll send it out and we can immediately start
 22 saying, yes, we're for it or against it and how much we are
 23 for each of these and if you have another suggestion or
 24 suggestions add that to the list.

25 CHAIRMAN MADIGAN: Lester.

1 EXECUTIVE DIRECTOR SNOW: A couple things
2 that occurred to me and then we can maybe bring some sense
3 and closure to this specific issue, and it occurs to me two
4 things that would happen before the next BDAC Meeting,
5 which is February 15th, I believe.

6 One would be as Sunne has suggested.

7 We would go back out to you, hope that you keep
8 the list of actions and action categories that you have,
9 but we would go back out with a letter and essentially ask
10 you four things about each of them.

11 The first would be does that action deserve to
12 be on the list period.

13 Second would be how important do you think it
14 is, one to five, as Sunne has suggested.

15 The third thing would be is there anything
16 missing from the list.

17 And the fourth would be, getting back to this
18 other issue, are some of these actions so significant you
19 can't imagine alternative without them in there and so
20 you'd indicate that you think that it's a very base level
21 Corps type of action.

22 Then the other totally separate thing but
23 related would be we would expect to send to you as part of
24 prep material for the February 15th meeting not only some
25 of these alternatives that we will have prepared by then,

1 I mean, you've got over 400 actions, I believe,
2 here, and if you were going to go through these and try and
3 rank them, I'm not sure that these were developed for that
4 exercise.

5 I think you have to go back and look at these
6 and figure out how to present them, because they are not
7 mutually exclusive for one thing.

8 I mean you could come back with, yes, I think
9 all 400 are important depending on, you know, and then to
10 what degree.

11 I'm just somewhat concerned that -- I mean, we
12 can go through that exercise.

13 I'm not sure that this specific list of actions
14 is going to really produce that much useful information.

15 Because I look at, for example, the first one
16 of restoration, I think all five are good.

17 And it's trying to weave those together. I'm
18 not sure I'm going to be able to give you -- I could go
19 through and say, yeah, these are the few that are stupid
20 ideas or something, but I guess I would just maybe have you
21 go back and think about how you'd present these so that it
22 might actually be more useful to make choices among them,
23 if that's what you're looking for us to do.

24 EXECUTIVE DIRECTOR SNOW: But the problem
25 is the only way that you can make it easier to make choices

1 but also our assessment of having gone through alternative
2 information process cores that have popped up to us.

3 As Dick has indicated, we are already starting
4 to see some of that. I suspect here there is nobody that
5 can imagine a Delta solution that doesn't include something
6 about demand management in that.

7 There may be some discussion which particular
8 elements, how much emphasis -- no, Stewart, I even heard
9 you say on Monday it depends who pays for it, if I remember
10 it. You picked up Ray's line.

11 But I think that there are some of those that
12 are merging and, certainly, as we get further into
13 alternative formation we will see more.

14 So we will do the first part of this very
15 quickly, to send it back out and see what you think about
16 actions, and the other part will be part of the packet for
17 the February 15th meeting.

18 CHAIRMAN MADIGAN: Ann, and then Steve and
19 then Tom.

20 MS. NOTTHOFF: I think it's a good idea to
21 try and get a snapshot of what direction the group is
22 taking.

23 My concern is that maybe this list of action
24 categories, maybe Lester and his gang have done too good of
25 a job.

1 amongst them is by forming alternatives because what this
2 action list is is the toolbox. They are what they are.

3 And I think the benefit of what Sunne was
4 suggesting is that even in the abstract without knowing
5 where they fit in, some are better than others for
6 approaching the problem.

7 And so I think there could be some rough
8 relative ranking, but one of the alternatives that simply
9 looks bad when combined with ten other things could end up
10 in the preferred alternative.

11 And I guess maybe it's been difficult to
12 express how complicated this problem is and it defies
13 standard processes.

14 MS. NOTTHOFF: So we would be weeding out
15 the bad ones, at least. You might only been reducing down
16 from 400 to 350.

17 EXECUTIVE DIRECTOR SNOW: It might not
18 even literally reduce it but we might start seeing a trend
19 that everybody everywhere has said these are really
20 important.

21 And then there may be disagreement on what
22 should be pulled off or what is a one value versus a five
23 value.

24 But I think the benefit of the exercise would
25 be to see some patterns and see what people think about

1 Corps alternatives.
 2 CHAIRMAN MADIGAN: Mary.
 3 MS. SELKIRK: I think that this is a good
 4 idea.
 5 It may increase everyone's comfort level if
 6 it's emphasized -- well, bearing in mind that we do have
 7 this rather fast track over the next several months.
 8 I think if all of us can appreciate somehow
 9 that this exercise is not in and of itself wetting
 10 any -- it's not going to be the answer, I think if we are
 11 trying to move out of positions into interests, then that
 12 has to be emphasized; otherwise, there won't be a comfort
 13 level for for people to buy into what we end up with, I
 14 think.
 15 CHAIRMAN MADIGAN: I said earlier that I
 16 wouldn't forget Roberta but I did.
 17 Roberta.
 18 MS. BORGONOVO: I think the idea of a
 19 survey is good, but I guess I'm reflecting what went on in
 20 the group that I was in for the Workshop and those of us
 21 who went to the Workshop do have an advantage for those
 22 that weren't able to come.
 23 But I feel a need for a step before that survey
 24 goes out.
 25 What I heard in the group was that we liked the

1 didn't notice it before, and then maybe add to it.
 2 But that survey in part cannot be a process for
 3 narrowing the options, and the reason is all that has to
 4 take place in full public view and doing a survey and then
 5 staff removing actions is not necessarily the epitome of an
 6 open public process, and so I think it's an informational
 7 thing that then can fit into the discussion we would have
 8 otherwise had on -- at the February meeting, anyway.
 9 MS. BORGONOVO: I guess what I was trying
 10 to get at was I like the little X's. I like the X's when
 11 you put up the alternatives. That's all I was asking for,
 12 to be part of a survey, some evaluation of where you see
 13 some of those options crossing over to do what you've asked
 14 before, to meet those different objectives.
 15 EXECUTIVE DIRECTOR SNOW: I see what
 16 you're saying.
 17 That kind of stuff (indicating).
 18 MS. BORGONOVO: Exactly, that kind of
 19 stuff, not all the work, that, as you agree, has to be part
 20 of the public process.
 21 MS. SELKIRK: You know, Roberta, one piece
 22 of that was done in the prior Workshops where the breakout
 23 groups were asked to link action categories across all of
 24 the different criteria under the four, you know, ecosystem
 25 improvement, water quality, et cetera.

1 way the team was working. When you put up those
 2 alternatives, you did evaluate them.
 3 My group had wanted some kind of an evaluation.
 4 And, I, myself before I would do that survey would like
 5 that kind of an evaluation or maybe even the alternatives
 6 put together.
 7 Because what I'm afraid of is what you'll come
 8 back with is everybody wants everything when you put it all
 9 together and you don't begin to narrow the options.
 10 So I guess what I would hope is that some of
 11 the thinking from the team that you have assembled, which
 12 is really -- has a great deal of expertise, helps guide
 13 even the survey.
 14 EXECUTIVE DIRECTOR SNOW: Well, I think we
 15 need to do both. And that's what I was trying to indicate.
 16 I think we are on a parallel path here and
 17 ignoring the survey for a moment and the suggestion that
 18 was made there, we are on a path to try to develop the
 19 logic of sort of pulling actions together to form
 20 alternatives, which will be the main discussion at our
 21 February meeting.
 22 I think that potentially the addition of doing
 23 this survey first forces people to go through the list and
 24 really think through what those actions mean, maybe even
 25 start asking questions like what the heck is this one, I

1 It's in the back of the handbook, which, you
 2 know, it's not the end of the story but I think it's an
 3 attempt to get at what you're trying to identify, I think,
 4 in addition to what went on on Monday, is some
 5 understanding of how different alternatives interact with
 6 others or have value relative to others.
 7 MS. BORGONOVO: I'm just saying that will
 8 would help me with my survey. Maybe nobody else sees it in
 9 the same way.
 10 MS. SELKIRK: I understand.
 11 CHAIRMAN MADIGAN: Steve.
 12 MR. HALL: Mine is a process question.
 13 CHAIRMAN MADIGAN: Tom.
 14 MR. GRAFF: I had an idea, maybe this is
 15 Ed's complexity, but to make it a little more relevant and
 16 immediate we could all play mini-legislators and ask
 17 everybody to check off those items which they think ought
 18 to be in Senator Costa's bond issue.
 19 MS. MCPEAK: To add a sixth -- fifth
 20 category.
 21 MR. GRAFF: Yeah, I mean, that's real, we
 22 believe, for this year and he's going to appear in
 23 February. Maybe we'll see some consensus emerging on items
 24 that, you know, we can all agree ought to go in there.
 25 CHAIRMAN MADIGAN: Interesting item.

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1 MR. HALL: The Costa Christmas tree.
 2 CHAIRMAN MADIGAN: Alex.
 3 MR. HILDEBRAND: The problem I see with
 4 all this is the question of the level at which you agree
 5 with these things.
 6 There probably aren't a lot of things on that
 7 list that I wouldn't agree were appropriate at some level,
 8 but if you leave the level wide open, then I'd have trouble
 9 saying, yeah, this should be a Corps item at an undefined
 10 level.
 11 CHAIRMAN MADIGAN: I think that's the
 12 reason we are trying to give some priority among them.
 13 MR. HILDEBRAND: It wouldn't be just a
 14 matter of priority.
 15 It's a matter of at what level does it get this
 16 priority, and I don't know just how we are going to handle
 17 that.
 18 But there are a lot of things that have been
 19 proposed that I would say, yeah, at some level that's okay,
 20 but the level which I have in mind is probably a heck of a
 21 lot less than somebody else's idea.
 22 MS. MCPEAK: Alex, one thing that should
 23 be underscored and I think I've heard many people around
 24 the table say, including Mary, is that this kind of
 25 surveying isn't to set the decision, to make the decision.

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1 It's to help frame the discussion that would
 2 follow, and if you happen to rank as of one else did,
 3 something as a high priority, even knowing that there are
 4 outstanding questions of at what level or how it would
 5 relate to other actions, if that was considered such a high
 6 priority for discussion, it would then allow the dialogue
 7 to go on.
 8 There are a lot of unknowns. We are just
 9 trying to figure out a mechanism to get past diagrams that
 10 aren't specific enough and get a review of all of the
 11 options or anything that we've missed and figure out where
 12 there should be further discussion and the priority for
 13 discussion.
 14 MR. HILDEBRAND: Yeah, but if we are
 15 talking about the differences in level of a factor of two
 16 or three or something like that, that's one thing.
 17 If we are talking about differences that might
 18 be a factor of a hundred, then we are really looking at a
 19 rather different thing.
 20 MS. MCPEAK: That's true.
 21 Do you think you would not be able, to, though,
 22 have that discussion with everyone around the table once
 23 you saw the results?
 24 MR. HILDEBRAND: Oh, we could discuss it,
 25 but I have a little trouble on how do I respond to the

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1 survey because if you say, well, should you restore all
 2 tidal action to all types of wetlands, well, what are we
 3 talking about?
 4 Are we talking about all of the islands in the
 5 Delta or are we talking about a few selected places?
 6 And it's such an enormous difference that my
 7 answer might mean one thing to me and something else to
 8 somebody else.
 9 CHAIRMAN MADIGAN: Steve.
 10 MR. HALL: Well, this is a hopeful sign we
 11 are past being painfully polite and into talking past one
 12 another. Like anger and denial is a phase we have to go
 13 through, I guess.
 14 Sorry. Forgive me for venting there.
 15 CHAIRMAN MADIGAN: I thinking about it.
 16 I'm not ignoring you while I am.
 17 MR. HALL: This is the list that I have
 18 written down are the things that we are going to try to do
 19 at the next meeting.
 20 It seems ambitious to me, could take days,
 21 maybe weeks.
 22 We are going to define -- we are going to add
 23 definition and methodology of the public, private and
 24 common benefit -- benefits so that we can proceed with the
 25 allocation.

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1 We are going to meet with Senator Costa.
 2 CHAIRMAN MADIGAN: We are going to do
 3 that, Zach, right?
 4 MR. HALL: Yeah, we are going to meet with
 5 Senator Costa and to some extent I'm not being entirely
 6 literal here, it's just these are things that were
 7 suggested that we are going to do at the next meeting.
 8 We are going to begin formulating and screening
 9 alternatives, if I understood that correctly.
 10 CHAIRMAN MADIGAN: Dick, we are going
 11 to --
 12 MR. HALL: And you are going to poll over
 13 the survey results of the survey that we just discussed.
 14 CHAIRMAN MADIGAN: Sunne, we are --
 15 MS. MCPEAK: You'll poll over it in
 16 advance.
 17 MR. HALL: We are all going to do it, but
 18 I'm doing it in anticipation that we are going to have some
 19 results at the meeting.
 20 MS. MCPEAK: That's right.
 21 MR. HALL: We are going to have 400 plus
 22 times how many BDAC members worth of survey results.
 23 Now, somebody is going to have to tabulate that
 24 and present it at least in summary fashion.
 25 And we are going to miss out -- I'm not worried

1 about the processing.
 2 I'm worried about the discussion that follows
 3 and how much time we've allocated.
 4 All of this is good stuff but I'm getting real
 5 glad that we've scheduled the meeting in March.
 6 I'm thinking maybe we ought to have two in
 7 February and two in March if we're going to get to
 8 through this.
 9 CHAIRMAN MADIGAN: I certainly appreciate
 10 your thoughts on this matter. I really do.
 11 Lester, do you want to put this to bed?
 12 EXECUTIVE DIRECTOR SNOW: Can I?
 13 There is a point I need to make here, just in
 14 the way that Steve was making that list, and I think the
 15 list is accurate except what we are going to be doing, I'll
 16 just pick one of the items, at the February meeting, is we
 17 are going to report to BDAC the status of alternative
 18 formation process.
 19 We are not waiting to that meeting for BDAC to
 20 form the alternatives.
 21 And this is a real important point.
 22 BDAC is an advisory body to provide advice on
 23 the CalFed work that's being done and then provide that
 24 advice to CalFed and so we are not going to -- it's not
 25 BDAC that will be sitting here forming alternatives.

1 I'm not saying we shouldn't spend the time. We
 2 have to.
 3 I'm asking a serious question.
 4 All kidding aside, have we scheduled enough
 5 meetings to do what we've laid out for ourselves to do?
 6 CHAIRMAN MADIGAN: NO.
 7 I think it is a safe assumption that we will
 8 schedule meetings at a greater rate than one every other
 9 month at various times over the course of this next year,
 10 and I think that when we first started having these
 11 meetings, we talked about every other month for a while and
 12 then the pace would probably pick up and then it would slow
 13 down again at some point and we are heading toward the
 14 point where the pace is about to pick up.
 15 Bob.
 16 MR. RAAB: Mr. Chairman, is a motion in
 17 order?
 18 CHAIRMAN MADIGAN: NO.
 19 Because we only have 13 days' worth of notice
 20 for this meeting and we can't take actions today under the
 21 Federal rules.
 22 But if you have a suggestion to make, I'm sure
 23 that the Executive Director would be eager to hear it.
 24 MR. RAAB: My suggestion is that we take a
 25 vote, just an informal, nonbinding, legal vote --

1 We are trying to show the process and then
 2 we'll send you the products of that process and you'll be
 3 able to comment on it, is this working or not.
 4 And the suggestion that Sunne made was a way of
 5 BDAC looking at these actions and making some comments
 6 about ones that looked real good, ones that looked real
 7 bad, ones that are missing and we can kind of factor that
 8 in and that can help us form Corps lists.
 9 But I think there is a real fundamental point
 10 here and, Steve, the way you were expressing is kind of
 11 we'll give you some material and you guys will form the
 12 alternatives at the February meeting.
 13 MR. HALL: That's not quite what I meant.
 14 I understand you're going to do it.
 15 EXECUTIVE DIRECTOR SNOW: Well, you were
 16 talking past me then.
 17 CHAIRMAN MADIGAN: So, Lester, how much
 18 are you going to listen to us then?
 19 MR. HALL: Lester, in order for us to do
 20 you any good, it seems to me we are going to have to
 21 massage those things.
 22 You are going to do it and we are going to
 23 massage those things and ricochet off one another and do
 24 what we do, and that's going to take a lot of time in order
 25 for it to have any worth at all.

1 CHAIRMAN MADIGAN: Where is my legal
 2 counsel when I need her?
 3 A SPECTATOR: She left.
 4 CHAIRMAN MADIGAN: Great.
 5 MR. RAAB: Just a straw vote on Sunne's
 6 suggestion for a survey.
 7 MS. BORGONOVO: Why don't you just ask if
 8 anybody disagrees.
 9 CHAIRMAN MADIGAN: Is there anybody that
 10 has any major league heartburn over the survey that Sunne
 11 has suggested just as a matter of input into the process
 12 here?
 13 MR. PYLE: And you are supposed to say
 14 hearing no objection --
 15 CHAIRMAN MADIGAN: I'm not going to say
 16 that.
 17 I'm going to say I didn't detect any major
 18 heart one, Lester.
 19 Thank you though for that. I appreciate that.
 20 And that's a good way to bring closure to things.
 21 Before we move on on this particular subject,
 22 let me ask if there are any comments from the audience.
 23 Mr. Petry, I say your hand up earlier.
 24 MR. PETRY: There was some discussion
 25 about the San Joaquin River.

1 First of all, I'd like to compliment Lester
 2 Snow on his movie over there but I'd like to know when he's
 3 going to write his book and maybe he's going to get OJ to
 4 help him.

5 EXECUTIVE DIRECTOR SNOW: I haven't killed
 6 anybody yet.

7 ED PETRY: But, yeah, In regards to the
 8 San Joaquin River there was some concern about the
 9 grasslands in Merced County and the contaminants there were
 10 230 parts per billion of selenium in the grasslands area.

11 My concern up in the Pinoche Creek area and
 12 down in the Mendota area is the -- that dumps into the
 13 Mendota Pool by the way is the 3900 parts per billion that
 14 we have of selenium. On top of anywhere on a count of 12
 15 to 25 of boron depending on what the flows are.

16 We had a 1300 cubic foot per second flow that
 17 went over the bridge and the bridge was capable of handling
 18 350 cubic second foot.

19 Now, these contaminants are carried into the
 20 Mendota Pool and this is during the rainy season prior to
 21 the flood or the snow mountain runoff.

22 What happens there is that the Mendota Pool
 23 gets congested to the point where they couldn't run water
 24 enough by way of the north fork of the King River.

25 They ran 586,000 cubic second foot through

1 acres of lands that they want to take out of production?

2 Now, what's it going to take to make the damn
 3 thing economically feasible and how much money are they
 4 going to waste on studies before something gets done?

5 Now, what happens with these contaminants is
 6 they during the rainy season and this is before March,
 7 before the rainy season quits.

8 Now, we got substantial flows this year. In
 9 past years we've had substantial flows. Then the water
 10 gets contaminated. The fish get tape worms.

11 There's so damn many tape worms in the fish now
 12 it's a catch and release situation. And what we used to do
 13 is catch two pound croppie. Now we are catching half pound
 14 croppie.

15 And croppie is a delicacy. It's a hell of a
 16 good eating fish but not anymore when it's got worms and
 17 the population are depleting.

18 When is somebody going to do something about
 19 it?

20 Now, what's it cost now to clean out the
 21 Mendota Pool?

22 Because they won't do something at the source
 23 of the problem back in the hills.

24 We are draining 295,000 acres of watershed into
 25 Pinoche Creek. That's a lot of that water runs through the

1 there, but if they could have run a lot more through then
 2 river there wouldn't have flooded out like it did.

3 In 1986 we had a flood adjacent to the city of
 4 Mendota. We had a 60 foot break in the levee right by our
 5 sewer ponds and close to the San Luis drain because of the
 6 congestion in the Mendota Pool.

7 Now, when we talk about the Corps of Engineers
 8 and their studies, I get somewhat disappointed when over
 9 and over again they do it and over and over again we pay
 10 for studies but the end results come out with it isn't
 11 economically feasible.

12 Now, they came up with a project with two pond
 13 and basins, one to hold 500,00 acre foot and the other
 14 800,000 acre foot to retain the silts from going into the
 15 Mendota Pool, the silts and the selenium.

16 It wasn't economically feasible for \$300,000.

17 Well, what did it cost to construct the San
 18 Luis drain with the laterals to collect the lines of the
 19 main lines, what did it cost to construct the San Luis
 20 drain canal that's 80 miles long lined with concrete six
 21 inches thick? What did it cost to clean out the grasslands
 22 after they dumped the selenium in Kesterson I mean, when
 23 the dumped the selenium from the San Luis drain in
 24 Kesterson.

25 What's it going to cost to buy out the 43,000

1 city of Mendota. It runs by way of road right-of-ways,
 2 county road right-of-ways, by way of ditches, irrigation
 3 ditches, dumps into the Mendota Pool.

4 Then we turn around and we get high quality
 5 water, north fork Kings River, 585,000 acre foot, and
 6 420,240 acre foot from the San Joaquin River, high quality
 7 water, good quality water, and we flush it out and the
 8 entities take it and they put it in the grasslands. That's
 9 what they irrigate with in the Central Valley Project.

10 Now, how are we going to rectify the problem
 11 when we keep running it in circles?

12 Now, somebody has got to look out for the
 13 little people in the city of Mendota.

14 Now I'm going to talk about water pricing, and
 15 when you talk about water pricing, it's thumbs down where
 16 the people that are going to pay for it.

17 I don't care who pays it, if it's on a national
 18 deal or a state deal or local deal or whatever but
 19 something has to be done there.

20 When you take the citizens of Mendota and we've
 21 got 1400 residential units, and it's six to eight people
 22 per unit.

23 Now I'm not exaggerating because our population
 24 jumps from 8,000 in the slow season to 12,000 in the heavy
 25 season in agriculture. We are in an agricultural

1 community.

2 If they drink one gallon of water a day, you

3 know, make coffee, cook with it and drink it, one gallon a

4 day to brush their teeth or whatever, and you've got 1400

5 residents, multiply it out. That's \$511,000 at a dollar a

6 gallon. It's damn near an acre foot of water. Now, that's

7 what they are paying for the water. That's for bottled

8 water.

9 Then they've got to build for domestic water

10 that comes from our wells with 1700 parts of totally

11 dissolved solids in it. Where is it coming from? The San

12 Luis drain because nobody wants to do anything about it.

13 Okay. We talked about the San Luis drain.

14 Either you are going to complete it, you are going to take

15 the land out of production, what are you going to do with

16 it? We need to get this water out of our aquifer.

17 Now, on top of a cost of \$511,000, we are

18 looking at \$218,400 cost because of 1400

19 residents -- and this is just residences, it's not

20 commercial or industrial -- it's just residential

21 units -- were paying \$13 a month. That's another \$218,400.

22 So there's \$700,000 we are paying for water so

23 I don't want to hear of any complaints about it costs too

24 much for water when we are paying a dollar a gallon and

25 it's 365 -- 326,000 gallons in an acre foot of water.

1 land.

2 Why isn't it instead of two agencies just one

3 agency and save all that money. Then they can fight in one

4 room instead of getting off someplace else and fighting

5 over it. Why is it that they can't get along themselves

6 together?

7 There has to be a conflict settled between the

8 wildlife people and the fish people.

9 There has to be a conflict settled between the

10 agricultural people and the metropolitan people.

11 And I'd like to thank you all for your time.

12 CHAIRMAN MADIGAN: Thank you, Mr. Petry.

13 You've given great insight over time.

14 Nat, how are you? Nice to see you again.

15 Mr. Mott, I have you on the list as well, sir.

16 NAT BINGHAM: Mr. Chairman, Members of the

17 Council, I'm Nat Bingham with the Pacific Coast Federation

18 of Fisherman's Association.

19 I'd like to go on record as agreeing with

20 almost everything that the previous speaker said to you,

21 and what I'd like to talk about a little bit and I know

22 it's late and I don't want to keep you here very long, is

23 about the actions and also some of the issues relating to

24 the earlier topic, which was how much is all of this going

25 to pay (sic) and who is going to pay for it?

1 What I want to hear is results, and I want

2 something done with the San Joaquin River.

3 I want it cleaned up. I want better quality

4 fish. I want to retire. I want to be able to fish.

5 I haven't fished for over a year because of the

6 contaminants in the Mendota Pool. People are catching fish

7 but they are throwing them back.

8 At one time I cooked 27 pounds of croppie

9 filets that I caught in two weeks and that's a lot, because

10 a two pound croppie would only average out about four

11 ounces of filets by the time you take the skin and the bone

12 out. I know fish, and I know how to cook them, but I'll be

13 damned if I'm going to eat the worm.

14 So there is something that needs to be done,

15 and I look at both sides of the picture. I don't look at

16 just one side of the picture.

17 We can't fix it without looking at both sides

18 of the picture. We have to look at the Metropolitan areas.

19 We have to look at the agricultural areas and we have to

20 look at the environmentalists.

21 But there has to be a happy medium with the

22 environmentalists.

23 The man at the creek is begging for better

24 quality water for fish. But the guy up on the hill is

25 saying that the kangaroo rat and the squirrel needs more

1 It's hard for me to see how we can pull those

2 issues apart.

3 If you wanted to shake some kind of a rough

4 sword at those 400 or whatever they are actions that are

5 identified, almost all of them finally come down to some

6 kind of a regulatory action or something where you pay

7 somebody for something.

8 Obviously, things in there if you were to do

9 this sort on the basis of when you got this survey form of

10 "not in my backyard" what you would call out with is a list

11 of actions that basically didn't gore anybody's ox and

12 didn't cost much and you might not get much done.

13 All of the really serious actions on that list

14 are going to either cost a lot of money or reduce

15 somebody's ability to do something, which has a social

16 class somewhere else, and I'll just single out the one that

17 gores my ox, which is improved fisheries' harvest

18 management, which is one of the identified actions in the

19 book.

20 It says that, yeah, that's going to have some

21 economic consequences, but it doesn't tell you how much

22 it's going to cost or who is going to pay.

23 So I guess if I was going to ask the staff and

24 you to think about these issues as you go forward, and I

25 like the idea of your survey and you guys getting your

1 hands on the process, too, let's begin to figure out how
 2 much these things are going to cost and what kinds of
 3 trade-offs there are.
 4 Because there may be some trade-offs that are
 5 real winners for everybody that when you get down to the
 6 bottom line, and I'll pick out Dick Daniels' favorite,
 7 which is letting habitat be created on the old levees and
 8 sitting back and building really new, better levees that
 9 one is obviously going to cost a lot of money, but in terms
 10 of picking up a whole lot of reliability, in terms of
 11 protecting the landowner behind the levee, and the overall
 12 social benefits, it really might turn out to be pretty cost
 13 effective.
 14 And, certainly, it would be in terms of
 15 fisheries and riparian benefits, which is what I would be
 16 looking to gain.
 17 I'd like to touch on one other issue just very
 18 briefly and that's fish hatcheries.
 19 I'd like to remind the Council that the fish
 20 hatchery system was originally constructed to mitigate for
 21 habitat that was lost behind the dams, mainly the large
 22 reservoir water storage facility dams.
 23 In a sense those mitigation hatcheries, which
 24 is what they are, were a social contract with the earlier
 25 generation.

1 I think a lot of us in the industry would be
 2 supportive of that approach.
 3 And I also want you to know that we've been
 4 paying our fair share for the last ten years and that
 5 through our Salmon Stamp Program we've been putting up an
 6 average million dollar a year to mostly get fish around the
 7 Delta in a tank truck.
 8 We've been doing a lot of other habitat
 9 restoration things. We are not real thrilled with the fact
 10 that the Delta is such an unfriendly place for fish that
 11 we've had to truck a whole lot of fish around it. We'd
 12 like to phase down on that, you bet, but as long as things
 13 are the way they are, that's what we are doing and we're
 14 paying for it out of our own pockets and that social
 15 benefit is recruiting to society.
 16 So when you come to looking at those action
 17 items, I think before we -- as we get into the assembly of
 18 alternatives, there has got to be some cost accounting, and
 19 I heard a lot of people saying that in the Workshops, how
 20 much is this going to cost and who is going to pay for it?
 21 So that we can get a fair balance of interests
 22 and make sure that there is fairness in the assumption of
 23 burden and fairness in the distribution of benefits.
 24 I would really urge you to really focus on
 25 those type of equity issues in the assembly of

1 In other words, for the miles and miles of
 2 habitat that was lost behind the dams.
 3 And, by the way, I'm here with a new piece of
 4 information. It's now beginning to look like maybe 6,000
 5 miles, which was the conventional figure isn't really what
 6 it was. It might be it turns out -- there is a new study
 7 anyway that it may turn out to be something more like 1500
 8 or 1800 miles. That may be good or bad news depending on
 9 where you sit.
 10 But still down to the present 300 miles of
 11 spawning and rearing habitat for salmon, that's still a
 12 huge loss.
 13 And society compensated for that by building a
 14 fish hatchery system and that's basically a large part of
 15 what supports the fishing industry.
 16 There is a social contract to do that.
 17 And if we are going to start talking about
 18 reducing hatchery production because of essential genetic
 19 problems, I think maybe we are talking the wrong approach
 20 because we are undoing something that was agreed to a long
 21 time ago and may be a more productive way to look at it
 22 would be to improve the genetic practices at those
 23 facilities so we weren't degrading natural production and
 24 better match the harvest in the fisheries to target on the
 25 production coming from those facilities.

1 alternatives.
 2 We finally -- we want to do what ultimately
 3 produces an environment that's friendlier to fish and
 4 wildlife and generally comes under the category of habitat
 5 restoration, but we are part of the environmental and we
 6 have to look at those human and social needs first and
 7 foremost along with all of the environmental issues because
 8 we are part of the environment.
 9 With all of that, I thank you for your
 10 attention.
 11 CHAIRMAN MADIGAN: Thanks, Nat.
 12 Nice to see you again.
 13 Mr. Mott.
 14 ROBERT MOTT: My name is Robert Mott, and
 15 I am a consulting economist.
 16 This has been my first session that I've had
 17 the opportunity to attend and it's an admirable
 18 undertaking.
 19 It seems to me the issue that has been joined
 20 here in large measure is finding a measurable dimension to
 21 measure the effectiveness of what is to be undertaken, to
 22 measure the costs that would have to be undertaken.
 23 We are dealing with an ecosystem that if the
 24 world were a perfect place, there would be a perfect model
 25 that you could review the parameters of and it would tell

1 you how much more acre feet per second flowing past Chip's
 2 Island would be needed for improved water quality and
 3 habitat in Suisun Bay or would tell you how many more acres
 4 of upland or tidal and habitat might need to be restored in
 5 order to achieve a certain degree of recovery of this or
 6 that species.

7 That's what I haven't heard yet in this
 8 session, and it may be my ignorance for not having attended
 9 one earlier, but I haven't seen a statement that seems to
 10 say this is what we need in the way of additional flow or
 11 additional acreage or additional you name the parameter.

12 If we had an idea of what the physical
 13 requirements were, and I'm sure they exist as this goes
 14 back to the Bay-Delta Hearings that are coming up on a
 15 decade, and there is an enormous amount of information on
 16 the ecological and the physical system characteristics and
 17 certainly about the economic characteristics, but what I am
 18 remarking upon is the amount of conversation that's still
 19 going on is what is it going to cost?

20 We don't know what it may cost because we
 21 haven't got an idea of how much may be needed of one or
 22 another thing.

23 Alex comments about how he might go along with
 24 one level of something but it would be a difference if it
 25 was a hundred times larger.

1 did earlier, what we are going to be looking for -- what
 2 today accomplished and what we are going to looking at next
 3 time around?

4 MR. HILDEBRAND: Mr. Chairman, could I
 5 just make a comment about Mr. Petry's comments?

6 CHAIRMAN MADIGAN: Yes.
 7 Sure, Alex, of course.

8 MR. HILDEBRAND: Going back to what Ed
 9 Petry said, he is giving an example of what I consider to
 10 be a very serious problem, an institutional problem, in
 11 getting anything done that was of multiple benefit and
 12 multiple purpose project.

13 The San Joaquin River management program has
 14 come up against this in that we've come up with a number of
 15 projects that have multiple benefits and then when you want
 16 to get it done, you find you are dealing with a whole lot
 17 of single purpose bureaucracies and none of them can do it
 18 because of the restraints of their systems.

19 For example, we have a project which would
 20 involve overflowing high river stages in San Joaquin River
 21 onto wetlands that are mostly already owned by government
 22 entities and others by duck clubs, and they made a very
 23 good reconnaissance study of the potential of the thing,
 24 but then when you come to do it, it turns out they can't
 25 take any credit for the water quality benefits and they

1 And so I realize that this is not a perfect
 2 world with a perfect model and so that we could go through
 3 all of these actions today and say how much restoration of
 4 Bay-Delta system shallow water habitat is needed to
 5 accomplish some level of recovery or Delta waterfowl
 6 habitat management, all of these categories, each of which
 7 has several specific actions.

8 However, it would seem to me very useful in
 9 reviewing these actions in reviewing the categories as well
 10 as the specific actions, if there had been somewhere an
 11 indication in the background of information, in the
 12 baseline of information how much we need of one or another
 13 of these general system improvements in order to achieve
 14 whatever objectives we are going for, such as a doubling of
 15 anadromous fisheries by such and such a date, and my
 16 apologies for taking so long and perhaps not reflecting or
 17 recognizing information that's already come before you, but
 18 I guess that's my point, is that if you need some
 19 dimensions to measure costs and benefits you've got to know
 20 what's on the wanted side as well as on the supply side.

21 Thank you.

22 CHAIRMAN MADIGAN: Thank you, Mr. Mott.

23 Appreciate your being here and appreciate your
 24 making the comments.

25 Mr. Snow, do you want to summarize, as Mr. Hall

1 have to assess the cost as if they had to buy all of the
 2 land that would be flooded even though they wouldn't be
 3 buying an acre foot of it.

4 Therefore, they can't handle the project and
 5 neither can anybody else. We can't get it done. It has
 6 many multiple benefits, very low cost for the benefit but
 7 institutionally it seems to be something that's impossible.

8 And we are going to run into the same thing in
 9 a lot of our problems here and the only difference is that
 10 we got a big enough issue that we'll probably get a special
 11 Agency to do it, but in the case I cite, Ed's case, we
 12 don't have that privilege.

13 CHAIRMAN MADIGAN: Thanks, Alex.

14 Yes, Sunne?

15 MS. McPEAK: Alex, I think you raised two
 16 issues that maybe we should comment on.

17 The first is it seems to me that is a potential
 18 action that isn't on the list.

19 MR. HILDEBRAND: Right.

20 MS. McPEAK: And is an example of one that
 21 you would add and we should bring into the discussion.

22 The second is that I think that it was Jack,
 23 you earlier had talked about the fact that it is a Federal
 24 and State process and the institutional constraints that we
 25 keep running into as you cite or were cited earlier about

1 marketing or transfers really probably at this point need
2 to be identified. We shouldn't exclude something because
3 there are those constraints right now.

4 We need to probably get them clearly delineated
5 and then go after them to attack them because there should
6 be with those ten agencies enough horsepower to remove
7 institutional constraints if common sense would suggest
8 that they are cost effective, make sense for the habitat
9 environment and would either contribute to the increased
10 supply or certainly not detract from it.

11 CHAIRMAN MADIGAN: Eric.

12 MR. HASSELTINE: Mr. Chairman, I enjoyed
13 the comments that were made by Mr. Mott and that reminded
14 me of someplace where we were this morning in which we
15 talked about evaluating alternatives as to their
16 effectiveness, which I assume means degree to which a
17 certain action would or alternative would satisfy a
18 particular objective, and we said we were going to
19 apparently evaluate the effectiveness first and perhaps
20 narrow the list down on the basis of effectiveness before
21 we looked at costs.

22 And I simply would like to suggest that there
23 is an additional dimension here that I haven't heard a lot
24 about today and, that is, the value of, in fact, satisfying
25 that objective.

1 opinions in the scientific community is what you measure to
2 determine if you have a healthy ecosystem.
3 And if the group desires Dick Daniel could get
4 into that a little bit and so we are in the process of
5 trying to bring the technical community together to get a
6 handle on, get agreement on what are the parameters of a
7 healthy ecosystem so you know when you're there and in so
8 doing determining what are the most valuable indicators
9 that would let you know when you are making improvements
10 towards your objective.

11 Evaluating options or alternatives for
12 achieving the ecosystem health is very different than on
13 the water supply side where you can look at economic
14 benefit and allocate those because ecosystem health is one
15 of those -- ecosystem health is one of those public good
16 issues. It's not necessarily measured into dollars.

17 So public policy has been established in the
18 State of California and in the United States to have
19 healthy ecosystems and so it's going to be difficult
20 building a package where in some cases you will measure
21 benefit in classic dollars and cents.

22 In other places you will measure benefit in
23 terms of the health of the ecosystem and how far you are
24 moving on the ecosystem indicators.

25 And I think it will be a learning process we go

1 It seems to me it would do little good to talk
2 about various alternatives and their effectiveness and
3 their costs if you can't relate that to some measure of the
4 benefit or the value that achieving that objective gives
5 you.

6 And that could be measured, obviously, in
7 different ways, not just in dollars.

8 So it seems to me that there has got to be some
9 sort of a third ranking or evaluation in that whole
10 process.

11 CHAIRMAN MADIGAN: Okay. You make a good
12 point.

13 EXECUTIVE DIRECTOR SNOW: Actually, if I
14 could respond to that last point.

15 And in a moment Steve Yaeger will flush out the
16 alternative refinement process that will take place between
17 now and when we are back together looking at alternatives.

18 A part of that is development of performance
19 measures, which are a lot of these issues.

20 But your comment is right on point because all
21 performance measures will not be created equal with the
22 same kind of yardstick and we particularly run into that
23 having adopted as a primary objective restoring the health
24 of the ecosystem and so we are looking for ecosystem
25 health, and what we have run into is that there is a lot of

1 through even from the first screening to where we get down
2 to a short list on how we do that integration.

3 And it's not a real satisfactory answer but
4 you've raised a very good point.

5 CHAIRMAN MADIGAN: Roberta.

6 MS. BORGONOVO: Just to follow up on this.
7 This may be a question to be addressed later.

8 But when you're looking at the tradition cost
9 benefit analysis of water supply issues, will you be
10 including environmental factors as a part of that cost
11 benefit analysis?

12 MS. McPEAK: It's against the objectives,
13 yes. Yes. The answer is yes.

14 CHAIRMAN MADIGAN: Sunne.

15 MS. McPEAK: I was responding because -- I
16 responded to say yes.

17 I hope that that's the same answer that Lester
18 would give.

19 CHAIRMAN MADIGAN: It is now.

20 MS. McPEAK: Because there is a set of
21 objectives that have to be -- that we are attempting to put
22 together a package of actions to achieve those objectives
23 and that includes environmental outcomes and values.

24 MS. BORGONOVO: And I think that there has
25 been work -- there is work being done in the traditional

1 cost benefit analysis which includes environmental
2 externalities and that may give you a different answer than
3 the traditional view that was used ten or fifteen years
4 ago.

5 EXECUTIVE DIRECTOR SNOW: The difficulty,
6 though, is let's presume that there is an action that
7 allows a given water agency to take their same quantity of
8 water they've always been taking but take it during the
9 time of the year now where it has less impact on the
10 environment.

11 How do you quantify that benefit in dollars and
12 cents?

13 What is that project worth?

14 Well, it's having great impact on ecosystem
15 health but how do you turn that into the classic analysis?
16 And that's going to plague us all the way through this.

17 Because there is a benefit that has accrued to
18 the Bay-Delta system. No water supply has been increased,
19 but they are getting there previous water supply at a time
20 during the year when there is less competition.

21 MS. BORGONOVO: But, of course, you can
22 also look at it as they have avoided an environmental cost
23 that might have accrued to them under mitigation, and I
24 know that those are difficult to quantify but I just hope
25 whatever current work is being done in the economic field,

1 gets introduced I think there is thinking out there.

2 I think there has also been some work in the
3 agricultural sector also looking at that kind of cost
4 benefit analysis.

5 CHAIRMAN MADIGAN: Lester, do you want to
6 summarize what we have learned?

7 EXECUTIVE DIRECTOR SNOW: Yes, sir.

8 Let me summarize what we will be doing as a
9 result of this particular discussion.

10 As I indicated, what we will have out in the
11 packet and the major focus for the February 15th meeting is
12 a set of alternatives that were compiled and we think are
13 starting to meet the objectives and the solution principles
14 of the program.

15 Some of the discussion we have had today and
16 some of the discussion on Monday I think has helped
17 indicate how we should structure these alternatives and how
18 we should go about explaining them so it's clear how they
19 work rather than sending you a series of matrices with X's
20 of which actions fit into a given alternative. I think
21 we'll make sure we can explain how the alternative works.

22 The other thing is that very shortly after this
23 meeting we will send out to you the list of actions and
24 assume that you have kept this resource document that has a
25 description of the actions, and we will ask you a number of

1 which I know is going forward, gets included.

2 CHAIRMAN MADIGAN: Sunne.

3 MS. McPEAK: The comments that Roberta
4 just made and Eric before sort of suggests that we
5 would -- I would want to sort of turn around and ask both
6 of you how you would recommend we deal with the issues you
7 raise.

8 You know, is there a methodology, is there a
9 framework for assessment, and not to have -- you know,
10 extend this discussion but to invite that kind of thinking.

11 Is there another way to look at some of this
12 stuff that you know of that we haven't looked at?

13 If anybody thinks that it isn't being assessed
14 properly -- you know, I'm trying to get a follow through on
15 the comments being made to actually get a basis for action.

16 And so if you have that information, Roberta or
17 Eric, how you would approach that third dimension, would be
18 really helpful to us.

19 MS. BORGONOVO: I would just say that in
20 the urban conservation arena we have spent considerable
21 time developing a study on these kinds of cost
22 effectiveness guidelines that include some of these factors
23 and sometimes even if you don't have a quantifiable
24 measure, sometimes it can be negotiated. Sometimes it can
25 be a plus, minus. So just as long as that kind of thinking

1 things about these, first, if you see actions in here that
2 just don't make any sense and probably both should be
3 deleted because we'll never use them, but then with the
4 others that probably should remain, whether you think they
5 are of marginal use or of great use in the system, whether
6 you think there are new ones, just suggestions, and then
7 also an indication of whether you see actions in here that
8 probably shouldn't be included in any alternative.

9 We will try to do that fairly quickly so we can
10 get a turnaround on that and back to you well before the
11 next meeting.

12 Also, just as another thing before the next
13 meeting, we will be able to give you another snapshot of
14 the financial strategy, both in terms of -- well, three
15 things. There's three things going on with the financial
16 strategy, the work that we were doing in the program.

17 Hopefully, we'll be able to take in an
18 alternative and show you how it might fit into this
19 analysis of financial strategy.

20 We'll have an update on the round-table paper
21 that's being developed, and it certainly appears that we
22 will be able to have Jim Costa at the next meeting, either
23 the evening before or at the meeting to talk about SB 900.

24 So those are the things that I think we can
25 anticipate for the meeting.

1 We will want to have most of the discussion
 2 focus on the alternatives, but I think once you have the
 3 alternatives in your hands that we couldn't keep the
 4 discussion short on that item. So it probably will work
 5 out well.

6 CHAIRMAN MADIGAN: Item number four is
 7 Upcoming Program Activities.
 8 Mr. Yaeger, Alternative Development and
 9 Refinement.

10 MR. YAEGER: What I want to do was walk
 11 through for you three things; number one, I want to know
 12 the status of where we are in the process.
 13 Secondly, where we are going and what you might
 14 expect to see at your next BDOC meeting; and then, thirdly,
 15 I'll give you a review as to where we expect to be in the
 16 April-May time frame.

17 Lester earlier gave you kind of a walk-through
 18 of some of these initial steps we've taken in identifying
 19 preliminary alternatives.
 20 Again, I just want to stress that those were
 21 just the initial steps.
 22 We got good feedback from our recent Workshop,
 23 and we expect that the information generated there will be
 24 very helpful for us in moving ahead in alternatives.
 25 We have a consultant team that as we speak is

1 when we are stabilizing levees and increasing flood
 2 protection, that we can incorporate habitat restoration in
 3 those actions, and also on the flip side of that where we
 4 are taking actions to enhance habitat, and there are levee
 5 stability issues that could be addressed in that, that we
 6 do that in a linked and coordinated fashion.

7 Demand management was another theme, and we've
 8 talked about that a lot today.
 9 That seems to be a real core issue for a lot of
 10 people and again we'll be looking at various levels of
 11 implementation of that and trying to identify the linkages
 12 with our alternatives and the way that it impacts our
 13 alternatives.

14 Water system reliability and increasing the
 15 flexibility of the water system is another theme that's
 16 evolving out of the work that we are doing and the things
 17 that we've heard in the Workshops.

18 We are going to be working alternatives on that
 19 theme, and our emphasis is going to be to create
 20 opportunities for the water managers to increase the
 21 reliability of their systems and we want to create those
 22 opportunities in ways that allow them to use all of the
 23 tools that they have, including demand management, water
 24 banking and conjunctive use, water transfers, all those
 25 kinds of tools as a way of increasing the water supply

1 working on taking the alternatives from the boundary
 2 alternatives or edge alternatives that Lester described
 3 earlier and working those into packages that are more
 4 towards the center of that super Nova that Lester liked to
 5 describe.

6 I think what we are seeing in these initial
 7 parts -- this part of the program at least is that there
 8 are certain themes that are developing and that those
 9 themes may be helpful in working with -- working us through
 10 to put together alternatives.

11 The themes mainly seem to evolve out of the
 12 linkages that we talked about at our last BDOC meeting, and
 13 they, I think, are helpful in bringing together some of
 14 these Corps actions that Dick spoke to you about.

15 And to extent that the survey that is going to
 16 be taken over the next few weeks indicating your rankings
 17 of actions, that will assist us in trying to incorporate
 18 additional actions into what we'd like to develop as a real
 19 core set of actions that we can generate consensus around
 20 that everybody can agree ought to be done as part of every
 21 particular alternative.

22 Some of these themes again deal with the
 23 linkage between habitat restoration and levee
 24 stabilization, and we will be working that theme in the
 25 alternatives and trying to find those opportunities where

1 reliability to all of the users of the Delta water.

2 Over the next probably 45 days we'll be moving
 3 then from the preliminary alternatives that we've
 4 identified, and we expect that we'll be in the order of
 5 maybe a hundred to a hundred and fifty different
 6 alternatives that will come out of this initial formulation
 7 step, and we'd be moving into the Step 6 of the program,
 8 which will be evaluation of those alternatives and
 9 refinement.

10 We expect that the initial steps in the
 11 evaluation are going to be taken on a rather coarse basis.

12 We'll be using mainly professional judgment of
 13 experts in the field to evaluate this large set of
 14 alternatives and to screen those down to a more manageable
 15 number.

16 The factors that we'll be using in looking at
 17 the initial screenings of the alternatives is to use the
 18 solution principles and the performance measures to work
 19 towards what we call improved alternatives.

20 You've seen the solution principles many times,
 21 but maybe I can walk you through how we see using these
 22 particular principles in the initial steps.

23 We see that there are a couple of real key ones
 24 that have to be met right off the bat.

25 We are going to do an initial screening based

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1 on equitable and on reducing conflicts.
 2 Obviously, if the alternative doesn't meet
 3 those two tests, then it kind of falls off the table at
 4 that point.
 5 But once we get through that initial course
 6 screen we'll be looking at affordability and an
 7 implementability.
 8 Eric mentioned earlier that we need to look at
 9 cost as an initial and a screening factor and we couldn't
 10 agree more.
 11 This is where affordability comes in.
 12 I think as you look at the list of actions that
 13 you see that many of those associated with the habitat
 14 restoration part of the program and the levee stabilization
 15 are, I guess, can be implemented on various service levels
 16 and there is a definite cost relationship to the level of
 17 implementation that you would take in those actions.
 18 So the cost will be looked at, I have to admit,
 19 on a very coarse basis on these initial screens, but we
 20 will be taking that into account and also looking at the
 21 initial economic -- potential economic impacts and also the
 22 financing aspects of the alternatives --
 23 CHAIRMAN MADIGAN: Steve, hang on a
 24 second.
 25 Hap.

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1 MR. DUNNING: Isn't that an outdated
 2 overhead?
 3 You changed solution principle number six,
 4 right?
 5 MR. YAEGER: To no significant
 6 redirected --
 7 MR. DUNNING: Remember that was done the
 8 last time.
 9 MR. YAEGER: Yeah, you're correct.
 10 We had that changed since the last BDAC Meeting
 11 as a result of the some of the input that we got there.
 12 The following stages then have the initial
 13 screen will look at the other solution principles,
 14 significant redirected impacts, and, again, perhaps you
 15 noticed in your Workshop packet that we have kind of
 16 expanded the definition of that a little bit more even and
 17 tried to explain that significant redirected impacts falls
 18 within greater context of the balance of the whole
 19 alternative.
 20 Obviously, when we look at any particular
 21 action, we can't guarantee that there won't be a negative
 22 impact associated with that action, but when you look at
 23 the full alternative and look at the balances of benefits
 24 and impacts associated with that, then that's at the point
 25 at which we will weigh the significant redirected impacts.

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1 After initial screening then with the solution
 2 principles we will be going through a further screening
 3 with the performance measures.
 4 I need to provide some backgrounds there.
 5 I'm sure you've already heard, but the
 6 performance measures that we've developed are an extension
 7 of the objectives that were developed in the initial phases
 8 of the program.
 9 We have at this point developed nine draft
 10 performance measures that's in the process of internal
 11 review. Those performance measures measure the
 12 effectiveness of the alternatives against all of these
 13 fourteen objectives.
 14 We've developed a matrix type spreadsheet model
 15 that takes the performance measures and can do a very
 16 quick, coarse evaluation of its effectiveness that will
 17 give us a basis then for going on to refine alternatives
 18 additionally.
 19 We think that this particular approach gives us
 20 that ability to refine and improve alternatives because of
 21 the performance measures give us an indication of which
 22 objectives, in particular, alternative, fails to meet and
 23 also points us towards other actions so we can add to the
 24 mix to bring that alternative up to a level that it
 25 addresses all of the objectives in an effective way.

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1 That gives you an idea of where we are going in
 2 the next 60 days or so.
 3 Perhaps maybe I could entertain questions right
 4 now about that particular process before I move on to the
 5 schedule after your next BDAC Meeting.
 6 Are there questions about --
 7 CHAIRMAN MADIGAN: Any questions?
 8 Stu.
 9 MR. PYLE: Steve, where are the fourteen
 10 objectives set forth?
 11 MS. McPEAK: Yeah.
 12 MR. YAEGER: I'm not sure.
 13 The fourteen objectives, I believe, are not
 14 included in this particular Workshop packet.
 15 They are part of --
 16 MR. CHADWICK: I think they are, Steve,
 17 one of the appendices.
 18 MR. YAEGER: Zach points out they are
 19 included in the packet, included in the summary at the
 20 previous Workshop.
 21 You'll see the summary of the objectives in
 22 their refined form that they've come out of the Workshop in
 23 BDAC review.
 24 MR. SOEHRN: Steve, all of the objectives
 25 are in Agenda item 3-C in the packet.

1 MR. YAEGER: Also, Agenda item 3-C we have
2 a list of all of the objectives.

3 CHAIRMAN MADIGAN: All right.
4 Moving on,
5 Steve, go ahead.

6 MR. YAEGER: Okay.
7 So you can summarize what you'd expect to see
8 at your next BDAC Meeting is a progress report on our
9 alternative development.

10 We hope to be in a position to have screened
11 down that hundred to 150 alternatives to something in the
12 order of 20 to 30 at that point.

13 They'll still be in a fairly coarse form, but
14 we expect to have that range of alternatives and there will
15 be descriptions of the alternatives that you can follow.

16 We'll also provide for you a list of the full
17 range of alternatives that we looked at and a little
18 accounting for what happened to that alternative through
19 the process, why it made it through the screening, how it
20 was refined, how it was screened out and so forth.

21 Looking further down the line as far as the
22 schedule and what you can expect in the months after your
23 next BDAC Meeting we are aiming at what we calling a public
24 report or a progress report on the alternatives, which
25 would fall somewhere in the early March time frame.

1 to try and give you at least two weekends before the BDAC
2 Meeting to review that.

3 I've got to be very honest with you, this is
4 such a tight schedule to try and get to a manageable number
5 of alternatives that I really feel uncomfortable in
6 absolutely guaranteeing that you are going to have those
7 two full weekends, but we'll certainly make every effort to
8 try and get that to you.

9 CHAIRMAN MADIGAN: Ann, I think one of the
10 reasons for scheduling the March meeting is that it's going
11 to be difficult to get this information to us sufficiently
12 in advance of the February meeting for all of us to really
13 have a chance to sift through it and really make sense of
14 it.

15 And having talked to Lester earlier I think
16 they are going to try and get it out as quickly as they can
17 but it's going to be close.

18 MR. DUNNING: Would it make sense to
19 reschedule the February meeting?

20 CHAIRMAN MADIGAN: Well, I think we have
21 lots to do.

22 I understand -- I think that we have gone from
23 the period where every other month is sufficient to a
24 period of time where we are going to be meeting on balance
25 more regularly than once every other month and then I think

1 And that particular report would display the
2 screen results of the alternatives as we come down from the
3 twenty to thirty level to an eight to twelve, kind of a
4 manageable number of alternatives that will receive a
5 higher level of analysis.

6 And then on beyond March, in the March through
7 April time frame, we'll be doing further detailed analysis
8 of those eight to twelve alternatives, and screening them
9 down.

10 Our target there again is to try and end up
11 with a short list of four to five alternatives that would
12 then be the subject of this Phase 1 completion report or
13 scoping report, as we've called it, at some other times.

14 I think that gives you a thumbnail sketch of
15 where we are at this point, where we are going and where we
16 hope to end up then in May.

17 Is there any other questions about the schedule
18 or the alternative development process?

19 I'd sure be glad to handle them.

20 CHAIRMAN MADIGAN: Ann.

21 MS. NOTTHOFF: How much in advance of the
22 next BDAC Meeting where we get this material so that we can
23 review it sufficiently to be productive at the next
24 meeting?

25 MR. YAEGER: I think our normal target is

1 it will go back to a period of meeting every other month
2 again, but I'd kind of keep my powder dry for the spring on
3 the assumption that there might be one or two other
4 specially scheduled meetings just for the sheer amount of
5 the information and the amount of conversation that this
6 group is going to have and appropriately so.

7 MS. NOTTHOFF: Well, I think we should
8 keep the option open, anyway, of maybe not -- depending on
9 when we get the material, looking at what's on the Agenda
10 for February.

11 Because I think it's important to keep these
12 discussions as productive as possible, which requires
13 people having had a chance to really review and digest the
14 material in advance of discussion.

15 CHAIRMAN MADIGAN: I understand. Okay.
16 Dave.

17 MR. GUY: Steve, I'm just trying to
18 measure your schedule with what Lester put up earlier or
19 later today.

20 I'm a little confused.

21 When is the scoping session going to begin and
22 is that going to, I guess, be wrapped up by the Phase 1
23 completion report?

24 Is that the intent?

25 I'm still confused on how that fits together.

1 MR. YAEGER: The scoping process, maybe
 2 Rick can help me here if I get it wrong, but the scoping
 3 process is kind of driven by the alternative screening
 4 process, and we need to get to a manageable number of
 5 alternatives before we take it out to public scoping
 6 meetings.
 7 Obviously, they don't want to see 150
 8 alternatives that haven't been refined and worked into a
 9 pretty good level of detail.
 10 So we expect that in this February time frame
 11 we will be down to the management number that we can then
 12 start preparing all of the documents that have to go into
 13 the scoping process.
 14 And I think you're talking about the March time
 15 frame, is that right, Rick?
 16 RICK BREITENBACH: Probably about
 17 April 1st.
 18 MR. YAEGER: April 1st.
 19 The scoping meetings that will be part and kick
 20 off the NEPA CEQA process, which will then run parallel
 21 with the completion of the Phase 1 report and kind of move
 22 us into Phase 2 for the environmental documentation part of
 23 the program, at the tier one level, at least.
 24 MR. GUY: Is the intent to have the
 25 feedback of the scoping part of the Phase 1 completion

1 what input they are going to give us at the scoping
 2 meetings.
 3 And it will allow us then to move a little more
 4 rapidly into wrapping up that scoping document and moving
 5 forward.
 6 MR. GUY: I know you're going to be
 7 trying, but I guess I would urge to get the scoping started
 8 as quickly as possible because it sounds like that's going
 9 to be the key to getting this thing done in May.
 10 CHAIRMAN MADIGAN: Good point.
 11 Other questions?
 12 Thank you, Steve.
 13 MR. YAEGER: Thank you.
 14 Okay.
 15 CHAIRMAN MADIGAN: Okay. Judy Kelly is
 16 going to give us an idea of what's going on with the public
 17 outreach activities.
 18 Judy, you are on.
 19 MS. KELLY: Yeah, I'll be brief.
 20 You've seen this overview before so I won't
 21 spend much time on it, just to remind you that we do have a
 22 full array of activities and products and actions that we
 23 take to fulfill our obligations under a public outreach
 24 effort.
 25 And today I'm just going to concentrate on the

1 report or will that be independent?
 2 RICK BREITENBACH: Very much so.
 3 The last thing we want to do is go into scoping
 4 with some -- this is the way we are going to do it:
 5 we are going to go into scoping with "Here are
 6 some alternatives, we are fairly comfortable with them.
 7 Well, what are your ideas about them?"
 8 So that people within the scoping meetings
 9 could help us further adjust the alternatives and then
 10 following the scoping meetings we'll wind up getting to a
 11 point where here are the ones we'll deal with an EIS/EIR.
 12 MR. GUY: It's going to be pretty tough to
 13 finish in early May then if you're having the scoping in
 14 April.
 15 MR. YAEGER: Well, I guess those of you
 16 that are familiar with the EIR/EIS process probably realize
 17 that there is some risk involved in trying to wrap that up
 18 at that point, but I think it's our conviction that because
 19 we have a much different process; that is, there is a lot
 20 of public input, not only through BDAC but through all of
 21 the Workshops, the public meetings, that it's very unlikely
 22 we'll be surprised by some alternative that we have not
 23 examined when we get to scoping, and at least that's our
 24 hope, that the alternatives we have at that point will kind
 25 of cover the spectrum of what people are thinking about and

1 public meetings and talk a little bit about some of the
 2 products that we have recently completed.
 3 Just to bring you up to date, since your last
 4 meeting we've had two public meetings. One was in Oakland
 5 at the end of October and one was last week in Southern
 6 California.
 7 I want to feedback to you folks that we did
 8 heed your advice from the last BDAC meeting, and we worked
 9 on the program, we tightened it up a little bit. We added
 10 more overview information and we shortened the sessions in
 11 the evening where people were more free forum and were able
 12 to discuss the specific four issues that are the core part
 13 of our program.
 14 Although, I would emphasize that we have
 15 adapted the public meetings to the location as much as we
 16 can, we had much more discussion as you might expect, in
 17 Oakland at the small issue areas.
 18 There was a great deal of knowledge at the
 19 participant's level of the system and how it works and a
 20 lot of interest in speaking directly to the staff about
 21 specific issues that people had.
 22 Alternately in Southern California we spent
 23 more time on the overview describing the Delta, the
 24 problems in the Delta, and we felt that that was beneficial
 25 and well received by the audience.

1 We had good attendance. We had 75 people in
2 Oakland and over 65 people in Southern California so I was
3 real pleased with that.

4 A reminder that we have two more public
5 meetings scheduled through the end of Phase 1.

6 We have a meeting on the 19th of December in
7 Redding, and we have a meeting the last week in January in
8 Fresno.

9 And, again, just emphasizing that this is just
10 the public meetings that we've currently scheduled to cover
11 Phase 1.

12 We will be working -- Rick and I will be
13 working on looking forward into Phase 2, identifying when
14 we need to have public meetings and scoping meetings and
15 Workshops throughout the Phase 2 process and we'll be
16 developing a schedule shortly for that.

17 Some of you have wondered how we go about
18 publicizing these meetings.

19 I know, Ann, you were curious last time we met,
20 you know, did you think we were doing an adequate job and
21 I'm think we can always do a better job.

22 But I wanted to acknowledge some of the help
23 that I'd had, in particular at the last couple of meetings.
24 I think I mentioned last time that we used a San Francisco
25 Estuary Project mailing list of over 5,000 to work on the

1 Monday to do a series of briefings, both Agency briefings
2 and Senate and Hill briefings to provide the same level of
3 information to folks in Washington.

4 Just to mention, I'm really pleased with the
5 reception that the video guy, I'm really pleased with it.

6 I think Lester did a wonderful job, as he
7 usually does, explaining our process and the programming.

8 To go along with our public outreach
9 activities, this is a prototype so I can't give you all a
10 copy today, it's coming back from the printers on Friday,
11 but I have a very nice color briefing packet that we can
12 now hand out to people and help work with them through the
13 process (indicating).

14 It's a compendium of information that you all
15 have already seen but just in a little bit glitzier format
16 so that will be available as of this weekend. We'll get
17 copies to you as soon as they are available.

18 The last thing I just wanted to mention was
19 milestone announcements.

20 You all should have already received the save
21 the date notice about the December 15th anniversary media
22 event that we are planning to highlight the
23 accomplishments, and there are many, of the accord that was
24 signed last year.

25 So there will be a follow-up invitation and

1 Oakland meeting.

2 We have consistently received wonderful help
3 from the League of Women Voters when we've gone out to
4 local sites. The Sierra Club, Audubon, Aqua have all been
5 really helpful.

6 In particular in Southern California, I guess
7 she is probably gone now, but Joan Anderson was of great
8 help to me. Metropolitan Water District was really
9 gracious in Orange County.

10 So I wanted to mention that we've had a lot of
11 help from some of you around the table and lots of other
12 folks, too, and we'll continue to increase our contacts as
13 we move forward in the process.

14 Just a couple more points, we also recognize --
15 sort of along the lines of public outreach efforts, we also
16 would like to keep our elected officials up-to-date and
17 involved in this process, so to that end we had a lot of
18 help from Linda Adams on the Senate staff.

19 She helped us put together a very nice staff
20 briefing last month here in Sacramento. That was well
21 attended as well. We had 30 to 35 people and it was taped
22 and it went out over the Calspan Network so I think we got
23 some good press or at least good publicity out of that.

24 And we will be traveling -- Lester and Sharon
25 Gross and myself will be traveling to Washington, D.C. on

1 press release with more details on that coming the end of
2 this week, beginning of next week, but that should also
3 provide some good reminders that we really have traveled
4 quite a ways down this road since the accord was signed and
5 we hope to keep this program and everything else that was
6 part of the accord in the public focus.

7 That's all I have, Mr. Chairman.

8 CHAIRMAN MADIGAN: Thank you. Questions?

9 Good.

10 Thank you, very much.

11 Before we get to public comment, since we have
12 discussed the notion of having a meeting in March, Lester
13 is going to take one fast run at seeing if we can get some
14 approximating consensus on the date.

15 Mr. Snow.

16 EXECUTIVE DIRECTOR SNOW: A couple people
17 have already expressed interest in specific dates and when
18 they have blackout dates on their calendar, and one of the
19 dates that has been suggested is Friday, March 15th, which
20 would be roughly four weeks after the February meeting.

21 Does that look like that can get the majority
22 of the folks?

23 It's February 15th and that is in Southern
24 California. And we would plan as we did this time to have
25 a dinner meeting the night before and that is probably the

1 event at which Senator Costa would attend to talk about
 2 SB 900.
 3 CHAIRMAN MADIGAN: Okay. Let's shoot for
 4 the --
 5 MR. DUNNING: That's just a month after
 6 the February meeting.
 7 CHAIRMAN MADIGAN: It is, that's four
 8 weeks.
 9 MR. DUNNING: Could we have it a little
 10 later?
 11 CHAIRMAN MADIGAN: We've got an April
 12 meeting.
 13 MS. NOTTHOFF: What's the April thing?
 14 MS. GROSS: We do not yet have an April
 15 date.
 16 EXECUTIVE DIRECTOR SNOW: Let me throw out
 17 a concept that just came up here as a result of the kind of
 18 discussion we've been having.
 19 Several of you have suggested the need for some
 20 pretty intense engagement, particularly when we have real
 21 alternatives out there, and it has been suggested that we
 22 consider, particularly for the March session, more of a
 23 retreat Workshop-type of setting where there is a lot more
 24 interchange on what the issues are and what trade-offs are,
 25 maybe even to the extent that the March meeting would be

1 (Whereupon the BDAC Meeting recessed at 3:22 p.m.)
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1 held at a place like Asilomar where you really do get away.
 2 You are there and you spend the entire day
 3 working through these things, which certainly would mean
 4 arriving some time in the afternoon of Thursday, March 14th
 5 and then staying through March 15th.
 6 Is there just a general feeling that that is
 7 advisable and can fit into your calendars?
 8 IN UNISON: (Affirmative nod)
 9 EXECUTIVE DIRECTOR SNOW: I think we then
 10 will proceed with planning and see what kind of facilities
 11 might be available to help that kind of situation.
 12 It may even then consider some form of
 13 facilitation than staff talking at you in terms of
 14 discussion kinds of trade-offs and kinds of issues involved
 15 in these things.
 16 CHAIRMAN MADIGAN: The last item on the
 17 Agenda is public comment.
 18 I have no additional slips other than those
 19 from individuals we've already heard from.
 20 Is there anybody here who wishes to be heard on
 21 any matter not previously covered by this group?
 22 Anybody else for the good of the order?
 23 If not, then we are adjourned. Thank you all
 24 very much.
 25

1 STATE OF CALIFORNIA }
 2 COUNTY OF SAN JOAQUIN } ss.
 3 I, SUSAN PORTALE, Certified Shorthand
 4 Reporter of the State of California, do hereby certify:
 5 That on the 6th day of December, 1995, at
 6 the hour of 9:04 a.m., I took down in shorthand notes the
 7 said witness' testimony and the proceedings had at the time
 8 of the giving of such testimony; that I thereafter
 9 transcribed my shorthand notes of such testimony by
 10 computer-aided transcription, the above and foregoing being
 11 a full, true and correct transcription thereof, and a full,
 12 true and correct transcript of all proceedings had and
 13 testimony given.
 14
 15
 16
 17
 18 Certified Shorthand Reporter in and for the
 19 County of San Joaquin, State of California
 20
 21 * QUALITY COMPUTERIZED TRANSCRIPTION *
 22 * -by- *
 23 * PORTALE & ASSOCIATES DEPOSITION REPORTERS *
 24 * 211 East Weber Avenue *
 25 * Stockton, California 95202 *
 * (209) 462-3377 *
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