

**Summary of Meeting
Water Use Efficiency Work Group
November 7, 1996**

Key Discussion Items

- BDAC meeting results regarding the role and scope of the Water Use Efficiency Work Group and the role of water transfers in the CALFED process.
- Update on agricultural and urban approaches to water use efficiency.

Issues and Suggested Modifications

- On behalf of Central Valley agricultural interests, the California Farm Water Coalition requested that the CALFED adopt the agricultural Memorandum of Understanding (MOU) now being circulated for signatories, for the agricultural element of the water use efficiency common program.
- An increased focus on identification of water management improvement opportunities that help meet various CALFED objectives was proposed as part of an agricultural approach. The concept was generally accepted by Work Group members. This element may include development of a guidebook and technical assistance to help agricultural water suppliers identify opportunities. Coupled with incentives for implementation, these actions can help meet multiple CALFED objectives.
- The urban conservation proposal drafted by the CUWA Water Conservation Committee/Environmental Water Caucus was presented to the CUWA Board of Directors. The Board generally agreed with the concepts but requests that more discussion is necessary prior to acceptance of any type of enforcement sanctions.
- There was continued debate on whether or not to include land retirement as a specific water use efficiency tool. CALFED has previously stated that land retirement will be a specific tool used for water quality purposes but will not be a specific part of water use efficiency. It is felt by CALFED that land retirement will occur as part of market mechanisms.
- The issue of whether or not to consider efficiency measures for instream flows was discussed. At the last BDAC meeting, CALFED stated that the Work Group will only consider actions that occur from and including the point of diversion to the point of return. This "boundary" is valid for urban, agricultural, and water diverted for environmental uses.

Action Items

- CALFED staff will prepare a draft agricultural approach for discussion at the next Work Group meeting.
- CALFED staff will prepare a brief paper outlining the current on-going efforts in developing efficiency requirements for water diverted for environmental purposes (e.g., wetlands, refuges).

**BDAC Water Use Efficiency Work Group
Meeting Summary
November 7, 1996**

The sixth meeting of the BDAC Water Use Efficiency Work Group was held on Thursday November 7, 1996 at the Resources Building from 1:30 to 4:30 p.m.

(Some attendees who arrived late and/or who did not sign in are not listed below)

BDAC Members present were:

- | | | |
|------------------------|-----------------|--------------------|
| -Judith Redmond, Chair | -Don Bransford | -Roberta Borgonovo |
| -Richard Izmirian | -Rosemary Kamei | -Stuart Pyle |
| -Mary Selkirk | | |

Invited Participants of the Work Group present were:

- | | | |
|--------------|----------------|---------------------|
| -Byron Buck | -Ed Craddock | -Mary Ann Dickinson |
| -Bill Jacoby | -Lance Johnson | -Susan Munves |
| -Brad Shinn | | |

CALFED Staff/Consultant Team present were:

- | | | |
|------------------|------------------|--------------|
| -Rick Soehren | -David Fullerton | -Mike Heaton |
| -Larry Rodriguez | -Michelle Wong | -Greg Young |

Other Participants included:

- | | | |
|---------------------|------------------|---------------------|
| -Linda Ackley | -Liz Brenner | -Kirk Brewer |
| -Eric Cartwright | -Jeff Cohen | -Linda Cole |
| -Mary Lou Cotton | -Barbara Cross | -Bill DuBois |
| -Kyra Emanuels | -Terry Erlewine | -Anthony Farrington |
| -Lloyd Fryer | -William Fryer | -Brent Graham |
| -Paul Hendrix | -Tom Hickmann | -Liz Howard |
| -Jeff Jaraczski | -Scott Jercich | -Bill Johnston |
| -Karen Kianpour | -K. Knox | -Dennis Letl |
| -Dennis O'Connor | -Charles Pike | -Marsha Prillwitz |
| -Betsy Reifsnider | -Martin Roche | -Maurice Roos |
| -Arnold Rummelsburg | -Joan Ryan | -Max Sakato |
| -Craig Scott | -Tracy Slavin | -Lora Steere |
| -Stacy Sullivan | -Jeanette Thomas | -Dave Todd |
| -Kaylea White | -Waiman Yip | -Nancy Yoshihara |

Agendas and copies of three correspondence were distributed to the Work Group at the start of the meeting. The correspondence included letters from Ed Craddock of DWR's Water Conservation Office, Ronnie Cohen of NRDC, and Brad Shinn of California Farm Water

Coalition. Judith Redmond, the Work Group Chair, started the meeting with a discussion of the BDAC October 25, 1996 meeting results. At this special BDAC meeting, BDAC discussed the role of water transfers in the CALFED process and the role and scope of work for the Water Use Efficiency Work Group. Discussions in the meeting confirmed that BDAC members generally believe the CALFED approach to transfers is a reasonable one. There is some concern by BDAC members that transfers could result in a net reallocation of water from agriculture to urban or environmental uses. Nevertheless, transfers should be viewed as an appropriate and useful part of the CALFED water management strategy. BDAC members also consider the five criteria (referenced in the Governor's water policy speech) to provide policy guidance for avoiding negative impacts. In addition, BDAC members felt it was appropriate to discuss aspects of transfers in the Water Use Efficiency Work Group. The five principles, paraphrased, state that transfers should take place 1) on a voluntary basis, 2) without harm to local environmental resources, 3) without adverse impacts to groundwater basins, 4) only after demonstration of efficient use of existing supplies, and 5) with appropriate involvement of local communities and water districts.

Members of the Work Group were asked to comment on the five guiding principles. It was suggested that the guidelines need to include improvements in the timeliness of transfer approvals. Many transfers, it was stated, are delayed because of the vast array of regulatory approvals necessary. Streamlining the approval processes, it was felt, would be very beneficial. Some felt that the fourth principle would not be as applicable in cases when water was purchased for the environment. In addition, others pointed out that transfers do not always act as incentives to improve efficiency. Rather, future transfers can become a disincentive to conserving existing supplies. It was suggested that sellers as well as buyers should have to prove efficient use of existing supplies prior to transfers. Concern was also expressed regarding the specific wording of the 5th principle.

Discussion regarding the role for districts in the approval of transfers revealed sharp differences. On one side, potential buyers want to have user-initiated transfers with only limited involvement of districts. District representatives, however, argue that legally the water right or contract is owned by the district and the districts need to have ultimate authority over the approval of transfers involving their water. It is anticipated that other forums will address some of these issues. For example, Senate Bill 15 (SB 15) is a "pre-print" water transfer bill proposed for introduction in the next State legislative session that would make extensive changes to existing transfer laws. There are some transfer issues, however, that could be discussed in this group. These primarily involve improvements that can occur under existing law, and the need to assure adherence to the five principles described above.

At the BDAC meeting, similar to previous Work Group meetings, there was much discussion about the use of the term "efficiency" in reference to the Work Group's name. Judith reminded the Work Group that CALFED has defined efficiency in a broad sense to include not only conservation and recycling, but also other opportunities that help meet CALFED objectives. Rick

Soehren made the distinction between economic efficiency, which is felt should not be addressed in this Work Group, and physical, social, and environmental efficiency to gain greater benefits from a unit of water. The latter, it was agreed by many, should be the focus of the Work Group. Economic efficiency, it was felt, can become a value judgement based on perceptions and points of view. Some in the group suggested that the name be changed to reflect water management or effective use. However, it was pointed out, there are pitfalls to these terms also. Water management can include reservoir operation, watershed management, and cloud seeding; issues not intended to be discussed in this forum.

Land retirement was again brought up for consideration as a specific water use efficiency tool. There was debate as to whether BDAC, at its October 25 meeting, made a clear policy decision regarding the inclusion of land retirement as a water use efficiency tool. It was clear that it would be used for water quality purposes. However, it was unclear as to whether BDAC endorsed CALFED's decision to not include it as a water use efficiency tool. *Note: The October 25, 1996 BDAC meeting agenda did not include land retirement as a specific item. The topic was only raised during a public comment and briefly discussed by the BDAC members. Because it was not an agenda item, it could not be discussed in-depth nor could policy decisions be made.* A letter from Ronnie Cohen of NRDC (handed out at the meeting) referenced a classical economic definition of efficiency as a reason to have a land retirement program to take some low-value land out of production. However, it was argued, that if allowing economic efficiency is not the intention of the Work Group then land retirement as described in this letter would not fall within the purview of the Work Group.

Argument against the inclusion of water transfers as an element of efficiency still remain. It was suggested that the CALFED staff attempt to describe the linkage between transfers and efficiency in writing. Transfers, it was felt, should be discussed under a completely separate heading than water use efficiency.

There was a request to recognize the tremendous improvements in efficiency that have occurred over the past decade as a preface to the desire to gain even further improvements. This would help set the goals of CALFED in the right perspective and to ease some of the defensive reactions from stakeholders.

Ed Craddock gave an update on the AB 3616 process. A final version of the agricultural MOU will be sent out the week of November 11, 1996, and work will begin to solicit signatories. A minimum of 15 signatories incorporating more than 2 million acres of irrigated land is necessary to trigger formation of an overview council (similar to urban MOU council, CUWCC). Ed is confident that the minimum number of signatories will be easily reached. In reference to a letter from the California Farm Water Coalition (included as a handout at the meeting), Brad Shinn, the Coalition's Executive Director, stated that the agricultural sector urges CALFED to adopt the AB 3616 MOU as the agricultural element of the water use efficiency common program. It was stated that this MOU meets CALFED's needs. It was also requested that CVP contractors who

already submit conservation plans be recognized by CALFED as already fulfilling the planning approach required under the MOU.

Concern was expressed by some that the MOU is only a voluntary planning process and does not provide the adequate assurance that any change in water use patterns will actually occur. Leaving the process voluntary, it was argued, is of grave concern to the environmental community. In the urban sector, it was stated, there is an attempt to develop performance standards for BMP implementation. The same must occur in the agricultural sector in order for the approaches to be equitable. A counter argument in favor of letting the MOU have a chance to work was offered. The urban MOU has been implemented as a voluntary agreement for several years. Now we have the experience to recommend adjustments and possible enforcement tools. We need to let the agricultural MOU have the same opportunity.

Rick Soehren stated that CALFED's next step for an agricultural approach is to draft an approach based on stakeholder input and the previous CALFED paper *Agricultural Water Use Efficiency Strategy - Objectives and Tools*. The approach will probably include both voluntary and regulatory aspects. It will be drafted and made available prior to the December Work Group meeting and will be the focus of that meeting. Rick proceeded to present an additional element of an agricultural approach that involved building from the agricultural MOU's net benefit analysis. Currently, it was stated, the MOU's net benefit analysis includes a cursory look at potential negative environmental, groundwater, or socio-economic impacts of implementing the proposed Efficient Water Management Practices (EWMPs). Opportunities may exist, however, to look for positive impacts from implementing certain actions. To this end, an agricultural approach may include development of a guidebook and technical assistance to identify opportunities to achieve water quality or environmental benefits - other CALFED objectives. Examples were given including the recent Department of Fish and Game publication, *Farming For Wildlife, Voluntary Practices for Attracting Wildlife to Your Farm*. In this publication, there is reference to many water management actions that could be implemented to benefit the environment without causing negative impact to the water user. Identification of these opportunities would be designed to complement planning activities in the MOU. A suggestion was made that such a process use university and extension staff to help farmers identify opportunities rather than agencies such as DFG. Farmers may not follow the advice of governmental agencies but they trust the farm advisors. It was noted that the majority of these activities need water, sometimes in addition to other needs. Because of this, the use of volumetric pricing can act as a disincentive to these actions, discouraging farmers from diverting more water than for crop purposes unless there is some compensation for implementation.

The comment was made that the purpose of the agricultural MOU was to target water suppliers since, without improvements on the part of suppliers, end users can not get more efficient. According to past studies, the majority of opportunities that do exist to save water exist within the suppliers' systems. The MOU is seen as the tool that can get suppliers to a more efficient level faster than anything else.

There is a need, it was expressed, for development of a baseline of water use and management on a statewide basis in order to understand what is currently occurring. Only after having a good understanding of when existing water supplies are used, the timing, quality, and quantity of return flows, etc., can we move on to better management.

The topic of environmental efficiency was raised by several members of the group. Some in the group strongly felt that the discussion regarding environmental efficiency needed to occur as soon as possible because only a few meetings remain. The possibility of it being left out because of lack of meeting time is of concern. Rick Soehren promised to have a brief update prepared outlining the on-going efforts in establishing best management practices for diverted environmental users (e.g., wetlands, refuges) available at the next meeting. However, it was stated, the scope of this Work Group only includes improvements in use from the point of diversion to the point of return. Instream efficiency is not being addressed in this Work Group. It was argued that inclusion of instream efficiency is an issue of equity. Urban, agricultural, and environmental uses all need to address efficiency, including instream. It was suggested that a sub-group be formed to discuss this issue in more detail prior to the December meeting. Brad Shinn offered to prepare a briefing on the instream flow issue so it could be better understood by the members of the group. Development of a sub-group was never decided.

Judith asked for an update on the urban approach. Byron Buck and Bill Jacoby gave short presentations on the status of the California Urban Water Agency/Environmental Water Caucus (CUWA/EWC) workgroup's proposal. According to Bill Jacoby, the CUWA Board supports continuation of efforts with the EWC on development of an approach and supports the efforts to date. The Board concurred with the first two steps of the proposal: 1) refinement of existing BMPs, and 2) establishment of better, more clear performance standards to be met. The Board supported but wanted more discussion to occur on the remaining two steps: 3) development of a better process for the CUWCC to track implementation of BMPs (would need additional staff, etc.) and, 4) mechanisms for enforcement to assure compliance with the performance standards. It was stated that the Board wanted to investigate alternative ways to improve and implement BMPs prior to supporting any enforcement sanctions. Discussions with the EWC regarding sanctions have been scheduled. The EWC may not agree to dropping the enforcement sanction portion of the approach because it strongly supports assurance type mechanisms. The Board wants to know the level of performance targets prior to agreeing to any sanctions. It is hoped that this Work Group will receive a draft urban approach and be able to discuss it by the January 10, 1997 meeting.

Judith asked for an update on efforts to develop a planning guidebook for urban water recycling. Byron Buck reported that the CUWA has established a work group to develop such a guidebook. This guidebook will provide a consistent planning tool for agencies to determine the cost-effectiveness of potential reuse projects. Such standardization would also be helpful for a review body, such as the CUWCC, to measure the success of meeting particular implementation levels (possibly as part of a certification process). The WaterReuse Association is providing in-kind

services for the project. The project is ready to solicit proposals for a consultant to develop this guidebook, hoping to have a draft guidebook by early spring of 1997. It would be appropriate for the Work Group to discuss the required or voluntary use of this guidebook and how recycling should fit into an urban approach. It was asked whether this guidebook will propose modifications necessary to get beyond current institutional barriers. It was expressed that this was not the intention of the guidebook but would also be a good topic for this group to discuss.

A request was made that when looking at reuse potential, cities and counties should be encouraged or required to play a greater role. Usually these entities are involved with land use planning issues that could affect decisions of where or when the potential for reuse could be realized. Rick Soehren stated that the intention of placing recycling on the agenda was to start members of the group thinking about the issue. This is a good start.

Rick Soehren stated that the Water Use Efficiency workshop, tentatively scheduled for December 17, has been postponed. A new date has not been established yet.

The next two work group meetings were set for:

- Monday, December 2, 1996 from 1:30 to 4:30, and
- Friday, January 10, 1997 from 1:00 to 4:00