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

TRANSCRIPT OF PROCEEDINGS

Burbank Airport Hilton & Convention Center

2500 Hollywood Way

Burbank, California

Thursday, March 19, 1998, at 9:40 a.m.

REPORTED BY: MELINI A. CARREON, CSR NO. 7511

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1 COUNCIL MEMBERS PRESENT:

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3 MICHAEL MADIGAN, Chairperson, California Water
4 Commission
5 SUNNE McPEAK, Co-Chairperson, Bay Area
6 Council
7 LESTER SNOW, Executive Director
8 TIB BELZA, Northern California Water
9 Association
10 ROBERTA BORGONOVO, League of Women Voters of
11 California
12 DON BRANSFORD, Glenn-Colusa Irrigation District
13 RYAN BRODDRICK, California Department of Fish
14 and Game
15 BYRON BUCK, California Urban Water Agencies
16 E.Z. BURTS, Los Angeles Area Chamber of
17 Commerce
18 MARTHA DAVIS, Sierra Nevada Alliance
19 TOM DECKER, California Chamber of Commerce
20 ROGER FONTES, Northern California Power Agency
21 HOWARD FRICK, Friant Water Authority/Arvin
22 Edison Water Supply District
23 TOM GRAFF, Environmental Defense Fund
24 DAVID GUY, California Farm Bureau Federation
25 ERIC HASSELTINE, Contra Costa Council

COUNCIL MEMBERS PRESENT: (Cont'd)

ALEX HILDEBRAND, South Delta Water Agency
RICHARD IZMIRIAN, California Sportfishing Protection Alliance
ROBERT MEACHER, Regional Council of Rural Counties
ANN NOTTHOFF, Natural Resources Defense Council
PIETRO PARRAVANO, Pacific Coast Federation of Fishermen's Association
STUART PYLE, Kern County Water Agency
BOB RAAB, Save San Francisco Bay Association
JUDITH REDMOND, Community Alliance with Family Farmers
MARCIA SABLAN, City of Firebaugh
MARY SELKIRK, East Bay Municipal Utility District
MIKE STEARNS, San Luis Delta Mendota Water Authority
PATRICK WRIGHT, Federal Representative

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(All parties present, the following proceedings were had at 9:40 a.m.)

CHAIRPERSON MADIGAN: Good morning.

I wonder if I could ask everybody to take their seats, so we can get started.

9:40A Good morning and welcome to the March 19th meeting of the CALFED Bay-Delta Advisory Council. My name is Mike Madigan. I am the Chairman. To my left is Sunne McPeak, our Co-Chairman, and to my right is Lester Snow, the Executive Director of the CALFED process.

We hope that over the next two days those of you who are here and are able to attend will gain some insight and understanding as to what the CALFED process is and what it's trying to do and where we hope to be in the not too distant future. We hope, as well, to hear from many of you regarding your hopes or fears -- excuse me -- or aspirations or whatever it might be regarding this process.

9:44A There are only a couple of housekeeping items this morning, but I would note, right up front, that Patrick Wright is -- is here this morning, and his -- his role here now is to be, for the duration, as the Federal Representative.

And, Patrick, we -- we welcome you and

appreciate your -- your obvious involvement to this point and look forward to your official participation on the advisory committee hence forth.

Let me also introduce H.Z. Burts, who is taking the place of Tom Maddock, who has resigned for reasons of -- of interest in what we eventually conclude around here.

H.Z., welcome. Everybody here is eager to be helpful to you, in their own fashion, and those of us up here will try to provide some balance to that -- to that help that you're about to receive.

The -- the first item on the agenda this morning is -- is to -- to hear from a series of elected officials from the Southern California area, and we will hear from them as they arrive, given their -- their schedules and the -- the demands that are placed on their time.

In the meantime, it's appropriate for us to move into the 9:45 item, which is the orientation of the Phase II report and the nature of the decision.

And, Lester, do you want to start us off on that?

EXECUTIVE DIRECTOR SNOW: Yes, I do.

CHAIRPERSON MADIGAN: That would be a "yes," yes. Okay.

COUNCIL MEMBER GUY: Just a thought.

CHAIRPERSON MADIGAN: Yeah, I thought about it.

EXECUTIVE DIRECTOR SNOW: I may have one or two overheads that I wanted to use for this portion of the program, so I will make my way over there. I do want to make just a couple of comments.

Is this on, Alan?

MR. ARROYO: It's on here.

EXECUTIVE DIRECTOR SNOW: Now?

Okay. It is on.

As you know, this has already been a busy week in terms of getting a much broader public engaged in our program. We had the release on Monday, and, in fact, the very next day had a joint hearing up in the legislature to talk about our program. We got what I thought was very good coverage of the release, some editorials, certainly newspaper, TV coverage, and I think that helps get other people interested in this, so it's not just all of us who have been talking about this for years, but a much broader cross-section of people and interest in California.

Now I want -- a number of you, I think, attended our conference on -- press conference on Monday at 10:00 o'clock. There was three events stacked up very

quickly Monday and Tuesday.

The Governor had a press conference at 9:00. We had the CALFED roll-out press conference at 10:00 on Monday, and then 9:30 on Tuesday was a joint hearing between the assembly and senate, chaired by Mike Machado and Jim Costa.

And I want to specifically mention Sunne McPeak's performance on your behalf. Sunne did a marvelous job at all three of those events and I think probably was the most prepared of any of the speakers and laid out what we have accomplished, at the same time describing all the hard work that needs to be done, and that was the essence of the message we were trying to convey, and that was why we called it a commencement ceremony on Monday, which did fool a few people.

They brought gifts, you know, for commencement. We didn't send them back.

Because, getting to this point, the hard work is really just beginning: Getting into the detailed evaluation, really looking at tradeoffs, trying to package this together, and starting to talk about assurances.

And we're clearly seeing a shift in interest from a lot of the technical stuff to the issue of assurances. You know, if you build things like that, how do you assure that they're going to be operated properly,

how do you assure that there will be a revenue stream to implement the quality water program, so we're clearly seeing a shift in interest, as we had anticipated, where we need to pay a lot more attention to assurances, particularly between draft and final.

The other thing that I think is happening in that shift is moving to the issue of linkages and staging. We have a lot of activities that would need to be implemented over a 25-year period of time.

How do you divide that up into stages?

How do you keep them linked together and provide assurances that they'll stay linked together?

I think one of the difficulties we have is how we frame these issues. It is really difficult to convey, particularly to the public, the essence of the entire package we have on the table. It's easy to engage in discussion and debate on single issues. We probably could discuss all day today the merits and demerits of transfers, or the pros and cons of storage, or pick any one piece out of the puzzle, and we could talk about it forever and engage a lot of people in the discussion.

It's much more difficult to talk about how you piece all these things together to make them work as a program, not as individual projects, and that's what we have to do. We have to be able to discuss that, and we

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have to be able to convey that to the public, also.

What we'd like to do today, this part of the program, not spend a whole lot of time on the Phase II report, but at least kind of go through an orientation of how that document is structured. That is the document we're trying to focus most of the public attention on. That's the document we want people to really look at and not necessarily labor through the volumes and volumes of the EIR/EIS.

We want to talk a little bit about the process to get from draft to final, to a preferred alternative, and also talk about some of the critical policy issues that BDAC needs to be engaged in as we move forward.

You probably remember this chart, and it was a lot more simple, back when, I think, we had our first or second meeting. As we have dealt with issues, it's gotten more complex, in terms of even the Bay-Delta Advisory Council adding specific work groups.

We have, you know, a policy group, an ops group, public affairs group, that help CALFED to coordinate the different agencies.

Our program, we've had a coordination team; we have consultants; we have interagency teams; we have stakeholder included technical teams that help us on different issues.

And an important activity now, below this public, is a whole series of public hearings all around the State, to get additional input on the program.

It's CALFED, those 15 different agencies that comprise CALFED, that end up having to certify a preferred alternative. They need input on policy considerations, input on helping us to discern what the fundamental issues are coming out of the public.

It clearly is the BDAC role to make sure that we're giving everything due consideration, as these agencies have to make this difficult decision.

We're also clearly seeing this is being treated as a very high profile issue in the State of California and in the nation, and so we expect the Governor of California, the Secretary of Interior, the Administrator of E.P.A., all to be engaged in this decision to select a preferred alternative.

We need to make sure that we're giving them all the information that they need to make those deliberations.

Phase II report, six chapters that we've laid out in there. Hopefully you've had a chance to at least flip through that document. Again, that's the one we really want to focus most of the public attention on.

Chapter one is an introduction. Chapter two,

fairly significant in terms of defining some fundamental program concepts, fundamental program changes. I think that's what the chapter's called, but, anyway, chapter three is the program alternatives. Chapter four is an evaluation. Five are the identification of the issues and the process to be used to come to a preferred alternative at the end of this process, and six simply defines some of the other activities that are going on.

You notice, actually in the executive summary, we asked I think six questions of the public to consider, and we've tried to design the beginning of this report so that somebody who has not been following CALFED or water issues at all can pick up this report and try to get engaged in what's going on, so the questions that we ask are regarding the assumptions and technical evaluations that we have made.

We asked the question about our common program elements, and I'll discuss that a little more in a moment. Are they adequate, as we have defined them, and if not, what needs to be done to them?

How well does each alternative meet the solution principles?

That ends up being a significant judgment call and a subjective determination on the part of a lot of the stakeholders. We'd like to get a lot of feedback in from

the public on that.

One kind of significant or specific issue, but it's pretty important, is the construction of water facilities, such as storage or a small peripheral canal acceptable to the public under any circumstance. I mean I think, even in the last few days, we've seen that issue phrased -- or raised in some of the media.

Even if some of these facilities are really good, is it acceptable to the public?

And I think that's something we need to see a lot of debate on.

Are beneficiaries actually willing to pay to implement the solution?

We see a lot of interest groups wanting to have certain features in the program.

Will they continue to want those things when they have to open their checkbook?

That's still an open question, and that's the real test. It's okay to want something when you're spending somebody else's money; very different when it's going to come out of your bank account, and that's a big issue that's still on the table.

And the last question that we ask in the report, in the first part of the report, can we devise adequate assurances to package these actions and keep the

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1 actions packaged together, and we're going to try to focus
2 quite a bit of attention on that later this morning and
3 tomorrow morning.
4 I -- I think what -- what we want to kind of
5 leave you with, after we have some further discussion, is,
6 you know, when we get into this implementation stuff, what
7 your assessment of the proposed implementation approach,
8 which is based on keeping these pieces tied together, and
9 what are the reasonable conditions that have to be met to
10 continue funding of the common program and to construct
11 any storage or conveyance facilities.
12 What are those milestones; what are those
13 conditions; what are those linkages that you have to have
14 to be comfortable when this moves forward?
15 And we'll try to highlight that in a little
16 more detail in just a minute.
17 Okay. Let me very quickly go through the
18 report.
19 Again, chapter one is intended as an
20 orientation. That will be particularly useful to people
21 who have not been following the process. Describes the
22 problems, describes CALFED, what we've done in Phase I,
23 what we're trying to do in Phase II.
24 Chapter two, fundamental program concepts.
25 The ones that we focus attention on are the inner

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1 relationships between the resource areas; spend quite a
2 bit of time on the time value of water, which we discussed
3 at our last BDAC meeting; describe adaptive management and
4 get a little bit into the assurances issue.
5 To refresh your memory from the last meeting,
6 we talked about that kind of integrated resource
7 management, in terms of being able to do some things that
8 are non-flow related, when you're talking about the
9 ecosystem, habitat, fish screens, toxic reduction, and
10 then also deal with water management, to help, I guess,
11 maximize the performance of the non-flow activities, and
12 you can use transfer, storage, and water-use efficiency to
13 affect the way that you have water managed in system.
14 We've tried to really keep people from talking
15 about average water conditions, and as you recall from the
16 last meeting, we used this graph to show that even talking
17 about monthly averages is very deceiving; that you have
18 these very high flows that aren't captured when you simply
19 talk about monthly averages, and the point of this is in
20 this wide variability is some of the opportunity that
21 we've talked about win/win.
22 We have tried to further illustrate, in
23 chapter two, the concept that you can take some of those
24 high flows, very high flows, move those into storage; make
25 them available in critically dry years and produce

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1 environmental benefits, and the theory being that the
2 environmental impacts associated with diverting water
3 during the high periods are significantly less than the
4 environmental benefits associated with increased stream
5 flows during the critical periods.
6 Also, in chapter two, we spend a little bit of
7 time about discussing how there's no one solution. You
8 don't go out and build five reservoirs and go home and the
9 program is solved. You don't install ultra-low-flow
10 toilets and the problem is solved.
11 So we've showed -- as we've discussed here
12 previously, we show a combination of ag and urban
13 conservation, water reuse, recycling, and, in this case,
14 the development of storage conjunctive management, as well
15 as off-stream, as a way to narrow the gap, as projected,
16 to 20/20. You're doing both sides of this.
17 And, again, our estimation, this is about 3.8
18 million acre feet, and in our modeling, this is somewhere
19 around 800,000 to, I guess, close to a million acre feet.
20 We've tried to describe adaptive management,
21 which I'm sure you know that that's not a familiar term to
22 most of the people in the public, and so we've tried to
23 lay out a concept that you take some action; you monitor
24 the action. If it's not performing right, you focus some
25 research to kind of help you devise your second actions;

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1 check your indicators to see how the action is forming;
2 take an additional action, and you keep doing that, so you
3 make adjustments as you go.
4 Now another important part of chapter two is
5 that's a place where we lay out some important issues that
6 have come up in this process. This is where we make a
7 declaration that there's got to be some maintenance of the
8 common pool, and that's in there, a description of the
9 common pool concept and the fact that we have to make some
10 commitment to maintaining the common pool.
11 Now you certainly will hear from Delta
12 interest, though, that partial commitment to the common
13 pool is not a commitment to the common pool, and that's
14 important when you're talking about the dual system in
15 particular.
16 And we try to describe the issue of area of
17 origin and water rights.
18 Something we haven't talked much about, but
19 this actually comes up back in Washington more -- more
20 than it does out here, is just the issue of climate change
21 and sea level rise, and we have a discussion in there
22 about that; needs of the bay, and so there's a discussion
23 in there that we've got a discussion of each of those
24 kinds of issues that have to be dealt with in some
25 fashion, or anticipated.

16

Okay. Chapter three, most important part about that is simply describing the program alternatives and the -- and the individual components.

We started using this convention to show the common programs and then the variable programs. We're trying to convey -- and there's one other graphic we used, and I'll show you in a minute -- that there may be some relative proportion here; that the overall improvement of the system is pretty significant under the common programs, and then you may get some additional benefits associated with how you configure storage and conveyance or what you do with that, but we wanted to try to redirect some interest back to the common programs. These are significant activities. Any one of these undertaken by themselves would be a significant program.

The other important issue here, for a long time we talked about four common programs, but when we did that, we had water transfers buried in the water-use efficiency program, and we had watershed management buried in the water quality program. There's so much interest in these programs that if we don't identify them separately, I don't think they're going to get the attention with the public that they deserve, and so we've pulled them out to show them as separate common programs.

And the other reason is these tend to cut

across a lot of the different areas. They're not simply isolated; water management, not just water quality. It's also ecosystem. It's also water supply.

Again, just trying to convey the significance of the common programs. They are a big deal. We focus so much attention on storage and conveyance. We're trying to focus back onto the common programs and the significant improvement we can get out of that.

Obviously, for illustration only, that's not a precise calibrated graduate cylinder, close, but still approximate.

Okay. In terms of trying to identify the differences in performance, when you're dealing with different configurations of storage and conveyance, just to remind you, we had these 18 distinguishing characteristics that we set up probably almost a year ago, nine months ago, when we talked about this, and these are the factors that we used to try to evaluate the performance of the different alternatives.

Okay. Let me talk about the alternatives very quickly, and this illustrates the storage and conveyance features of the alternatives.

So alternative one was modeled in two ways, one without --

CHAIRPERSON MADIGAN: Lester.

EXECUTIVE DIRECTOR SNOW: -- any addition of storage --

CHAIRPERSON MADIGAN: Lester.

EXECUTIVE DIRECTOR SNOW: Yes.

CHAIRPERSON MADIGAN: Here.

Sunne.

CO-CHAIRPERSON McPEAK: Thank you. Thank you, Mr. Chairman.

Before we move on to the alternatives, because that seems to always then preoccupy our attention, I think what you just went through is some very important stuff that hasn't actually been discussed here before.

We have heard the words, but the linkages and the probing of the questions that you've laid out, I -- I think are important, and I want to commend you and the staff for bringing them to our attention. We get lulled into seeing the pretty pictures you put up on the screen, and I'm just wondering if there are any comments from BDAC on the linkage concepts that Lester has just outlined.

"Yes," "no," "it makes no difference,"

COUNCIL MEMBER NOTTHOFF: Isn't that an item on our agenda today, or do --

CO-CHAIRPERSON McPEAK: Well --

COUNCIL MEMBER NOTTHOFF: -- you want to get into that now, or do you want to -- I thought that

that was one of the main questions in the packet for --

CO-CHAIRPERSON McPEAK: It is.

COUNCIL MEMBER NOTTHOFF: -- discussion today.

CO-CHAIRPERSON McPEAK: I'm just wondering if you have any questions about this at this time, before we have the debate then.

No?

CHAIRPERSON MADIGAN: Let me make sure that I get a chance to call on you, for the purposes of the court recorder.

And that was Ann Notthoff.

Okay.

EXECUTIVE DIRECTOR SNOW: Yeah, we -- we do --

CHAIRPERSON MADIGAN: Byron.

EXECUTIVE DIRECTOR SNOW: -- want a -- a very significant debate -- not debate -- discussion of this issue, and -- and we could actually drop into now, if you wish to.

CHAIRPERSON MADIGAN: No.

Byron.

COUNCIL MEMBER BUCK: I'm prepared to wait, if that's more appropriate, but the answer is yes, there are comments on linkage issues and other things.

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1 CO-CHAIRPERSON McPEAK: Okay.
2 Then, okay, I guess proceed then.
3 EXECUTIVE DIRECTOR SNOW: Okay. Let
4 me -- since you've raised the issue, though, I mean I
5 think maybe that would help if we knew where -- we all
6 knew where we were headed with this discussion, and let --
7 let me jump ahead, and we'll get back to this.
8 But the -- the -- the issue that Sunne is
9 raising is, you know, we have -- we've talked about a 25-
10 to a 30-year-implementation time line, and we've got all
11 these different programs, six common programs, a
12 comprehensive monitoring program, to see how the things
13 are working. In terms of storage, you have the option for
14 conjunctive management programs. You have the ability to
15 bring surface water storage on line, but there's a natural
16 lag. It may take you eight years to get to a permit and
17 another four or five to get to construction.
18 In conveyance, you can make modest
19 improvements in south Delta. You can add to that north
20 Delta for almost an alternative, too, and you can add to
21 that an isolated facility. That's something that you
22 probably couldn't have operational in less than 15 years,
23 and so there's some natural types of staging issues, and
24 the ability to look for some certain kinds of performance
25 in some of these areas before you move to a different

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1 stage, and it's kind of a different way of looking at the
2 situation than we have in the past, and that's kind of how
3 we want to end this discussion on this portion of the
4 agenda, is how we can start tying these pieces together.
5 Anyway, very quickly, alternative one looks at
6 from zero storage, additional storage, to roughly six
7 million acre feet, three million off stream, quarter of a
8 million ground water in the Sac Valley, two million acre
9 feet off-aqueduct, and then some additional potential
10 surface storage, as well as ground water, south of the
11 Delta.
12 This one is based around simply improving the
13 conditions in south Delta; looking at flow barriers, which
14 help with both water quality; staging or water elevation
15 in the south Delta, and fish migration, although it's not
16 without problems and controversy; some channel
17 modifications; an intertie, physical intertie between the
18 two projects, and a new full-size fish screen in south
19 Delta.
20 Alternative two, same issues with storage.
21 You have basically the same configuration in south Delta;
22 again, a major fish screen, to try to reduce the impacts
23 on fisheries. The difference here is you're adding a
24 significantly different conveyance structure in the north
25 Delta area, including a 10,000 C.F.S. screened intake on

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1 the Sacramento River, moving water through a canal and
2 then dropping it into the Mokelumne system, flowing down
3 to the San Joaquin.
4 And the other thing that's going on here, and
5 maybe I should mention, is this also deals with a lot of
6 flood issues in the north Delta area, which are fairly
7 pronounced.
8 Alternative three has a smaller fish screen.
9 You're still doing fish screens for the amount of water
10 flowing through the Delta, but it's adding a 10,000 C.F.S.
11 isolated facility. That's how we modeled it, is 10,000.
12 Keep some commitment to through Delta; has some channel
13 modifications that may be a little lesser in extent than
14 in the pure alternative two, but still envisions water
15 moving, you know, through the system to the export pumps,
16 and, again, the same storage -- storage configurations.
17 Okay. I'll try to go through this fairly
18 quickly. I'll -- I'll -- Chapter four is where we try to
19 evaluate the alternatives and look at the distinguishing
20 characteristics and try to deal with those that started,
21 ended up being the most distinguishing, as we move
22 forward. Let me talk about some that are kind of
23 tradeoffs.
24 This is a major of salinity, electric
25 conductivity, and you can see for this -- this could be

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1 called "in-Delta." It's near the Contra Costa intake, so
2 this is one way of talking about in-Delta water quality.
3 You can see in-Delta water quality, from a salinity
4 standpoint, improves significantly in alternative two and
5 improves only a little bit in terms of alternative three,
6 so from this standpoint alone, this works best for
7 in-Delta salinity.
8 Now the same feature, salinity, this is
9 Clifton Court, so this is export. You get an improvement
10 with an alternative two, and you get more improvement with
11 alternative three, because you're getting more
12 high-quality water directly from the Sacramento River.
13 Two other issues kind of similar: Bromides,
14 we've -- we discussed at the last meeting, the potential
15 importance of bromides from a public drinking water
16 standpoint. Rock slough, again, is a major in the Delta.
17 That's a Contra Costa intake area.
18 You get a significant improvement with
19 alternative two, in bromides, and a much lesser
20 improvement with alternative three, much smaller, almost
21 to the point of not being terribly significant.
22 Now the same issue, bromides, again a public
23 drinking water issue. You get an improvement with
24 alternative two. I mean it's kind of you cut it in half
25 with an alternative two, and you cut it in half again,

1 roughly speaking, with an alternative three.
2 CHAIRPERSON MADIGAN: Lester, hang on a
3 second.
4 Eric.
5 COUNCIL MEMBER HASSELTINE: Lester, I
6 have two questions about alternative three that are a
7 little confusing to me.
8 I've been laboring under the impression for
9 some time that alternative three was alternative two plus
10 the isolated facility. In reading through the documents
11 here, it now appears that there really is -- is a fairly
12 substantial difference in the through Delta conveyance
13 between two and three, instead of being the same.
14 Is that correct?
15 EXECUTIVE DIRECTOR SNOW: There can be a
16 difference. We don't know how significant the difference
17 is at this point.
18 The issue is kind of a simple one, in the
19 sense that when you know you're moving high volume; you've
20 got 15,000 C.F.S. of pumping in the south Delta, and you
21 have that volume of water moving through the Delta, it's
22 pretty clear what your channel size needs to be.
23 When you're moving a lesser amount, there's
24 the potential that your channel configuration is not as
25 extensive; that you're taking up -- you have the

1 opportunity to take up less land, when you do the setback
2 levees in an alternative three than you do in a two, but
3 there does most likely need to be these channel
4 modifications, kind of in the same configuration as two.
5 COUNCIL MEMBER HASSELTINE: The -- the
6 possibility of moving from a two to a three, in sort of
7 phasing, if we needed to at some point, then would seem to
8 be -- it would be difficult to do under the scenario you
9 just described, because --
10 EXECUTIVE DIRECTOR SNOW: No.
11 COUNCIL MEMBER HASSELTINE: -- if you're
12 going to start with two, you've got to put in all those
13 improvements and then move to three, but --
14 EXECUTIVE DIRECTOR SNOW: Well, actually
15 your point is very appropriate for the subsequent
16 discussion.
17 If your decision --
18 COUNCIL MEMBER HASSELTINE: Okay.
19 EXECUTIVE DIRECTOR SNOW: -- is to go
20 staged, then I think you have to make the decision to do
21 the full-size setbacks with an alternative two.
22 COUNCIL MEMBER HASSELTINE: Okay. And
23 then one other question: On -- on the alternatives in
24 three, the sub-alternatives to alternative three, "A,"
25 "B," "C," and whatever, on the chart that was in there,

1 for the 5,000 C.F.S., it said that could either be open
2 channel or pipeline in the table, whereas the 15,000
3 option was -- was all open channel, but when you go back
4 and read the details of what each alternative is, every
5 one of the 5,000 C.F.S. options also says it's an open
6 channel.
7 So is there or is there not a pipeline
8 alternative in here somewhere?
9 EXECUTIVE DIRECTOR SNOW: Yeah, the
10 pipeline consideration is still on the table --
11 COUNCIL MEMBER HASSELTINE: But it's
12 not --
13 EXECUTIVE DIRECTOR SNOW: -- actually
14 as --
15 COUNCIL MEMBER HASSELTINE: But it's not
16 in any of the --
17 EXECUTIVE DIRECTOR SNOW: There should be
18 a reference to continued consideration of the pipelines.
19 I don't -- I don't -- I can't point to that section, but
20 actually both BDAC, as well as the CALFED policy group
21 recommended --
22 COUNCIL MEMBER HASSELTINE: Right.
23 EXECUTIVE DIRECTOR SNOW: -- that, while
24 we study open channel, we need to keep the potential of
25 pipelines on the table, as you move into Phase III.

1 COUNCIL MEMBER HASSELTINE: Okay.
2 CHAIRPERSON MADIGAN: Richard.
3 COUNCIL MEMBER IZMIRIAN: I have a
4 question. Just so everybody has a clear understanding of
5 what numbers you put up here, can you state your
6 assumptions of what levels of exports we're talking about
7 with these graphs you put up and if there is any storage
8 involved in -- additional storage involved in those
9 numbers.
10 EXECUTIVE DIRECTOR SNOW: Yeah.
11 Actually, I -- I can get to those numbers here shortly.
12 Let me -- let me do that right away, and I'll show -- I'll
13 show two sets of these. These is for critical period
14 deliveries, and the other one will be for long-term or
15 average deliveries.
16 And the way this works out, we have
17 alternative one with no storage and then 4.7 million acre
18 feet of storage that would be used for ag and urban, so
19 it's for out-of-stream consumptive use, and the same for
20 each of these: Alternative two, no storage; alternative
21 three, no storage, and then the addition of storage, and
22 so this is no action. This is existing condition.
23 And so what you see, with an alternative one,
24 without storage, you can expect maybe some -- some modest,
25 perhaps insignificant, from a modeling standpoint, change

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in total experts. Maybe it's a hundred thousand acre feet, and that's probably within -- well within any margin of your modeling reliability; roughly the same with an alternative two.

Alternative three, without storage, you might expect a little bit of loss of yield, and if I remember right, this is because of the need to maintain a Rio Vista standard.

Is that correct, Mark?

MR. COWAN: That's correct.

EXECUTIVE DIRECTOR SNOW: And that's just the way the -- the system works, and would -- you would expect a little bit of reduction in exports, and that is projected out.

You add storage, and this is what we had talked about at previous meetings. Increases in yield or water supply comes from -- primarily from storage.

COUNCIL MEMBER IZMIRIAN: But in terms of the graphs you put up there indicating certain water quality parameters, what were the assumptions you used in those particular graphs?

EXECUTIVE DIRECTOR SNOW: I'm not sure I understand the question.

COUNCIL MEMBER IZMIRIAN: Okay. For instance, bromides, when you put up a graph on bromides, I

believe, or --

EXECUTIVE DIRECTOR SNOW: Uh-huh.

COUNCIL MEMBER IZMIRIAN: -- or E.C., was that based on storage or no storage or doesn't it matter?

EXECUTIVE DIRECTOR SNOW: Oh, okay.

MR. COWAN: Those include storage configurations.

EXECUTIVE DIRECTOR SNOW: Okay. So all of these numbers with bromides include the storage configurations.

CHAIRPERSON MADIGAN: Okay. All right. I have Roberta and then Tom.

COUNCIL MEMBER BORGONOVO: When you look at the graph, you said that you have existing standards in place, but what is the reference to standards at Rio Vista that drops down alternative three?

EXECUTIVE DIRECTOR SNOW: There -- there is currently an existing standard at Rio Vista.

COUNCIL MEMBER BORGONOVO: Right.

EXECUTIVE DIRECTOR SNOW: And all this shows is that that standard is easier to meet by having the water kind of go on down the system and then in through the Delta, as opposed to diverting at Hood.

COUNCIL MEMBER BORGONOVO: And that has nothing to do with the X2 standard?

That's a separate standard?

EXECUTIVE DIRECTOR SNOW: No. These are all based on --- on complying with the existing standards.

COUNCIL MEMBER BORGONOVO: With -- with X2.

EXECUTIVE DIRECTOR SNOW: Correct.

CHAIRPERSON MADIGAN: Tom.

COUNCIL MEMBER GRAFF: Does this imply that existing standards are sufficient to protect all the endangered species in the system and the other environmental values that we're trying to address?

EXECUTIVE DIRECTOR SNOW: No. And, in fact, we tried to do a sensitivity analysis on -- on both sides of this, to try to come up with a modeling, which is reflected in the Phase II report -- I don't think I have a graph of it -- a modeling of -- if you wanted more protective standards, that might provide greater benefits to fisheries, and if you had more flexibility in the system, so we tried to bracket that, because of some of the uncertainty about what you're going to need in terms of flows.

CHAIRPERSON MADIGAN: Okay.

EXECUTIVE DIRECTOR SNOW: Now let me just quickly change to what happens in long-term. You still see the same kind of relationship. It just moves up on

the long-term, instead of in the drought year. You still get a little bit of a dip here, on an isolated facility, which is the same up here, so you see what -- the storage is the issue that tends to generate the water supply, particularly drought year water supply.

Let me do these very quickly.

Now we've switched to qualitative assessment. Some of the other stuff was as a result of modeling data. This is qualitative, where we just simply had teams of people trying to work through a comparative assessment of your general flexibility to respond to uncertainty in the future. Compared to existing conditions, alternative one gives you a lot more opportunities, just by making improvements in south Delta.

Again, alternative two probably gives you some, and obviously, if you've got two diversion points, alternative three tends to give you more flexibility.

The flip side of this, though, is the assurance issue. The more flexibility that you have, the more difficulty you have providing assurance.

There's the -- the general issue of risk, whether that is sea-level rises or seismic risk. In general, because you're making some new investments and engineering changes in the Delta, you're probably getting some improvement here. By modifying some of the levees,

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1 maybe you're getting some improvement here. By having a
2 new channel, you're probably getting some improvement over
3 that.
4 And then, in general, what you see in the
5 report is based on some of the things that seem to show
6 you differences. This is kind of a very quick technical
7 report card, in terms of performance based on low, medium,
8 and high, but then we've tried, in the report, to go on
9 and talk a lot about all the other issues that aren't
10 technical, or other issues that have to be resolved as you
11 move forward.
12 Now one of the other things I forgot to
13 mention about chapter three that's important is we tried
14 to drop in a sidebar of issues and concerns, in each of
15 the sections, describing a program element, and so where
16 there's a discussion of water-use efficiency, we've tried
17 to go in and at least list what we've heard from the
18 stakeholder committee about concerns with respect to
19 water-use efficiency.
20 Okay. In terms of getting to a preferred
21 alternative, there's a number of technical issues that
22 have to be addressed, two that we've already talked about.
23 There are others; drinking water quality issues, diversion
24 effects on fisheries. We need to go through an effort of
25 refining and getting broader consensus on the program

1 elements and how they fit together, and probably most
2 important really start focusing attention on assurances
3 and finance package, and we're starting to see a lot of
4 concerns on who's going to pay for it and on the ability
5 to provide assurance of keeping the package tied together.
6 In general, the issues we've identified will
7 go through some sort of process like this, where we've got
8 the issues of concern identified. We may have simply
9 stakeholder collaboration. We may convene a science
10 review panel. As we've already suggested with fisheries
11 issues and drinking water issues, simply do a more
12 detailed analysis of the issue to come up with a
13 recommendation and move to final, and we have quite a
14 variety of issues. Some simply need more analysis. Some
15 need the stakeholders to sit down and work with us, and
16 some need outside national experts to come in and help us
17 with those.
18 We included this list in the report that
19 highlights drinking water quality diversion effects,
20 refinement and developing implementation strategies for
21 each of the program elements, continuing work on the
22 assurances and financing plan, and then there are a number
23 of other additional concerns that don't fit neatly up
24 here, and, for example, it's the impacts on prime ag
25 lands, particularly in the Delta, what's our strategy to

1 deal with that.
2 Well, let me -- let me go ahead and just hit a
3 couple of these that are real clear.
4 We want to do some additional economical
5 analysis in terms of the water-use efficiency program, to
6 get a better handle on leased-cost type of planning on
7 this issue. We need a lot of additional work on water
8 transfers policy framework, and that's becoming a very
9 pivotal issue that we need to make sure that we can rely
10 on market mechanisms, and I don't think we're at a point
11 where people have confidence of being able to rely on
12 them, and further analysis of the levee program, as well
13 as integration with the other elements.
14 Okay. Let me kind of jump ahead here and get
15 into the -- I think the more important issue.
16 It's been our feeling for some time that if
17 what we try to do is force people to make individual
18 decisions about the individual program elements we're not
19 going to get there. The people aren't going to agree on
20 the individual pieces in isolation, and so we start
21 thinking about the nature of the programmatic decision is
22 not obviously the final decision, but rather it's the kind
23 of the -- the staged approach that we've already started
24 talking about this morning.
25 How do you set up actions that will go forth

1 in a certain time frame?
2 How do you evaluate their success and decide
3 it's time to go on to the next level?
4 How do you set up those indicators, and how do
5 you keep the program tied together?
6 In order to get people talking about this,
7 we've kind of developed this as a method of dealing with
8 it, and let me -- let me be real specific. I mean there
9 is concern that if you move forward with surface storage
10 prematurely, that perhaps, depending on how you finance
11 it, with all public money, for example, and so you have
12 cheap water coming out of a surface reservoir, you have
13 undermined the water-use efficiency program, because why
14 conserve water if you've got cheap water coming out of a
15 new reservoir, and you've undermined the need to have
16 effective markets.
17 And so the issue, even in this natural
18 staging, is that can you set up standards or indicators
19 that you're making progress in water-use efficiency; that
20 you have a better market, by some standard; that you have
21 the right financing principals, and when those are in
22 place, you can proceed with this. You have met some sort
23 of markers.
24 By the same token, kind of a flip side of
25 that, you've tried some improvements in south Delta.

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1 You've implemented ecosystem program, doing habitat
2 restoration. However, fisheries are not responding. It
3 turns out bromides is ten times worse than we thought it
4 was. I'm talking down line. And you better do something
5 else to improve it, and so it tends to push you to another
6 level.
7 And so the issue becomes what are those
8 linkages? What are those milestones that we need to hard
9 wire in place?
10 Now there's one other thing I want to mention
11 before I ask Mary to join me.
12 Where is Mary?
13 Oh, hi, Mary. Come on up.
14 The other part of this is tying all these
15 together, so that, when you implement your levee program,
16 you don't end up putting in a levee this year that you
17 want to modify two years from now, because of your
18 ecosystem program. You want to try to wire these pieces
19 together, so they are being implemented in a coordinated
20 way, so that the toxics that you go after in your water
21 quality program compliments the kind of habitat you're
22 designing in your ecosystem program.
23 And so that's -- that's the main part of our
24 activity as we try to move forward and define these
25 linkages and see if we can possibly set up staging so that

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1 we're addressing some of the concerns that people have at
2 this point and making incremental progress, and Mary has
3 developed a couple of examples that I think help
4 illustrate this in a little more detail.
5 CHAIRPERSON MADIGAN: Mary, good morning.
6 MS. SCOONOVER: Good morning.
7 Do you want to leave that one up?
8 EXECUTIVE DIRECTOR SNOW: Oh, okay.
9 MS. SCOONOVER: The assurances work group
10 has been discussing the concept of staging for quite some
11 time, and the realization is that -- in order to implement
12 this program over the 30-year lifespan that's anticipated,
13 that you're going to have to identify discreet stages and
14 take some specific steps.
15 The work group has set out some basic
16 information that I think is -- kind of helps orient the --
17 the discussion on staging, and that is, aside from
18 identifying discreet stages, it's necessary to specify
19 which actions or portions of actions are going to be
20 accomplished within each stage to clearly specify a
21 schedule that articulates the stages and actions within
22 each stage, describe milestones and the consequences of
23 missing the milestones, and explain when and how a
24 contingency planning process kicks in; that is if
25 something -- if deadlines aren't met, if something doesn't

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1 occur, then what's the next step.
2 The work group has also identified some
3 guidelines for staging, and we talked about these a little
4 bit at the last BDAC meeting, and I'll just remind you of
5 them briefly, and we'll talk about them in a little more
6 detail tomorrow, but basically the concept is that each
7 stage ought to be completed before the next stage is
8 begun. Each interest group should have a stake in
9 continuing in the completion of each and every stage, so
10 that there is no incentive or disincentive to continue to
11 the next stage, and that program elements that are within
12 the control of CALFED are somehow easier to implement, so
13 that those outside CALFED ought to be implemented as
14 quickly as possible; the uncertainty factor, we need to
15 know what it is we're dealing with.
16 So those are the three kind of general
17 guidelines, and now there are a couple of examples that
18 the work group, again, discussed at its last meeting, and
19 I'd offer to you today. The first is an example of
20 staging with respect to a storage facility.
21 If you assume that new surface water storage
22 is going to be included in the mix, is there a way of
23 structuring the stages so that you can satisfy the
24 concerns of those people who don't want to approve storage
25 up front, give them some reassurance that certain actions

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1 will be taken before storage is constructed, but at the
2 same time, provide the certainty that the people who want
3 new storage require, so that they will be encouraged to
4 provide funding or whatever the earlier stages require,
5 and so an example that we've kind of cobbled together for
6 your consideration is seven years after certification of a
7 programmatic EIR/EIS, a permit for surface storage -- and
8 it's shown on Lester's chart as well -- could be issued
9 if -- and -- and here's the list: Urban and agricultural
10 water-use efficiency targets are met; the ecosystem
11 restoration plan is funded at a specific level; it's being
12 implemented by an entity with the appropriate authorities,
13 and there is a robust water transfer market, including
14 provisions to protect against third-party impacts; a
15 conjunctive use program is in place, again, including
16 protections for source economies and environments; the
17 levee program has been funded to a specified level; water
18 quality standards are being met; a comprehensive
19 monitoring plan is being implemented, and site specific
20 environmental analysis for the reservoir storage sites has
21 been completed, and there may be others.
22 These may not be the appropriate ones, but
23 it's an effort to see if we can begin this dialogue on
24 staging with some very specific examples of whether or not
25 storage is -- is -- can be staged in this way and if it's

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1 a workable idea.
2 I have one other example, and then we'll go
3 back and discuss each one of them, and that is the other
4 kind of troubling aspect that seems to bring us all to a
5 point of controversy almost immediately, is what if an
6 isolated conveyance facility is part of the ultimate
7 solution.
8 How can you stage an isolated conveyance
9 facility so that you have, again, the confidence from all
10 corners of stakeholder communities and the agencies to
11 support such an effort?
12 And the concept is that 15 years after
13 certification of the EIR/EIS permits for an isolated
14 facility could be issued if -- and we've identified
15 three -- all common programs are being funded and
16 implemented to a specified level; an effective
17 program-wide monitoring plan has been implemented, and
18 finally, the recovery of specified fish is not occurring
19 or water quality standards can't be met using the existing
20 Delta conveyance configuration.
21 So I guess what I'd like to do is go back to
22 the first, the surface water storage, and -- and ask for
23 your comments and considerations and bring Lester back
24 into the discussion, to see whether or not the concept is
25 a workable concept; what suggestions you would make to

1 modify or add in some way to the list --
2 EXECUTIVE DIRECTOR SNOW: Can I -- let me
3 add just a couple of things. One -- this is not
4 intuitively obvious. Conjunctive management can be
5 incrementally implemented. I mean somebody can have a
6 5,000 acre foot ground water project that can start on day
7 one. We've all heard about something called Madera Ranch,
8 and so you can start building on that, and that's to
9 distinguish the potential of a lot of small projects and
10 conjunctive management from a large surface project that
11 needs a specific permit.
12 And the only other point I want to make, it
13 may not be obvious, and it is to mean it's the -- it's the
14 reverse mechanism that if you're supposed to get certain,
15 say, water supply reliability improvements and they don't
16 materialize, then maybe that has effect on the revenue
17 stream that's supporting the other common programs. I
18 mean that's kind of the reverse connection, where
19 everybody is trying to move forward, and if -- if things
20 don't happen, water supply reliability is not -- and
21 projects aren't coming on line to deal with it, whatever
22 they are, then revenue streams are affected by that, and
23 it's kind of the reverse connection.
24 CHAIRPERSON MADIGAN: Eric
25 COUNCIL MEMBER HASSELTINE: Am I sensing

1 a -- kind of a subtle difference here in -- in what the
2 two of you are saying?
3 Lester, you said, on the storage, that it
4 might take seven years to get a permit. Mary's chart
5 seems to imply that we're going to wait seven years before
6 we do anything and -- and check on all these other things.
7 Is that true or not?
8 MS. SCOONOVER: I -- I didn't intend
9 that, if -- if that's the impression I gave.
10 The idea is that there is about -- well, we're
11 estimating seven years of effort that's necessary before
12 you get to a permitting stage, and that the permit is a
13 really good milestone, but the idea is that all of these
14 efforts have to be underway in order to get a project
15 ready to be permitted in seven years, so those efforts
16 could begin immediately, but you can't get to the
17 permitting unless and until those other prerequisites are
18 met. That's --
19 COUNCIL MEMBER HASSELTINE: Okay.
20 MS. SCOONOVER: -- the concept.
21 COUNCIL MEMBER HASSELTINE: So you're --
22 you're saying we go through the seven years of work,
23 either way, and then at -- at the seventh year you make a
24 decision of whether or not to proceed based on these
25 other --

1 MS. SCOONOVER: If you've satisfied the
2 conditions that could be specified, then the permit could
3 be --
4 EXECUTIVE DIRECTOR SNOW: But --
5 MS. SCOONOVER: -- then the permit could
6 be issued.
7 EXECUTIVE DIRECTOR SNOW: -- it won't end
8 up being a seven-year decision. I mean when you're out
9 five years and everybody is lagging way behind on
10 implementation of water-use efficiency, you don't have the
11 acreage signed up that we've targeted; you don't have the
12 urban implementation we've indicated; you pretty much
13 know, and you're not there.
14 COUNCIL MEMBER HASSELTINE: Well, the
15 problem is you showed us a chart earlier that showed the
16 difference between water supply and water demand, over a
17 period of time, and you showed the ways in which that
18 demand was going to be offset with conservation and
19 recycling, and then you showed us the way in which the
20 supply was going to be increased, which included this
21 storage that we're now talking about maybe not permitting
22 if any one of this long list of items somehow does not
23 meet everybody's expectation, and -- and I don't -- you
24 know, there's not many things we can be sure of in this
25 whole thing, except that I -- I'm fairly sure that all of

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1 those things will not be met, to the extent that it was
2 originally anticipated.
3 So does that mean then that -- that the
4 storage is really at risk?
5 EXECUTIVE DIRECTOR SNOW: Well, at this
6 point, we have complete control over what's on that list,
7 and I think that's the point that Mary's making is this is
8 the time we need to start talking about that.
9 COUNCIL MEMBER HASSELTINE: Yeah, but --
10 but somehow that has to be quantified as to, I mean, what
11 your expectations are and how realistic they are on every
12 one of those. I mean these are pretty -- pretty general.
13 EXECUTIVE DIRECTOR SNOW: Yeah, but I
14 think the -- the issue that we're struggling with -- I
15 mean this -- this sounds like a technical issue, and
16 there's a lot of technical aspects to it. This is a major
17 public policy issue. We have grave concern -- I mean
18 I'll -- I'll state it in its most extreme terms -- that
19 you're going to get a hundred percent public financing and
20 generate free water out of another large reservoir and
21 nobody will have any incentive to do conservation,
22 reclamation, or transfers, and there's a general feeling
23 that's not good public policy, and we need to figure out a
24 way to ensure that doesn't happen.
25 COUNCIL MEMBER HASSELTINE: Well, but

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1 going back to your original chart, if -- if that happened,
2 then you would lose all of that diminishment of the demand
3 that you showed on that chart, so you'd be --
4 EXECUTIVE DIRECTOR SNOW: Correct.
5 COUNCIL MEMBER HASSELTINE: -- even
6 further away, so --
7 EXECUTIVE DIRECTOR SNOW: Correct.
8 COUNCIL MEMBER HASSELTINE: I mean
9 that's -- in fact, as a matter of fact, as you pointed
10 out, there's much greater gains to be made by implementing
11 the common programs appropriately than there are even with
12 the maximum storage component, but -- but both are
13 necessary to minimize the gap.
14 EXECUTIVE DIRECTOR SNOW: Yes.
15 CHAIRPERSON MADIGAN: Mary, is it your
16 desire this morning that we focus on the kind of proposal
17 that you've put up here?
18 Is this a legitimate way of doing things,
19 having trigger mechanism things -- and things, or would --
20 would you like us to focus on, for example, the refinement
21 of one of these as -- as a model for how the next one
22 might be done?
23 What --
24 MS. SCOONOVER: It's more --
25 CHAIRPERSON MADIGAN: -- are you hoping

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1 for?
2 MS. SCOONOVER: It's more of the concept.
3 I --
4 CHAIRPERSON MADIGAN: Okay.
5 MS. SCOONOVER: -- want to know if the
6 concept holds a promise, if --
7 CHAIRPERSON MADIGAN: All right.
8 MS. SCOONOVER: -- if you think it's a
9 valuable way for the assurances work group, in particular,
10 to continue to spend its time and efforts, with the idea
11 that the work group, you know, will continue to report
12 back to you with greater information.
13 CHAIRPERSON MADIGAN: All right.
14 MS. SCOONOVER: The one point I would
15 make about this first -- the idea of the surface storage,
16 in response to Eric, is that one of the things that we're
17 trying to do in the work group and at a staff level is
18 identify discreet actions and -- and specific targets,
19 numbers that make sense, things that are within our
20 control, so that it's not a general, you know, laundry
21 list of obligations, but really can be tied to an
22 enforceable and implementable obligation in those first
23 seven years.
24 So we're not looking at outcomes, necessarily.
25 We're looking at, again, implementation to specified

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1 levels, and so if and when we pursue this approach, in the
2 end you will end up with a fairly specific menu of -- of
3 exactly what needs to occur, how you measure it, at what
4 point, and what are the consequences of failing to meet
5 the milestones that you've specified.
6 CHAIRPERSON MADIGAN: All right. I have
7 Bob Raab, Byron Buck, and then Martha Davis.
8 Bob.
9 COUNCIL MEMBER RAAB: The question that
10 Eric asked covered what I was going to ask.
11 CHAIRPERSON MADIGAN: Thank you.
12 Byron.
13 COUNCIL MEMBER BUCK: I think the -- the
14 notion of triggers and staging is a pretty elegant
15 planning concept, but as already coming out here the
16 devil's in the details.
17 I think it's -- it works in a lot of good
18 cases, particularly with respect to drinking water
19 quality, because we don't exactly know what the defining
20 characteristics are going to be, where stage two safe
21 drinking water act standards are going. We won't know
22 that until the year 2002, so it can help us define what
23 we're going to need in the future, and if we don't need
24 it, we ought not to build it.
25 When you get to your specific example on

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1 storage -- this is just an example of how difficult this
2 might be -- you're saying storage is -- one of the
3 triggers would be how well does a transfers market work,
4 and you're talking in -- we're talking about, in CALFED, a
5 voluntary transfers market.
6 We could have all kinds of incentives out
7 there, remove some of the physical impediments and the
8 legal impediments and the volunteers still don't move
9 forward, and because they don't see it in their interest,
10 even if it's an economic interest, to sell water.
11 Under that kind of a scenario, in a voluntary
12 market, it's fairly hard to meet the test of a robust
13 transfer market under a purely voluntary system. I'm not
14 saying you can't do it, but that's a tough test.
15 If the volunteers don't appear, then what?
16 See, we have to think of the "then what," if
17 under -- certainly under voluntary systems, if things
18 don't occur.
19 I would agree with the point just made
20 earlier, though, that -- that -- that Mary made, that we
21 need to use levels of effort, investment, dollars, things
22 we're going to do, acres of habitat restoration, things
23 like that as the measures of improvement, because we don't
24 exactly know, nor can we control specific outcomes. We
25 can't use body counts for fish, for instance, as a very

1 good metric, because we don't know all the things it's
2 going to take to restore fisheries.
3 CHAIRPERSON MADIGAN: Thank you.
4 Martha.
5 COUNCIL MEMBER DAVIS: I agree with
6 Byron's comment.
7 I wanted to speak to the concern raised by
8 Eric, because I think that if you are going to pursue a
9 staging approach and linkage it has to be done in the
10 context of the real numbers about where our water supplies
11 are, where the demand is, and I have had a concern with
12 this chart for a while that it's not a good representation
13 of exactly where we are today, in terms of our supply and
14 demand. It's a drought-year projection coming out of the
15 Bulletin 160, and Bulletin 160 is under review right now,
16 and there are some concerns right there.
17 And it seems to me that, if you're going to
18 make the linkage work, you have to go back to a concept
19 that Tom Graff has talked about and others, of getting a
20 real water budget in place, so that we understand exactly
21 where our water supplies are and where our demand is and
22 where are the risks that we're taking of not having
23 certain kinds of supplies on line in time to make sure
24 that we have the reliability that we need.
25 CHAIRPERSON MADIGAN: Okay. Good point.

1 All right. I have Roger, then Ann, and then
2 Roberta.
3 COUNCIL MEMBER FONTES: Thank you.
4 Just an observation, since the staff has asked
5 for it, it seems as though the proposal tends to assume
6 fairly black and white outcomes, and experience kind of
7 teaches us that we've got a lot of gray in -- in our
8 processes and in our understandings.
9 What do you do if you're -- you don't have a
10 consensus about these steps you want to be at?
11 I mean, you know, you just lack a -- a
12 consensus. People don't quite understand what you're
13 trying to get accomplished or they disagree over the
14 fundamentals or they're just not ready to state that
15 they're on board.
16 CHAIRPERSON MADIGAN: Don't all just leap
17 up here at once, you know.
18 MS. SCOONOVER: Well, it --
19 CHAIRPERSON MADIGAN: Somebody --
20 EXECUTIVE DIRECTOR SNOW: I guess --
21 CHAIRPERSON MADIGAN: -- answer that one.
22 EXECUTIVE DIRECTOR SNOW: I guess there's
23 a couple of ways to respond. I mean the difficulty of
24 putting together a consensus on any of this is a -- is --
25 I mean that's a very difficult task, if what -- if what

1 you're trying to do is get a consensus on this 30-year
2 vision that's going to have all these pieces in it, that's
3 nearly impossible; in fact, may be impossible.
4 So we think that it's more likely that you can
5 get some agreement on stages and then issues to consider
6 that move you to the next stage; that then raises a couple
7 of critical issues.
8 One is who's going to make that decision. I
9 mean it's an issue of governments which is -- will come up
10 increasingly now, and then second, the process of conflict
11 resolution, when everything is changed.
12 I mean one thing that we -- we do well is we
13 do projections well, and they're never right. Whether
14 it's a water projection or a population projection,
15 they're always wrong, and things can change, and so you
16 need to have -- you need to nail the Government's issue;
17 you need to nail the process for conflict resolution.
18 Is that what you call it in assurances?
19 MS. SCOONOVER: Contingency planning --
20 EXECUTIVE DIRECTOR SNOW: Contingency --
21 MS. SCOONOVER: -- process.
22 EXECUTIVE DIRECTOR SNOW: -- planning,
23 yes.
24 So I think -- I think you're on -- on point,
25 but to me that's kind of the only hope, is to try to break

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this up into discreet stages and to try to identify those process.

COUNCIL MEMBER FONTES: Just a quick follow-up, if I might, the -- Lester, you've talked to us about adaptive management more than once.

Does that fit into this, and -- and how would you fit that in?

EXECUTIVE DIRECTOR SNOW: Actually what this does is expands adaptive management to include the facilities. It starts applying adaptive management principals to the way that you look at facilities in the process.

CHAIRPERSON MADIGAN: Ann.

COUNCIL MEMBER NOTTHOFF: I think, in answer to your question, Mary, I think that, yes, phasing -- phasing and linkages are worth the continued examination by the assurances work group.

I think the key, though, is setting ambitious measurable standards that can, in fact, be used as markers, and now there are just so many untested assumptions that we're dealing with here, and, you know, we are -- what we're about is unprecedented in its scope and its ambition, and I think that that's what is going to be the tricky part, in how do you send the right signals so that you are not encouraging people to waste water so

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they can get built a dam or a preferable canal, so that is going to be the tricky part there, and I think that we do need to think, as BDAC, how we're going to really put together the right pos -- the right procedure to come up with that type of analysis and make sure that the representation is clear and that -- because that's going to be really the tough nut.

CHAIRPERSON MADIGAN: I agree.

Sunne.

CO-CHAIRPERSON McPEAK: Building on what Ann just said, Byron, you had a -- you had a comment that I was really trying to reflect on and -- and understand in the context of adaptive management that Roger raises.

We have, implicit in the ecosystem restoration program, working assumptions based on -- based on the best science that we know today, and that approach is heavily relying on habitat restoration, certain actions, but those actions are embedded or anchored in assumptions about what will restore the health of the estuary.

I would expect that our adaptive management approach is to not just accomplish those actions, but to achieve the expected or hoped for outcome of those actions. I mean to put it in the most absurd sense, it would be illogical for us to have great habitats and no fish.

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I mean that -- if -- if we ended up with that circumstance, because our scientific assumptions were faulty -- I don't expect them to be. I have actually great confidence in the working assumptions. It's much better knowledge today than we have had in the past. I think we're all dealing in good faith, but if we were to have acted on faulty science and don't end up with a healthy ecosystem, one of the indicators being fisheries, then we've got a huge problem, and so that's, I think, one of the ways in which the adaptive management program has to be based on a very -- and I'm not sure -- was it "aggressive objectives," Ann, the term you use?

COUNCIL MEMBER NOTTHOFF: I used ambitious.

CO-CHAIRPERSON McPEAK: Ambitious. Ambitious. Okay. That's -- that's -- whichever. I was trying to remember the -- the good term.

My point being that I think we do need clarity around the -- the environmental outcomes and that that should be the foundation against which we measure the rest of this system, having -- if we do that, we should be able to also talk about the relationship to facilities or storage in that, without it being such a scary subject.

CHAIRPERSON MADIGAN: Roberta and then Alex.

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COUNCIL MEMBER BORGONOVO: I just wanted to comment that I think the idea of having this process in place is -- is an interesting way to go, but there are several concerns that you have put up there, but they will continue to come into play, and the first concern is that the water is available when and where it's needed, so that -- that's a big issue. It's a con -- an issue to everybody, but especially for the environmental restoration part.

And then the funding, the funding for the environmental restoration over the long-term, and that is -- that is a key that we have not even begun to address, and the third is, then, the ability to make sure that you have the power to implement the restoration program.

I like the idea of performance standards being in place. I think that that's key, but I would go back to Eric's question when he asked if the planning for storage and conveyance is going on as you try to meet the performance standards, or do you wait to evaluate storage and conveyance until after you see what is the results of the common programs, and I think that that -- that's a very important issue, because if you -- we were to have greater success in the common programs, especially in looking at water-use efficiency, looking at conservation,

1 reclamation, transfers that address third-party impacts,
2 and we were able to meet the reliability needs, it seems
3 to me that those of us who would then say "Do we need to
4 move on to storage and conveyance," would be accused of
5 bad faith, and -- and that's that gap in the assurances
6 that I don't see that we've been able to cover yet.
7 CO-CHAIRPERSON McPEAK: I don't know.
8 I -- can I -- can I respond --
9 CHAIRPERSON MADIGAN: Yeah, sure.
10 CO-CHAIRPERSON McPEAK: -- and show all
11 of my ignorance and bias, if you didn't already know it.
12 I see -- based on the information that has
13 been provided to date in the -- in this work -- and I
14 still look through it and see that there are some missing
15 gaps and that there are qualitative evaluations that I
16 don't think the quantitative analysis support, a lot of
17 things that I still have questions about, I see a much
18 different role in terms of the conveyance facility versus
19 the proposed off-stream storage facility.
20 I mean I think those are two different
21 discussions about facilities and approaches on them and
22 assurances.
23 As -- as I look at the working assumptions
24 about the estuary, if we could get to an agreement about
25 performance standards and the work assumptions about those

1 performance standards, I happen to think that water, at a
2 certain time, of a certain temperature, delivered in the
3 estuary is probably the most important component to being
4 able to meet the performance standards, as I would think
5 we would come up with them.
6 I mean I hope the estuary would be one in
7 which we observe the fisheries, once again, without
8 polluted water, quality drinking water. That's -- that's
9 sort of my simplistic approach to it.
10 As I read that data, as I look at the
11 scientific information, I think a very important part of
12 being able to meet those performance standards that I
13 think should be part of a mix of the solution for meeting
14 those performance standards right out of the box, is can
15 we deliver freshing -- freshening flows, as well as pulse
16 flows during the winter, but freshening flows throughout
17 the critical months of -- of reproduction for the
18 fisheries.
19 I don't know how we do that in a sustained
20 period of time; that is enough years thrown together,
21 based on the history that we've seen of -- of
22 precipitation, without having storage in the mix. That's
23 my working conclusion right now.
24 Now that's my bias. That's my ignorance, and
25 I think that's a much different discussion than the

1 transfer mechanism, which, stating for the record, we are
2 holding open all options and consideration, et cetera,
3 et cetera.
4 I mean we just had a pretty lucid discussion
5 about a half hour ago as to why not take a non-isolated
6 approach, making those changes against the performance
7 standards, and see if we're then driven to something else.
8 So I'm -- I'm -- I get agitated, and you asked
9 a very simple question, and I told you I'd show my biases
10 here. I think that it all comes back to can we agree on
11 some performance standards for the estuary and then
12 evaluate our alternatives against it, and I just wanted to
13 suggest that there is a much different role in the
14 discussion of evaluating facilities against performance
15 standards between storage and the conveyance mechanism.
16 COUNCIL MEMBER BORGONOVO: And can I just
17 go back and -- I'm sure we'll get to this when we get to
18 the financing package, but one of the issues that's in the
19 financing package that we haven't resolved is who pays
20 what for how much, and so the whole issue of who pays for
21 storage and how that's viewed has vast implications for
22 us, and it goes back to Annie's point about sending the
23 right signals, so I hope that maybe in our next BDAC we
24 can have that kind of a discussion and maybe have points
25 of view certainly from those people that have been

1 involved in the finance work group.
2 CO-CHAIRPERSON McPEAK: I totally agree,
3 and I don't know if this is helpful, Mr. Chairman, but
4 maybe just a comment back to Roberta.
5 What I don't know -- it may be here, but I
6 haven't seen it -- is the amount of water we would want to
7 have access to for those freshening flows for
8 environmental purposes.
9 I mean I -- Dick must be able to do that for
10 us, and somebody can probably really educate us or me on
11 it. I'd look to know that number, but for the rest of the
12 amount of water that might be a yield out of storage, I
13 have a pretty simplistic approach to that, too.
14 We're told that there is a need for water;
15 that there are lots of people going to go thirsty in the
16 State. I think we should do due diligence on that whole
17 thing and say, "Okay. Who's willing to pay," make
18 long-term commitments for "X" amount of dollars that the
19 user -- the benefit -- the beneficiary or user pays is
20 obviously the principal we've got to work on.
21 If nobody wants to sign up, then my argument
22 on storage, at least for purposes of -- of additional
23 supply gets -- gets obfuscated. I mean, you know, either
24 people want to pay or they don't, so I'll have to back off
25 if nobody wants to pay.

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COUNCIL MEMBER BORGONOVO: I think it also goes back to the issue of how do you use the storage and the whole question of is storage for the environment even if you're using it to freshen flows, or is it part of mitigation, and that is that basic issue that we have not yet grappled with that we have tried to work around in our finance work group, and it -- it, to me, is key to us moving forward.

CO-CHAIRPERSON McPEAK: I -- I know we're stuck there, and I -- I think it would be -- we could all bet -- be really educated if -- I'll stipulate to the fact nobody knows really the real answer on baseline, but if you took your best shot at it and said how you would approach it, so your best shot at answering your question could advance our debate.

COUNCIL MEMBER BORGONOVO: All right.

CHAIRPERSON MADIGAN: And we will have that opportunity tomorrow. It is on the --

CO-CHAIRPERSON McPEAK: I'm --

CHAIRPERSON MADIGAN: -- agenda.

CO-CHAIRPERSON McPEAK: -- premature, once again.

CHAIRPERSON MADIGAN: Not at all. You are simply focusing the issue, and I appreciate it. Alex.

COUNCIL MEMBER HILDEBRAND: I'm sympathetic to a lot of what Sunne just said, but going back to this business of assuring goals, rather than measures, I think there's a problem there in that there seems to be an assumption that if what you first -- the measures you first adopt don't work, you will then be able to adapt to some different measures that will achieve the goals. I think that's a dubious assumption in many instances and no matter how desirable the goals are they may not always be achievable.

A subject we've discussed off and on is whether the exotic species will take over and we won't be able to -- with any amount of flow, to have restoration of natural species that we would like to have.

So I'm uneasy about saying we're going to guarantee some goals, rather than some measures, even though we want to strive to meet the goals, but that may not be possible, and we have to recognize that, and then the discussion so far has been pretty much on how you link the staging here, so that we all get better together.

We still have to address the other question of how do you assure that the measures that are built will be built as proposed and operated as proposed, and we'll get into that when we talk about the canal.

CHAIRPERSON MADIGAN: Stu.

COUNCIL MEMBER PYLE: Quite a bit of what I've -- concerns I'm having brought up by both Roberta and Sunne, but my major concern here is that there seems to be a -- in some of the discussion that proceeded those speakers and in some of the information that is presented here is that we're looking for a method to hold water supply reliability and storage and conveyance features which foster those hostage in some regard, until we can achieve certain aspects on the environmental and ecosystem process, and -- excuse me -- Lester pointed out earlier that -- that the whole trick here is how to put this whole implementation on a good basis from the beginning.

And it seems to me that -- that you have to take off on every one of these vertical lines that he has on here at the same time, and you have to -- you have to move all of this process ahead each item in its own tract, and I think, you know, Roger kind of brought up the adaptive management.

I think you have to consider the whole thing as subject to adaptive management; that you have to move ahead on all of the fronts simultaneously. You have to continue to get your financing, your contracting, your backing and -- and position, as you move ahead, but I think when you -- when you talk about setting conditions that are going to put, let's say, storage and conveyance

on hold for seven years, while we do all of these other things, Sunne brings up you're not going to get the financing to move ahead.

This whole process has just got to move ahead, every part together. Getting better together is one of the keynotes brought up by the ag/urban people. I think we've got to keep that in mind.

CHAIRPERSON MADIGAN: Ann.

COUNCIL MEMBER NOTTHOFF: And I was going to say I agree with Stuart.

COUNCIL MEMBER PYLE: Good answer.

COUNCIL MEMBER NOTTHOFF: And I -- I trust, Sunne, for the sake of simplicity you were using the ecosystem restoration as the only thing that we need to make progress on as linkage, but what we are, in fact, looking at is a whole range of water management policies, and all six of the common program areas need to be made progress on be -- and have to have measurable performance standards.

I also agree with Alex that we shouldn't be having measurable goals. We should be having measurable standards, so that we actually know when we get there, and that is, I think, key to looking at the whole package, and so that it's not just a matter of, you know, wet -- "X" number of wetland acres. Okay. Build a canal.

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You know, I -- that's not going to be something simple like that.

CO-CHAIRPERSON McPEAK: No. No. That's -- it's not. It's not.

The reason I talked about the performance standards on the estuary is that the overriding mission that CALFED has is for restoration of the Bay-Delta health. We -- we actually don't have charged with us the mission of solving all the California's water needs. As I think you know, I don't think the estuary is protected in the long-term, unless we do have a reasonable way of addressing all of the water needs in California, and those common programs are intended to both achieve the -- the specific mission to CALFED and be consistent with the solution principals and that we would have to move together on all of them.

Believe me I -- you know, I think I'm pretty active in talking about a water market.

COUNCIL MEMBER NOTTHOFF: Right.

CO-CHAIRPERSON McPEAK: You know, but I've been clear about that one, for example.

MS. SCOONOVER: Mike, part of the discussion tomorrow --

CHAIRPERSON MADIGAN: Mary.

MS. SCOONOVER: -- on assurances that we

have identified is to describe to you the process that the program is going to use to identify these measurable performance standards and give you some greater sense of, you know, not what the answers are, but at least the process that we're going to use in order to try to identify what would eventually be a laundry list of items to be accomplished, and that will -- we'll get into that. We have some time tomorrow morning to -- to go into that into a little more detail, so Ann's comments and Sunne's and Stu's and Alex's are all exactly what we need to talk about tomorrow.

CHAIRPERSON MADIGAN: All right. Good. Thank you.

Bob.

COUNCIL MEMBER RAAB: When BDAC started up and CALFED started up almost three years ago, the way I heard things going was that we were going to have the restoration program, and I thought it was going to be a preeminent program, and I never heard anything about even an isolated facility, and I didn't hear anything about new storage reservoirs. I heard about restoration, and it was only some months later that gradually, into the discussion, crept words like "isolated facility" and "new storage," and all of a sudden it seems like this has become preeminent, and I thought there was going to be a

priority toward restoration, and what it has evolved into now is that it's an all winners and no sinners situation.

And I also hear that you're not going to get -- the environmentalists aren't going to get restoration of endangered species unless you concurrently agree to getting more water exported via more storage and more -- and a new peripheral canal.

So that's a concern that many people have now, and I wonder just where are we.

CHAIRPERSON MADIGAN: Let me try to answer it, Bob.

I think if you go back to the original charge of this organization, it was, in fact, that several things were going to have to be achieved. One of those was an environmental restoration component. One of those was a degree of certainty for agricultural water supplies. Another one of those was a recognition of the necessity of responding to the increasing urban populations of California.

I don't -- I don't know that we were ever charged with making one of those three our priority, whichever one it might have been, and any of us who were under any understanding that one of those was the priority over all others I think was under a misapprehension, and I think what you're seeing here is an attempt at bringing,

in staged, managed fashion, those issues forward, and there will no doubt be a great deal of discussion about whether or not storage should be launched in terms of planning for permits early or -- or later or whether or not we are capable of achieving a viable water market in this State, which, because it is my bias of the week, I despair of right now, or -- or any of the other aspects on -- on Mary's example here or -- or anything else.

It is very clearly our charge that all of these issues, however, need to be addressed.

COUNCIL MEMBER RAAB: Well, Mike, could I just make one quick response?

Again, I just want to say I thought restoration was the priority, and that is the way I heard it at the start, and it's true we had these four main ingredients, but the emphasis, as I heard it, was -- and even going back to what the Governor had to say at the start -- at the very start of this, the way I heard it was first -- first we've got to take care of restoration, and -- and the other things will follow.

CHAIRPERSON MADIGAN: Anybody else want to comment on that?

Lester?

COUNCIL MEMBER PYLE: I would just like to comment --

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CHAIRPERSON MADIGAN: Stu.

COUNCIL MEMBER PYLE: -- that I -- I think the ecosystem program has moved ahead tremendously while we have been in these deliberations, that you have the A -- E.R.P.P. the street. You have the -- the scientific community looking at that. You have funding through everything that's coming forth in the C.V.P.I.A. category three, the Prop 204 funds. You've got the 1998 roundtable program on the -- on the table.

It just seems to me that there's an awful lot going on, and that I think we assume that that's going to keep going on while the rest of the process matures.

CHAIRPERSON MADIGAN: Lester.

COUNCIL MEMBER RAAB: That's all public money, too, Stuart.

CHAIRPERSON MADIGAN: Lester and then Roberta.

EXECUTIVE DIRECTOR SNOW: Well, I mean I guess I just want to maybe restate in a different way what Chairman Madigan has indicated.

I mean we have -- we have an adopted mission statement that identifies, you know, restoration, ecosystem health, and an improvement of water management for all beneficial uses. We have gone through the process and set up four coequal resource areas from the very

beginning, and that's water quality, ecosystem health, levee stability, and water supply reliable.

I mean that's what we have published, you know, a long time ago as -- as to the purpose of this program, and we have tried to develop it in a coequal fashion.

Now Stuart makes a good point that, because of the interest and concern over ecosystem restoration, this common program exists in significantly greater detail than the rest of the programs. It's well beyond any programmatic description, and, in fact, we have a substantial allocation of money for implementation of that, so even as a coequal program, there's been a lot of emphasis put into it, but that's not to lessen the focus on those other elements, as they are coequal.

CHAIRPERSON MADIGAN: Roberta.

COUNCIL MEMBER BORGONOVO: I wanted to comment that I think one of the reasons the ecosystem program has moved ahead is that CALFED has put a lot of effort into it and also brought in an independent review panel to take a look at that, so I very much like that part of the second phase report that certainly implied that performance standards would be set for these other programs across the board and an indication that we might have that same kind of independent review.

I think it's difficult to -- to do that, to bring in that fresh outside look, but I think it's also very important in giving the program the kind of credibility it needs and the kind of public support it needs to carry it forward over the long-term.

CHAIRPERSON MADIGAN: Byron.

COUNCIL MEMBER BUCK: Yes, briefly, Bob mentioned the Governor's speech back in April of '92.

What the Governor said was the first step was Bay-Delta standards, which we have, with the latest adoption of the 95-6. Then he said we need to move to the program where all interests can get better together, paraphrasing, and that's what we're about here today is that everybody's interest and everything is on the table.

CHAIRPERSON MADIGAN: Lester, you're on.

EXECUTIVE DIRECTOR SNOW: Okay. Maybe a couple of just summary items, in terms of where we're headed.

As I mentioned, we released, on Monday, the 16th; that triggers a 75-day comment period, public comment period, which closes on June 1st. We have scheduled 12 public hearings throughout the State during that period of time, which we thought was ambitious. We have already received requests for additional meetings in different locations during that period of time, and we

will accommodate them.

I would also indicate we have not received a request but have received a lot of comments from a wide variety of people questioning whether 75 days will be adequate. Undoubtedly CALFED will have to labor over that question in the upcoming months and consider that as we move forward.

Also, on some of these issues, Roberta mentioned the concept of expert or science panels. We're already moving forward on convening some of those. There is a -- another group that we call a core group that Dick will probably make reference to -- is that this afternoon -- when we talk about the implementation strategy for the ecosystem program.

Additionally, we're trying to convene a group of fisheries experts to help us deal with the -- the diversion effects on fisheries issue, which could be a significant issue for us, as well as convening an expert panel on the drinking water issue, and we've mentioned that specifically in the Phase II report.

So we are looking at trying to get -- in some cases you call them science panels; in other cases you might call them expert panels, to help us address some of these specific issues as we move forward, to try to get additional information to you and also perhaps try to

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1 resolve some of the conflicts that happen when, you
2 know -- I guess I'd call it "previous combatants" try to
3 deal with this issue. We'd like to get some neutral
4 parties engaged in looking at it from a science and
5 objective standpoint.
6 I think that's actually all I wanted to cover
7 on this item, but --
8 CHAIRPERSON MADIGAN: Okay.
9 EXECUTIVE DIRECTOR SNOW: -- this last
10 thing we discussed is -- is very significant. That's
11 going to occupy a lot of our time, talking about these
12 linkages and milestones and trigger mechanisms.
13 CHAIRPERSON MADIGAN: Ann.
14 COUNCIL MEMBER NOTTHOFF: I want to
15 reiterate a suggestion that we extend that type of outside
16 expertise and advice to the water-use efficiency
17 component.
18 I think that -- I liked the way you
19 characterized, in the Phase II report, the -- one of the
20 roles of these outside experts and -- is to help us get to
21 a common understanding of the facts, and I think that
22 water-use efficiency has been an area of debate that
23 really has suffered from a very different interpret --
24 understanding of what, in fact, is achievable from the
25 different stakeholders here, and I think that that's one

1 area that could really benefit from having outside
2 stakeholder expertise.
3 CHAIRPERSON MADIGAN: Okay. Mary.
4 COUNCIL MEMBER SELKIRK: I just wanted to
5 comment that the CALFED staff has been in discussions with
6 some members of the Environmental Water Caucus on
7 convening such a panel. There's still a lot of work to be
8 done in terms of who should participate and what the
9 specific kinds of questions and themes that they'd be
10 asked to address, but that's something that's in the
11 process now.
12 CO-CHAIRPERSON McPEAK: And the timing --
13 CHAIRPERSON MADIGAN: All right. Sunne.
14 CO-CHAIRPERSON McPEAK: -- that you might
15 be able to do, Mary? You, Mary.
16 COUNCIL MEMBER SELKIRK: Between now and
17 the decision on a preferred alternative, which means it
18 will have to happen within the next several months.
19 CO-CHAIRPERSON McPEAK: Okay.
20 COUNCIL MEMBER SELKIRK: The other thing
21 I was just going to say, in terms of time line, just for
22 purposes of comparison, the programmatic environmental
23 impact statement for C.V.P.I.A. had a
24 five-and-a-half-month review period. I think one might
25 argue that it has a comparable complexity.

1 CHAIRPERSON MADIGAN: Thank you.
2 All right. If we have completed this item,
3 thank you, Lester, and thank you, Mary.
4 I'm sorry. Tom. Excuse me.
5 COUNCIL MEMBER GRAFF: And I was getting
6 ready for when you're done with your comment. Go ahead.
7 CHAIRPERSON MADIGAN: Oh, just getting in
8 line, as it were. Okay. Well, the store opens
9 momentarily.
10 Let me -- let me ask Mary Selkirk to bring up
11 a couple of items briefly here.
12 COUNCIL MEMBER SELKIRK: Just briefly two
13 things: One is that I'd like you all -- the CALFED
14 program needs all of the BDAC members to be thinking about
15 ways that you might participate in a vigorous manner
16 through the public comment period and on into the summer.
17 There -- we met last night. Sunne convened a meeting with
18 some representatives of the Southern California
19 Association of Governments which represent dozens of
20 counties and hundreds of cities south of the Tehachapis.
21 There are groups of folks all over the State
22 up and down, from Redding down to San Diego, who I think
23 could benefit from a greater in-depth understanding of
24 what this program is all about, so we don't revert to the
25 bumper-sticker political battles that Lester has described

1 might be on the horizon.
2 We're going to have some time tomorrow on the
3 agenda to discuss in some detail ways that BDAC members
4 can get more engaged in their local areas with their local
5 legislators, potentially with their State legislators, and
6 local interest groups, so that's something we'd like you
7 to be thinking about.
8 Also note that in -- we have tentatively added
9 an additional BDAC meeting, and I realize that this is a
10 pretty daunting schedule that we've put before you, and
11 all of you are volunteering your time to be here, but we
12 have added another tentative meeting in the Central Valley
13 in Fresno in the month of June that we -- the primary
14 focus of which will be on the whole issue of ag land
15 conversion and prime -- prime ag land preservation, very
16 broadly scoped at this point.
17 Also, I've had a recent discussion with a
18 representative of a water district in Orange County who
19 are interested in putting together a tour for BDAC members
20 of some of the reclamation and conservation projects going
21 on down here in Southern California, so we'll be trying to
22 pull that together, too.
23 So in case you didn't have any other plans for
24 the next four or five months, we have a heavy itinerary
25 for you.

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1 CHAIRPERSON MADIGAN: Things to do,
2 places to go, and people to see.
3 Alex.
4 COUNCIL MEMBER SELKIRK: Date for the
5 June meeting --
6 CHAIRPERSON MADIGAN: Yeah.
7 COUNCIL MEMBER SELKIRK: -- tentatively
8 Thursday, June 19th --
9 CHAIRPERSON MADIGAN: Okay. Thank you.
10 COUNCIL MEMBER SELKIRK: -- or -- and
11 that's not set in stone, so we need to hear from you
12 whether that's an absolute drop-dead not workable for any
13 of you, but that's the week we're looking at, 18th, 19th,
14 Wednesday or Thursday.
15 CHAIRPERSON MADIGAN: All right.
16 COUNCIL MEMBER SELKIRK: So...
17 COUNCIL MEMBER HILDEBRAND: First let me
18 agree that I think we -- no matter how difficult it is to
19 schedule more meetings, we do need to have that meeting in
20 Fresno. One reason we would need to have it, though, it
21 relates to the question of the extent to which these
22 meetings are communication and P.R. meetings versus
23 actually getting an opportunity for reasonable dialogue on
24 the -- on the program.
25 For example, when you go down there, you're

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1 going to be faced with "What is the justification for the
2 statements on page 19 of the executive summary, which says
3 that the eco restoration program is going to improve the
4 reliability of water for agricultural purposes; it's going
5 to reduce production costs; it's going to create higher
6 crop yields, and greater crop selection flexibility,"
7 et cetera.
8 I -- I've never seen how -- that you arrived
9 at those conclusions, and I've checked with other members
10 of BDAC, and they haven't either, so you'll have to be
11 prepared to answer that and not just communicate, and that
12 gets back to what Ann said, that we do need to have
13 something other than these big public meetings to get
14 somewhat smaller groups together of people who can discuss
15 the question of what's technically feasible on some of the
16 proposals they'll hear.
17 Some of them, in my judgment and that of
18 others, are not technically feasible, and some are not the
19 most cost-effective way to achieve the ends that are being
20 strived for, et cetera, and some of them don't fit the
21 terrain that they're proposed to be put on.
22 So we need to go over those things, and
23 although we've touched on a lot of that in some of our
24 DBAC -- DBAC meetings, we don't seem to get an echo back
25 from the law when we do it very much. We have to do it in

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1 more depth.
2 Even as late as earlier this week I was unable
3 to find out what inputs went into some of these analyses
4 on water quality.
5 Do they or don't they include the
6 Department of Interior's B-2 plan, for example?
7 Nobody seems to know, and so there are a lot
8 of things we have to look into that have not yet been
9 examined.
10 CHAIRPERSON MADIGAN: Okay. Thank you.
11 Tom.
12 COUNCIL MEMBER GRAFF: Thank you. Thank
13 you, Mike.
14 Sorry. I came in a little bit, so maybe this
15 was actually covered before I got here, but I have an
16 agenda question, and I noted that tomorrow morning there's
17 a -- a relatively brief item on the status of the
18 State Board of Bay-Delta water rights hearing, which I'm
19 glad is there, but I also noted that there is no, at least
20 obvious, place where the water bond is to be discussed at
21 today's or tomorrow's meeting, and it seems to me that
22 equally, with the water board hearings, has bearing on our
23 activities over the next few months.
24 I have to say I was pleased that there was --
25 as some may know, there were a series of questions around

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1 the dual press conferences that took place on Monday, and
2 my understanding is that Governor Wilson's press
3 conference did not raise the water bond issue, which some
4 of us were concerned about, but despite that, I do think
5 we will -- we will be seeing basically the same people who
6 are around this table, and many in the audience will be
7 engaging on the water bond discussion, and that will have
8 a set of decisions long before this process reaches even a
9 final EIS/EIR, so I think we need discussion on it, and I
10 think we need to hear from the staff of CALFED what
11 their -- their attitude towards it is.
12 CHAIRPERSON MADIGAN: All right. I will
13 get back to you on that one, and we will -- we will take a
14 look at it in light of tomorrow's agenda. Thank you for
15 that.
16 Mary, you had another item?
17 COUNCIL MEMBER SELKIRK: Just one other
18 issue, I know that Rick Breitenbach, who has been one of
19 the managers of the whole EIR process, is here somewhere.
20 A couple of BDAC members have asked whether they will be
21 getting complete sets of the EIR with all the technical
22 appendices, and I didn't know the answer to that question,
23 so I'm wondering if Rick is in the room.
24 MR. BREITENBACH: The answer is that,
25 yes, they are available to be given to them. We made a

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1 concerted effort to provide just the -- the executive
2 summary and the Phase II report, thinking that would be
3 enough, not -- not enough for them to read, but it -- it
4 would overwhelm them to begin with, and then we'd move to
5 the second stage and give them the -- the larger package
6 of -- of 15 documents, which we will do as soon as -- as
7 soon as you would like to have them, and if all of you
8 would like to have them today, we'll start delivering them
9 today.
10 CHAIRPERSON MADIGAN: Great.
11 COUNCIL MEMBER DAVIS: Not -- not here.
12 MR. BREITENBACH: It's a stack about this
13 size.
14 COUNCIL MEMBER DAVIS: Excess baggage.
15 CHAIRPERSON MADIGAN: You --
16 MR. BREITENBACH: They'll be -- they'll
17 be mailed to your homes --
18 CHAIRPERSON MADIGAN: You may consider --
19 MR. BREITENBACH: -- or to your offices.
20 CHAIRPERSON MADIGAN: -- this a measured
21 response --
22 MR. BREITENBACH: All right.
23 CHAIRPERSON MADIGAN: -- but --
24 MR. BREITENBACH: Bye.
25 CHAIRPERSON MADIGAN: All right. Thank

1 you for that, Rick.
2 Sunne.
3 CO-CHAIRPERSON McPEAK: Members of BDAC,
4 Chairman Madigan has asked that I try to explain the
5 process that we're going to engage in. At about 11:45 we
6 will take a brief break and then reconvene, and we want to
7 do that promptly.
8 It goes in part to some of the comments and
9 questions just raised about how do we have an adequate
10 process to engage in substantive dialogue, discussion
11 among -- among us, as well as an effective way to
12 communicate with the public that goes beyond just sort of
13 checking off on some list places that we have been.
14 It should be obvious that we're struggling
15 with those questions of format, how to organize to have
16 discussion, how to have a real substantive dialogue with
17 the public, with the legislature, with agencies in the
18 administration, Federal and -- and State, with members of
19 Congress, so bear with us, and we also have embarked on a
20 new era of the whole CALFED process, as of Monday, a much
21 different role, perhaps, that gets placed on each one of
22 us to be, at one time, both representatives of our
23 stakeholder interests, which is why I think we were
24 convened around this table, to advise the State and
25 Federal agencies, but also to be statespeople about trying

1 to keep the process going, and that's sometimes hard to do
2 simultaneously.
3 Obviously I fail at that. I can't help but
4 lapse into being an advocate. I'll try to also be the
5 statesperson or help Chairman Madigan. You can all give
6 me advice about how to do it.
7 Having said that --
8 CHAIRPERSON MADIGAN: At your peril, of
9 course.
10 CO-CHAIRPERSON McPEAK: At my peril.
11 Right. Right.
12 Your peril, right?
13 CHAIRPERSON MADIGAN: Yeah, ours.
14 CO-CHAIRPERSON McPEAK: What we want to
15 do then, at 11:45, is begin with expert members of BDAC
16 from Southern California. Chairman Madigan, Martha Davis,
17 and Tom Decker are going to answer very briefly their
18 responses to two questions, and then invite comments from
19 the audience, beginning with three groups of commenters
20 that we have invited, specifically reached out to, and
21 then also the public, and those three groups we've asked
22 to participate are the Southern California Water
23 Committee, followed by a panel of environmental
24 representatives, and followed by representatives from the
25 Association of California Water Agencies, and everyone has

1 pledged to be brief; that they are going to make their
2 comments about two minutes, but this is, again, yet
3 another attempt at a new format for drawing upon the
4 expertise of members of BDAC and to have a substantive
5 engagement with public and other civic leaders.
6 So, Mr. Chairman, I think you want to just
7 admonish everyone to be back definitely at 11:45.
8 CHAIRPERSON MADIGAN: Exactly.
9 We're going to take a break. Sunne will
10 reconvene us at 11:45, and we will -- Ann, I'm sorry.
11 COUNCIL MEMBER NOTTHOFF: I just wanted
12 to follow up.
13 How may -- can members of the public get
14 copies of the full EIS/EIR before -- is there a sign-up
15 sheet for people who want to read the -- look at the whole
16 thing, or how are you going to make that available?
17 MR. BREITENBACH: We have distributed, I
18 think, 7,000 fliers through the mail asking people if --
19 whatever it is that they would like to have, make a
20 notation on the flier and send it back to us, but
21 certainly there is a phone number. We've got it on a web
22 site. We've an 800 number. Anyone that wants it can get
23 ahold of us and -- and we'll ship it out that day.
24 CO-CHAIRPERSON McPEAK: May -- may I --
25 COUNCIL MEMBER NOTTHOFF: Okay.

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CO-CHAIRPERSON McPEAK: May I just encourage everybody to use the web site?

In the interest of the environment overall, that's a pretty efficient way to do it and to scan through and download what you need, print out the sections, but, you know, let's -- let's try, as much as possible, to access the information on line.

COUNCIL MEMBER SELKIRK: Rick, what -- can you tell us what exactly is on the web site?

Is it Phase II --

MR. BREITENBACH: There are --

COUNCIL MEMBER SELKIRK: -- or --

MR. BREITENBACH: There are two items on the web site, the executive summary --

CO-CHAIRPERSON McPEAK: And Phase II.

MR. BREITENBACH: -- and the Phase II report.

CO-CHAIRPERSON McPEAK: Right.

MR. BREITENBACH: We didn't put the whole EIS on the -- on the web site, because we'd wind up probably shutting down the Internet if we had the whole thing on there.

CO-CHAIRPERSON McPEAK: No, that's not actually true. You --

MR. BREITENBACH: So you --

CO-CHAIRPERSON McPEAK: -- might want to do that.

MR. BREITENBACH: -- you will have to -- you will have to request the -- the EIS itself and -- and the other -- other appendices that go with it, besides the Phase II report.

CHAIRPERSON MADIGAN: All right.

Okay. Thank you all. We are in a recess until 11:45, and Sunne will reconvene the group.

(A break was taken from 11:27 a.m. to 11:41 a.m.)

CO-CHAIRPERSON McPEAK: During the break, we had the opportunity to try to re-evalute our schedule in order to accommodate members of the audience and invited commenters whose -- whose -- who also have obligations later today, and so we have done another modification.

The panel members, Chairman Madigan, Martha Davis, and Tom Decker decided to forego their comments initially, in order to accommodate the audience, and I think that we also have had some further concession and accommodation by the Southern California Water Committee to separate their presentation into two parts, so that we could take two other members of the environmental panel who have to leave early, so this has all been in the spirit of great coordination, cooperation,

consideration of others.

I do also want to acknowledge that at the Monday release of the draft EIR/EIS we had members of BDAC who spent time to be there, Byron Buck, Tom Decker, Richard Iznirian, and also Steve Hall, who is not here today, and -- and Richard and -- and Tom had to travel quite a ways.

I think, Byron, you were there in Sacramento, and so was Steve, but I wanted to particularly thank you for being present.

We have had, over the course of -- of the CALFED process there is always in the audience several faithful members, and one of those I want to acknowledge is always Joan Anderson, representing the Southern California Water Committee, and Bob Krieger, who is the Chairman of the Southern California Water Committee, is also here. Their Vice Chairman, Steve Zapoticzny, who is going to moderate this, is here, from San Diego, NutraSweet, and has also been very active on the Bay-Delta issue.

Steve, we really appreciate you taking the time. You met here earlier this morning. Lots of Southern California Water Committee people have been present during these proceedings today. Thank you for putting this together.

MR. ZAPOTICZNY: Thank you, Mr. Chair, for allowing the Southern California Water Committee to come before you, the Bay-Delta advisory committee this morning, and the way we're going to start out is as -- as Sunne just mentioned. We're going to split into two parts, and we're going to start off with three county supervisors from the Southern California Water Committee: Bill Cole, representing Imperial County, Kathy Davis representing San Bernardino County, and Todd Spitzer representing Orange County.

And then after the two other speakers follow them, then we will resume with the remaining portion of the Southern California Water Committee members.

So Bill.

MR. COLE: Good morning.

I appreciate the opportunity that you have given us to speak to you, and I can remember when I first started on this and been to as many of these meetings as I can in keeping up with the Bay-Delta. The people in my area are saying, "We're so far south, as far as you can go," we should be -- why I should have an interest in this, but I try to tell them this is all part of one puzzle. We're in a position now, that you're all aware of, with our transfer that's going on between San Diego and I.I.D. and the emphasis on what that's going to do for

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the water problems, and one thing I'd just like to emphasize is that we can't solve the problems for Southern California with the I.I.D. San Diego transfer, just like the Bay-Delta, this project can't solve the problems for the whole State, but by working together, we can ensure that we have a reliable water source for everyone in the State for all areas.

I don't think you can separate people from the environmental community, the urban community, the ag community. Water users are anything without -- they're altogether, and if you solve the problem just for one, you haven't solved the problem, and so I have been able to get my constituency to realize that we're part of this problem part of the solution, and I would just like to emphasize that I hope that listening to you this morning, where some of you seem to be coming from just a one constituency area that you have to represent, and I appreciate that, because I also have that charge many times, and we have to realize that we have the opportunity here to solve the problem for the State of California.

We're not different anymore. There's too many things that are tied together south and north and not just in our state but internationally, that this is important to us that we have this strong economy that will benefit every aspect of this, and I, again, would just like to say

that you have a big charge, and I hope that you will see the fact that we need to do this as a solution for the entire state.

Thank you.

MS. DAVIS: Good morning.

Kathy Davis from San Bernardino County, the largest county in the country, and I represent the first district, 18,000 square miles, the largest district in the country. I'm on the road every day, and I really appreciate you're letting me step up here a little early, so I can get back out to hinterland. I left at 5:00 o'clock this morning to be here early with the meeting.

San Bernardino, we're really interested in this process. We're interested in the outcome. We want to be a participant of this. This is very important to us. We are a part of the State Water Project, very much so.

Mojave River has been adjudicated. We are building an extension off the State Water Project. We built one into Morongo Valley. We're in the process of building one down to Barstow and out to those areas and Newberry Springs and Yermo.

We're very aggressive. We're probably one of the few areas in the State of California that has a water

project going on, and to look at distribution of the water, so we're very concern in how this process moves forward.

We also know that we are a part of the puzzle, if you will, and I remember Sunne from eight, nine years ago coming to Southern California Water Committee and expressing the concerns. They really haven't changed much, but what's really changed is that we're all sitting at the table here together and talking about a process, how our strategy is, how we're going to link it together to find solutions, so I'm real pleased to see that process, and I plan on staying around, as well, to see the conclusion of this, and my board is very anxious to go forward and rally the group here in Southern California to look for a positive solution for all interests.

We see that this is a positive step, the environmental process. Reviewing how we're going to protect all of our assets in California is an ongoing process. It's not a first out the gate; this is what we're going to do, and then let's get on with the water project. This is an ongoing process, and I think that everyone should recognize that and should be pleased with that type of concept.

Specifically we want assurances that Southern California stakeholders will realize our

fulfillment of our contractual allocations from the State Water Project. We also want assurances that we are going to have water quality for our residents here in Southern California, in San Bernardino County, and above all, we want assurances that these objectives are going to be achieved in an environmentally and economically way, sensitive way, to protect our integrity here in California.

We are the seventh largest economy in the world. We -- we can be progressive, and we -- we can be sensitive to our needs here in California. We have those examples already here, and we can continue to do that.

We understand the needs of San Bernardino County cannot come above those others or benefit above others, but we also expect to be equal in the process with others.

On behalf of the Board of Supervisors of San Bernardino County, I thank you for the opportunity of speaking here today and looking forward to continuing our relationship.

Thank you.

CO-CHAIRPERSON McPEAK: Thank you, Kathy.

Supervisor Spitzer.

MR. SPITZER: Thank you very much, Sunne and Members of BDAC. Thank you so much for letting me

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1 speak this morning.
2 I'm the County Supervisor who has been
3 selected by the Orange County Board of Supervisors to
4 represent our county on the Southern California Water
5 Committee, and I took that task to heart.
6 I -- I want to appease some of you who might
7 be on the -- who are here today; master's degree from
8 Berkeley and law degree from Hastings in San Francisco, so
9 I spent a lot of time in the Bay area, and the Bay is very
10 near and dear to my heart, so that's part of my message
11 today, to let you know that I am very committed to
12 carrying that message here in Southern California.
13 In September of 1997, I formed a technical
14 task force from the Southern California Water Committee to
15 address specific water topics and unify Orange County's
16 voice in responding to the issues identified as critical
17 to maintaining the quality and reliability of water
18 supply.
19 The first topic reviewed by the committee was,
20 of course, the CALFED process for restoring the Bay-Delta
21 and the related water management operations for the
22 State Water Project.
23 I'm going to ask -- I'm going to -- I don't --
24 I'm on my lawyer days, "Mark this and ask it be received
25 into evidence."

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1 What I'd like to do is just leave you a copy
2 of the technical task force's work that they've done in
3 anticipation of the EIS and EIR that obviously we're going
4 to be commenting on, so that you can get -- or staff can
5 get a feel, Lester, for the -- the kinds of concerns we
6 have, and I think you'll see it's pretty apparent where
7 we're coming from, the issues you're going to be
8 confronting when you're addressing Southern California.
9 You know that the U.S. Census figures were
10 released yesterday, and it shows that seven counties in
11 the United States with the most residents, Orange County
12 was the fourth in Southern California. We have 2.65
13 million people. We're only a hundred thousand now behind
14 San Diego County, so now you've got Los Angeles, Orange,
15 and San Diego all lined up together, and we obviously have
16 some very demanding issues to deal with.
17 We have an influx of new residents and
18 businesses, and it's our responsibility -- we recognize
19 that -- to plan for our long-term water supply.
20 I also want to show you and leave with you to
21 look at -- last week I convened a task force in Orange
22 County, sponsored by the Metro Investment Report, where we
23 brought together Metropolitan Water District, J.P. Morgan,
24 Municipal Water District of Orange County, the
25 Orange County Business Council, the Orange County Water

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1 District, and the Southern California Water Committee, and
2 the Urban Water Institute, to educate them about the
3 issues that you're all faced with.
4 I mean I see it as my mandate, it's part of my
5 responsibility, like Bill Cole, Kathy Davis, to carry the
6 message of what you are trying to accomplish through our
7 own communities, so I've taken that to heart, and I want
8 you to know that the business community and the investment
9 community is very committed in terms of the message.
10 I emphasized two things at that water
11 conference that I held. One, we must be committed to a
12 regional interest and not our own personal parochial
13 interests. That's very important, and I also emphasize
14 that, if we're going to accomplish anything, we must be
15 committed to the Delta's ecosystem restoration, so I want
16 you to know that that is something I am pounding into
17 Orange County.
18 I want you to recognize that we have the reuse
19 of El Toro Marine Corps Air Station, which, in and of
20 itself, is an eight-billion-dollar economy, and we're
21 going to have major water issues associated with that
22 project, whether it's an airport or some other
23 non-aviation use.
24 In a nutshell, I just want to let you know
25 that repairing the Bay-Delta will provide the opportunity

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1 for essential water delivery and quality for our urban
2 water users, not only in Orange County but throughout
3 Orange -- California, and so with that, I wanted to just
4 reemphasize that my community is absolutely dedicated to
5 the process of working together to making sure that I
6 heard -- I -- earlier about the San Francisco Bay area and
7 the Delta. We are absolutely committed to that
8 restoration project, and we know that we're going to
9 partner with you to ensure that that project gets done as
10 well as we have a long-term water supply solution.
11 So if I can just leave these --
12 Madame Chairwoman, if I could just leave --
13 CO-CHAIRPERSON McPEAK: Yes. You can --
14 MR. SPITZER: I know you're vice chair,
15 but -- chair for this purpose.
16 CO-CHAIRPERSON McPEAK: Right.
17 MR. SPITZER: If I can just leave these
18 with somebody, I'll do that.
19 Thank you.
20 CO-CHAIRPERSON McPEAK: Sure. We'll --
21 we will -- we will take them, Todd, and thank you.
22 I think -- to Supervisor Cole,
23 Supervisor Davis, Supervisor Spitzer, thank you for being
24 here early this morning for your participation in the
25 Southern California Water Committee and for taking the

time to address us.
It's commendable that local officials are engaged in this process. Thank you.
CO-CHAIRPERSON McPEAK: Mary is --
MR. SPITZER: Thank you very much.
CO-CHAIRPERSON McPEAK: -- going to take those, Todd. Thank you.
MR. SPITZER: Thank you, Members. Thank you.
CO-CHAIRPERSON McPEAK: And, Steve, with the -- with the cooperative of Southern California Water Committee, we want to invite two of the members of the environmental panel to come forward.
We have the Executive Director of the Korean Youth and Community Center, Bong Hwan Kim, and the Heal the Bay, former Commissioner of the L.A. Department of Water and Power, Dorothy Green, and Dorothy and Kim are going to -- Bong -- Mr. Kim are going to address this, so thank you.
MR. KIM: Thank you.
As I was introduced, my name is Bong Hwan Kim, the Director of the Korean Youth and Community Center.
I'm here to speak to you about a -- a very successful model involving water conservation in inner-city communities that marries water conservation and

inner-city community development.
I -- as director of a community-based organization, we provide a multitude of community services, from counseling and education services for recent immigrants, as well as affordable housing and small business development.
I would have a hard time imagining five years ago coming to speak to you about toilets, but ultra-low-flush toilets is a program that, in my mind, is a suc -- very successful model by which jobs are created by inner-city committees, replacing low-flush toilets.
We are more successful than the straight rebate program for D.W.P. now. There are five community-based organizations working to not only produce the kind of retrofits that we need to reduce water consumption, but by community-based organizations being involved, it raises the level of consciousness and awareness about water conservation issues.
We now have a variety of programs where we send kids and families to Mono Lake. We would also like to send them to the Delta, to increase awareness through these programs, so my brief message to you today is to urge you to look at creative alternatives, to -- we've -- we -- you've -- you -- you've referred to thinking outside the box. Well, this is really outside of the box, but

this is something that exists now.
One of the structural issues that we face, though, is that local utility districts aren't "incented" enough to look and create models of water conservation, and the rate structure does "incent" more consumption, rather than reduce consumption, and if you can find a way to try to get utility districts to look at consumption, then they will be more motivated to not only work in the nonprofit sector, but look at the private sector to try to develop programs that could reduce consumption, so that program exists.
What we need to do is basically replicate it throughout the State, and in my view, this is a program that we've done for the past three years. It's not that difficult. It's very do-able, and if you look at replicating throughout the State, I think you can look at having a serious impact on urban areas water consumption.
Thank you very much.
CO-CHAIRPERSON McPEAK: How -- how many toilets have you changed out, and do you have an estimation of the, like, water savings?
MR. KIM: Well, our -- we've accomplished a rough -- the Department of Water and Power is about a third of the way through, in terms of retrofitting their total households, and we have accomplished, I think,

roughly two-thirds of that one-third, so we still have a ways to go, but, you know, there's still a lot of things to do, in terms of how cost effective it is to get to the hundred percent, and we're not sure yet, because we haven't gotten there yet, but we are more successful in the straight rebate program now.
CO-CHAIRPERSON McPEAK: Thank you very much for being here.
MR. KIM: Thank you.
CO-CHAIRPERSON McPEAK: Dorothy Green.
MS. GREEN: Thank you.
Thank you so much, Sunne and -- and the committee for holding this hearing in Southern California and inviting us to participate.
We have not, because of the distance and the expense of being part of this process that makes it so difficult to participate.
I served as a Department of Water and Power Commissioner for three and a half years, starting in 1990, and I think that you have a great deal to learn from our experience.
I assumed my role as a commissioner with a specific goal in mind, and that was to change what was then a public relations document about conservation and reuse into reality, and because we had an environmental

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1 majority on the commission at that time, we were
2 successful in doing that.
3 The drought hit shortly after we arrived,
4 which certainly helped add quite a bit of impetus to what
5 we were doing, and the result is that the City of
6 Los Angeles water use today is the same as it was in 1970.
7 We are using today, in 1998, the same amount of water as
8 we were using in 1970, and that is with a 28 percent
9 increase in population, so I think this is very important
10 to add to the fuel of what can we accomplish statewide,
11 with regard to conservation and also with reuse.
12 In fact, the City has adopted as its policy to
13 accommodate all future growth with the continued program
14 of changing out toilets, and we can do that with the kinds
15 of community groups such as Mr. Kim represents and
16 Mothers of East L.A. and others.
17 By looking at conservation and reuse, it
18 also -- it provides surety to our supplies. It's much
19 cheaper than building new facilities, and the cost really
20 must include, also, the reduced cost of sewage treatment,
21 because there just isn't as much water going down to our
22 sewage treatment plants, and I don't think that's been
23 figured into your financial comp -- computations. I'm not
24 sure about that, but it should be part of it.
25 And we're also paying for it by using an

1 inverted rate structure to promote conservation, and this
2 inverted rate structure came about through a very public
3 and open process, where a committee of citizens
4 representing all walks of life and all interest groups
5 worked for over a year with consultants and with the staff
6 of the Department of Water and Power to figure out how
7 best to use the rate structure to encourage conservation,
8 and that was adopted by the City Council and has proven to
9 be very successful.
10 We did all this, while at the same time
11 restoring Mono Lake and the streams that are tributary to
12 the lake, so restoring habitat has always been a part of
13 what we're about.
14 I'd like to spend just a minute talking about
15 water quality. We really kind of have two kinds that we
16 have been dealing with statewide in Southern California.
17 First of all, the salinity issue and the need to blend
18 Colorado River water, in order to be able to reuse water
19 in Southern California.
20 What I would propose is that some research be
21 done into what it would take to phase out water softeners,
22 particularly in Southern California and perhaps statewide,
23 because that's where a major source of salinity is coming
24 into our water supply, is from water softeners, and if
25 that would be -- if it could be cost effective to buy

1 those out or to deal with those in some other way, I think
2 we could resolve that problem of increased water salinity
3 in Southern California in perhaps a more environmentally
4 sound way than by importing more water from
5 Northern California to dilute the Colorado River water.
6 T.H.M.s is, of course, a big concern, and I'd
7 like to share with you, again, the City of Los Angeles's
8 experience with T.H.M.s.
9 Most of our water, as you know, comes from the
10 eastern Sierra, pretty pure clean mountain snow melt, but
11 yet we have a T.H.M. problem, because we store the water
12 in open reservoirs in the Santa Monica mountains before it
13 goes into the pipelines to serve our -- our community, and
14 because it is stored in an open reservoir subject to
15 birds, subject to urban runoff of decayed vegetation, we
16 have a T.H.M. problem, and that T.H.M. problem doesn't
17 come from the San Francisco Bay-Delta. It comes from
18 local vegetative matter blowing, washing into our local
19 reservoirs, and as a result, we have to either cover those
20 reservoirs and/or filter that water again, so we see the
21 answer to the T.H.M. problem as being a very local
22 responsibility, not a source water responsibility.
23 And I'd like to make one other quick point
24 that conjunctive use really has not been adequately
25 addressed. We have, here in Southern California,

1 tremendous ground water storage capacity that is not being
2 used, and it's not being used for two reasons.
3 First of all, we do have water quality
4 problems, in that they are contaminated, the Chino Basin
5 with nitrates; San Gabriel Basin with toxins that need to
6 be dealt with, and if those water quality problems could
7 be addressed, we have tremendous storage capacity right
8 here in Southern California that's readily available,
9 that -- where there is no evaporation and where there are
10 no environmental consequences to using them, if we can
11 address the water quality issues, so with that, I'm
12 concluding my remarks.
13 I'll take any questions, if you have any.
14 CO-CHAIRPERSON McPEAK: Thank you,
15 Dorothy.
16 What we're going to do is try to move through
17 all the presentations and appreciate you being here, and
18 we might want to get back to and call upon some of the
19 presenters at even an additional session, if you do have
20 to leave.
21 MS. GREEN: Well, I'll try to be here
22 tomorrow. I just can't be here --
23 CO-CHAIRPERSON McPEAK: Great.
24 MS. GREEN: -- this afternoon.
25 CO-CHAIRPERSON McPEAK: Okay. Good.

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Thank you --

MS. GREEN: Thank you.

CO-CHAIRPERSON McPEAK: -- Dorothy. Thanks.

Steve is going to now resume. You'll see we have the chairs here for waves of folks to come forward, so for the continuing testimony from the Southern California Water Committee and then the balance of the environmental panel and then the aqua panel, we're going to invite everyone to come and sit there, and that will help facility folks running through their comments.

Steve.

MR. ZAPOTICZNY: Okay. If I can have Bob Bein, Denise Coleman, Jim Crettol, and Ernie Grijalva come to the table, followed by Marv King, Bob Krieger, Bob Seat, Tom Topuzes, and Jeff Vanden Heuvel, and we'll just keep moving this along.

MR. GRIJALVA: Good afternoon, ladies and gentlemen. Thank you, Board Members, for giving us the opportunity to address you.

My name is Ernesto Grijalva. I am Vice President for the Public -- the Public Policy for the Greater San Diego Chamber of Commerce.

The Greater San Diego Chamber of Commerce and its 4,500 members, which represent over 30 percent of the

entire work force of San Diego County, have taken a very active interest in water issues. We have little choice. Virtually all the water that comes into San Diego is imported water, and judging from the paper this morning, being the fifth largest growing county in the country, those water problems are continuing to grow for us, continuing to mount.

During the most recent drought earlier this decade, our region faced the troubling prospect of 50 percent cutbacks in our imported water supply. The record rainfall reduced the cutback to 20 percent, but we realized then that business people -- that businesses throughout the county had a very important role to play in the planning of water policy in our county, in order to safeguard our 87-billion-dollar economy and its job base.

The business community realized the importance of conservation practices. These have been implemented, and these have resulted in long-term water savings for our region.

We also understand the importance of identifying alternative sources. That's why we are in strong support of a proposed water transfer between the San Diego County Water Authority and the Imperial Irrigation District, which we believe will set a precedent for other transfers within our state and thereby

will add an important element to our obligation to make California live within its water allotment from Colorado River.

We are very much in support of local water industry's involvement with CALFED's attempt to draw up a comprehensive long-term plan that will solve the Bay-Delta's environmental problems and also give us a more reliable water supply. However, we would like to stress that CALFED solutions must make it easier to move the water across the Delta or around it.

Currently water deliveries that involve the Delta are unreliable for a variety of reasons.

Transfers of water from north of the Delta, Central, and Southern California are going to be very important to the growing urban areas of Southern California. They will be virtually impossible -- these deliveries will be virtually impossible without changes in the current system. Therefore, we need to be assured that CALFED's solution for the Bay-Delta will make San Diego's water supply more reliable and that there will be enough water to meet our growing needs.

Even though San Diego is acting to increase its water supply on several fronts, clearly some of the additional water will have to come from the Delta, but we must also stress affordability. CALFED's solutions will

not be successful unless they are cost effective. If it is more expensive than other water development options, Californians will reject it. Southern Californians will reject it.

The San Diego Chamber realizes a long-term plan to solve the Bay-Delta problems will not come cheaply. We are pleased to see the openness and breadth of the issues being discussed here. We remind you that to get public support for your ultimate solutions, you will need to convince the public that these are wise and prudent investments which benefit them directly.

Thank you for your time and for your attention.

MR. BEIN: Madame Chairman -- Madame Chairwoman and Members of the Council, my name is Bob Bein. I represent not only the Southern California Water Committee but also the Orange County Business Council, and I'm here to speak about the economic situation that we face.

Since the days when the Colorado River aqueduct was conceived and constructed, California and particularly Southern California has been internationally recognized as one of the wisest water areas in the world. This outstanding water supply planning has had a wonderful effect on the quality of life throughout the State of

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1 California. However, the great success of this unique
2 advanced planning has also had a numbing effect on the
3 level of understanding of our population and our lawmakers
4 on the economic importance of our water supply.
5 Let me put the record straight, on behalf of
6 the Southern California Water Committee and the
7 Orange County Business Council.
8 Unless this council stands firm that the
9 Bay-Delta solution not only positively addresses the
10 environmental issues, but also results in a reliable,
11 adequate, and quality water supply for Southern
12 California, the much touted seventh largest economy in the
13 world will begin to move in the same downward direction as
14 our neglected highways and school system whose outstanding
15 reputations were once taken for granted for many years.
16 Our water supply has been taken for granted
17 for many years. It now stands as a critical crossroads.
18 The economic health of this state depends
19 greatly on the economy of Southern California, which rests
20 firmly on the assurance of a reliable quality water
21 supply.
22 You are our representatives. You are our
23 official voice on this critical, once-in-a-lifetime
24 program.
25 We must have a solution that works for all of

1 the economic regions of the State. You have an awesome
2 responsibility. We must have a coordinated solution to
3 secure economic -- the economic future of California.
4 Southern California and the Orange County
5 Business Council has pledged a willingness to definitely
6 pay its fair share of this program, and it emphasizes its
7 fair share of the program.
8 Please don't let us down by permitting a
9 one-sided or un -- unenforceable solution to this, because
10 if you do, we can no longer look for the unprecedented
11 economic growth of the seventh largest economy in the
12 world.
13 Thank you.
14 CO-CHAIRPERSON McPEAK: Thank you.
15 MS. COLEMAN: My name is Denise Coleman.
16 Can you hear me?
17 CO-CHAIRPERSON McPEAK: Yes, we can.
18 MS. COLEMAN: Oh, great.
19 CO-CHAIRPERSON McPEAK: But you might
20 have to speak up.
21 MS. COLEMAN: Okay.
22 CO-CHAIRPERSON McPEAK: You're obviously
23 not a former politician.
24 MS. COLEMAN: That's true, one of the few
25 things I haven't been.

1 I want to call you Supervisor McPeak, from my
2 days in Northern California.
3 My name is Denise Coleman, and I am here today
4 to represent VICA, the Valley Industry and Commerce
5 Association. I'm a member of VICA's environment and water
6 committee.
7 We are a business-based organization that
8 exists to promote a positive balance between the
9 environment, social concerns, and the economic vitality of
10 the San Fernando Valley region.
11 As most Californians, we're concerned about
12 water issues. That's why I took time off from my small
13 business today to be here.
14 Here is what VICA would like to see
15 incorporated into the CALFED solution, three things, and
16 these will be probably very familiar themes, as we go
17 through the public testimony: Improved water quality,
18 water supply reliability, and affordability.
19 By improved water quality, I mean that we have
20 mandated as a nation, through the Clean Water Act in the
21 Federal process, higher drinking water standards. We've
22 all voted for it. We've all gotten behind it. Now we
23 have to do something about it.
24 Through CALFED we have a unique opportunity
25 now to craft an efficient solution that will meet the

1 health and safety standards that we've set and also reduce
2 the need to build expensive water treatment facilities,
3 both here and in Northern California and all over the
4 State.
5 Water supply reliability: Water agencies
6 throughout the State, and particularly here in
7 Southern California, have been hard at work planning and
8 carrying out conservation, water recycling, and improved
9 water management programs. We're doing our share to
10 reduce demand, as you have heard from Department of Water
11 and Power and some of our previous speakers.
12 We would like to see a better wet weather
13 water management element incorporated into the CALFED
14 solution that will allow Southern California greater
15 reliability and a measure of predictability to our water
16 supply.
17 And finally affordability: We support a
18 solution to the natural resource damage that has been
19 suffered by the Bay-Delta that will protect the
20 environment, improve water quality, increase supply
21 reliability, all at an affordable cost. We're looking for
22 a solution that may not necessarily be the lowest cost
23 solution, but one that has the greatest long-range
24 benefits to all Californians, and we're willing to pay our
25 fair share in Southern California.

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Finally a word about the Bay-Delta itself: All of the Southern Californians that I talk to are not at all apathetic about restoring the environmental health of the Bay-Delta. We see it as a natural resource treasure in California.

One of the reasons we live in California is that it is a beautiful place to live. There are many places that we can go to get away from urban areas, and there are many places within the urban areas, like the Santa Monica mountains that we can go to, to find respite from urban ills and the pressures of living in urban areas every day.

We'd like to preserve the Delta. We also understand that most of our water is conveyed through the Delta, and we'd like to see a solution that recognizes both the environmental and the economic benefits of doing something about this problem before it gets worse.

Thank you.

CO-CHAIRPERSON McPEAK: Thank you, Denise.

MR. CRETTOL: Good morning.

Thank you --

CO-CHAIRPERSON McPEAK: Jim.

MR. CRETTOL: Good morning.

Thank you for the opportunity to speak here

today. My name is Jim Crettol. I am the President of the Kern County Farm Bureau. I'm representing the Kern County Farm Bureau and farmers in my area.

I have a lot of discussions with them about the very important issue of water and then the second most important issue, water, and the third most important issue, and you know what that is.

We are part of one of the most dynamic areas of the State. Kern County is the third largest agricultural producing region in the United States and world. Fresno is first. Tulare County is second. Kern County is third.

If you take the great Central Valley and the agricultural areas of the State, we are the most dynamic, most outstanding economic renewable resource in the world. We have -- that is what makes California the great seventh largest economy in the world.

We are very concerned about the extreme shortages projected in the California water plan. In the year 1995, they're showing, in an average year, of 1.6 million acre feet. In the year 2020, a projection for 1995 is 5.2 million acre feet. You -- excuse me -- for '95.

You go to the year 2020, on an average year, you're talking about 2.9 million acre feet of shortage in

the State and in the event of drought seven million.

We are at an extreme uneconomic situation in that, because of the -- the amount of time involved and environmental impacts and projection four facilities and the whole study process. We're already in extreme shortage.

We're part of the Tulare Lake hydraulic region of the State. Kern County will have the greatest shortages of water in the year 2020, due mostly to population increases. It's our fault that we're situated fairly close to L.A., and as L.A. expands, it's predicted that a good number of people will migrate into the Valley. That's another whole issue.

Looking forward at the long-term water shortages in the State, we have gone forward with long-term interim solutions of our own. Semitropic Water District, Arvin Edison Water District -- Howard Frick's on the Board, sitting here on my left -- have gone through great pains to form alliances with our neighbors here in the south, Metropolitan Water District -- District, the City of Santa Clara; the Kern County Water Bank also, for the purpose of storing water avail -- for availability in dry years for agriculture and for city dwellers.

California produces 350 different crops and supplies 55 percent of the fruits and vegetables for the

United States.

Judging from some of the dialogue coming from meetings like this, should I apologize for doing such a good job?

It takes water to do the job that we do. The talk of efficiency has been brought up on several occasions, as opposed to creating new dams and new facilities, but as pointed out in the California water plan, Kern County agriculture is one of the leaders in -- in resource conservation of water in the State of California. We're already at 80 percent. Some of the other agricultural areas are a little lower, but we're at 80 percent of full recovery of our water supplies and -- and utilization, so we think we're doing a pretty good job.

Fallowing farmland is not an option as a conservation measure. I've seen this so many times in print. It's -- it's not fallowing farmland for conservation. It's fallowing farmland for the stealing of water from agriculture and using it for the other purposes.

There are three unequivocal facts from the California water plan, Bulletin 160. We had a presentation this morning by its author, and there are three sentence in -- three sentences in here -- I've read

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the whole of volume two. I'm working on volume one now, but there's three sentences that stand out, and I'm going to finish with this: California's population is forecasted to increase to 47 million people by the year 2020. That's almost a given, 15 more million people.

Irrigated crop acreage is expected to decline by 330,000 acres for a multitude of reasons, and one thing that really stands out -- and I think it's a fairly objective document. It covers environmental -- environmental issues and the whole gamut.

The last thing -- one of the most important things stated, it says, "Californians cannot afford to sustain future water shortages of this magnitude." That's an underline. That's so important, so I suggest that we all be part of the solution and not part of the problem.

Thank you.

CO-CHAIRPERSON McPEAK: Thank you.

Thank you, Ernest, Bob, Denise, and Jim, appreciate it very much, and, Steve, we're just bringing forward the next panel led by Mr. Krieger, who chairs the Southern California Water Committee.

Bob, welcome.

MR. KRIEGER: I hope I'm not the only --

CO-CHAIRPERSON McPEAK: No, you're not. Jeff's there.

MR. KRIEGER: And in -- in our order, you go next.

CO-CHAIRPERSON McPEAK: Reintroduce yourselves to the -- to the audience and to BDAC as you speak, just so everyone recalls.

MR. KING: Good morning.

My name is Marv King. I'm with Procter & Gamble, and I want to thank the BDAC and Southern California Water Committee for this opportunity.

Procter & Gamble -- I represent the manufacturing facilities from Sacramento south to Anaheim. Water is important to us, and I want to express our concern as a company for this entire process being successful. In particular, it's very important to us in our paper business.

Our paper business is a large water consumer, as you probably know. We're leaders in our industry, as far as making paper products, and in this case, our Oxnard facility is a leader in the sense that it recycles water up to 50 times in some of its processes, which is a state of the art for the process.

To remain competitive in California, we are specifically dependent on reliable and affordable water supply. This is key at Oxnard, because without that ability we can not produce Charmin tissue or Bounty paper

towels for all of our consumers west of the Rockies. Without reliable water, there will be no facility, no 800 plus jobs, and no 25-million-dollar community impact.

In the last five years, Procter & Gamble, as a company, has announced five major plan expansions, all greater than 200 million dollars; one of which was the doubling of the Oxnard facility. This was a major vote of confidence by our company in the ability of California to manage its precious water assets.

Any alternative selected must be forward-looking and efficient. We must apply the learnings from the recent drought, as well the demand for high-quality water, and be successful in both. We believe that business and individuals will do their part as conscientious users of reliable, well-managed, and quality water.

Thank you.

CO-CHAIRPERSON McPEAK: Thank you. Thank you, Marv.

Bob.

MR. KRIEGER: Thank you, Sunne.

I'm Bob Krieger. I'm from Riverside County, which is basically a desert county, and I represent certain business interests in Riverside County.

The western end of Riverside County drains

into the Santa Ana River, which is a river that you wouldn't recognize from Northern California, because you have water in yours. Ours basically only have water during rainfall periods. Water is basically underground, but it's used over and over again on the Santa Ana.

San Bernardino uses the water and then discharges it, after treatment, into the river. Riverside picks it up, uses it, treats it, sends it down the river to Prado Dam, and it eventually gets through the dam and goes to Orange County.

On the eastern part of Riverside County, the drainage is to -- theoretically to the Colorado River basin, but it goes to the Salton Sea. On the eastern portion of the County, water is used and reused, just like in Santa Ana -- the Santa Ana River system. It's used over and over again, until it finally discharges, to some degree, in the Salton Sea. Very small quantities of residential water end up in the Salton Sea. Residential and resort water. Pardon me.

The water that ends up in the Salton Sea is primarily irrigation and return water. There is some water from the Coachella Valley -- lower Coachella Valley that reaches the sea, and then there's a big slug of water that comes from Imperial County and reaches the sea, as well.

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Because of the desert nature of Riverside County, the water districts have, for some time, been conserving water. Most, if not all, have uniform rate schedules or ascending rate schedules.

We heard earlier -- the term "inverted rate schedule" was used. I presume that means an ascending rate schedule for Los Angeles Department of Water and Power.

Most of these entities in Riverside County have had uniform or ascending rate schedules for 20 or 30 years, primarily to reduce domestic water use.

By the same token, water districts or waste water districts within Riverside County have been reclaiming water. Eastern Municipal Water District has several reclamation plants within western Riverside, and the Coachella Valley Water District and Desert Water Agency in the Coachella Valley have reclamation plants, where water is used primarily for irrigation of parks and golf courses.

I think that Riverside County would accept any challenge anywhere within the State to meet conservation and reclamation rules and regulations or limitations or whatever you apply. We're up to the challenge. We'd like to see others do as well as our County.

In that regard, we think that any rules that

are applied through the process that you're now going through ought to be applied statewide, and we also think that -- when you get around to forming what you have been presented today, that you need to exercise statesmanship. We need some statesmen to bring the matter to a close so that you can proceed.

The business interests in Riverside County and other areas in Southern California I think are a tad frustrated about the extent. Obviously nobody expected to be -- the project or the process to be as daunting as it has turned out to be, but certainly it appears that you've considered everything imaginable. We encourage you to draw the matter to a close.

Pick an option, recognizing that you're going to be faced with changes. You're not going to solve the whole problem now. You're going to have to have flex -- the flexibility to decide, in the future, how to make adjustments, so that all of the parties are satisfied, and by the way, we did support Proposition 204, recognizing that it was primarily an environmental measure and would provide, hopefully, as far as we were concerned, some reliability of water supply.

We're still concerned about that in Southern California, but we recognize the need to protect the Delta. Once the Delta is fixed, then we can go on and

fix the Salton Sea.

Thank you very much.

CO-CHAIRPERSON McPEAK: Thanks, Bob. Tom.

MR. TOPUZES: Good afternoon now.

I trust that your stomachs aren't growling too much. I realize it's getting to be a little late.

My name is Tom Topuzes. I'm with Valley Independent Bank. I'm also with the Southern California Water Committee, and another hat that I get to wear is with the Valley of Imperial Development Alliance, VIDA, which is a regional economic development entity within the Imperial Valley.

Having been born in San Diego and having lived in Sacramento and Pleasant Hill, I think I have some sensitivities to the work that you have at hand, and I was -- as I was trying to put my thoughts together as to what would be the essential message to give to you, I went through all kinds of gyrations as to economy, water, the environment, and the bank service area, because that's the area that I know the best.

What is unique about the Imperial Valley is that, as you may have heard, it gets to be a little hot down there. We also have a lot of small businesses, home -- home organizations, Soho businesses.

Just across the border in Mexicali, we have some very large, world-class manufacturing concerns. We have areas that do not have much population. Our bank is also in the Coachella Valley, San Diego, Imperial Valley, and over in Yuma, Arizona, and so we do dip into those areas that are growing that have larger populations, and as we look through all of this, what we find is that a balance seems to be what works best.

When you look at the hundred and fifteen degree summers that we have, it's great, because we know the auditors usually won't show up during July or August. We realize the value of water. A matter of fact, it's clearly understood that you always have a gallon of water in the trunk of your car during the summer, and pretty much year round, because if you break down and if you don't have any water, you're going to die, and it doesn't take long.

We also clearly understand the impacts of regional economics. Yesterday's newspaper came out with the bold headlines, the ag production for the last year. The Valley was a little bit over a billion dollars, between the crops and the cattle, which is a pretty good year, but we realize that Imperial Valley doesn't consume a billion dollars worth of ag products. We're dependent upon those other economies outside of Imperial Valley to

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1 buy those products, to use those products there, and
2 they -- they go from Vons, right down the street, to
3 Japan, to Europe, to London, to a lot of the stores here.
4 There's a lot of dependency upon these other
5 economies, and then when you look at the larger picture of
6 ag, with the branches located in the Palos Verdes Valley,
7 Blythe, and Coachella Valley, with those -- you know,
8 those real good grapefruits they have there; San Diego
9 with the avocados, and so on and so forth, there is a lot
10 of agricultural activities going on in our area that are
11 dependent upon a whole lot more people to buy them, and
12 when you take a look at some of the businesses in our
13 area, we don't have much in the way of manufacturing in
14 the Imperial Valley, but just down the street is Mexicali,
15 and in Mexicali there's a lot of industrial development
16 going on, and it really crosses the whole border area to
17 San Diego.
18 For example, last week we met with Sony in
19 Mexicali. They're looking for suppliers to give them
20 parts, because of NAFTA. They have to have so many parts
21 that are NAFTA components.
22 They also are looking for suppliers that can
23 provide them with parts within one hour, because just in
24 time the competitiveness of the world marketplace is
25 requiring them to change the way they've done things.

1 They can no longer wait. They've shrunk their inventories
2 down from six weeks to two weeks to ten days, because over
3 in San Diego, by Rancho Bernardo is where Sony designs its
4 TVs, its monitors. My son really wants a Play Station.
5 We just bought him a Nintendo, and now Play Station came
6 out and -- and they're pretty competitive.
7 They design those there in the marketplace.
8 They manufacture them in San Diego, Tijuana, Mexicali.
9 Their goal, because of competitive pressures, is to do all
10 of this within a ten-day period, so if a consumer wants a
11 D.B.D. jack in the back of their TV, within ten days they
12 believe they can deliver it, because that's the way the
13 world is today.
14 We're also very knowledgeable that that
15 marketplace provides a lot of tax income. It provides a
16 lot of jobs for people on the U.S. side.
17 As a matter of fact, the
18 San Diego/Tijuana/Imperial Valley/Mexicali corridor
19 produces the greatest number of TVs and monitors in the
20 world. It truly is a world-class operation.
21 We take a look at tourism, the tourist meccas.
22 You know Palm Springs, Palm Desert -- there's a little bit
23 of golf going on over there -- San Diego, Orange County,
24 L.A. I guess the Rosarita Beach Hotel is doing great now,
25 with the Titanic movie having been filmed down there. A

1 lot of tourists are going there.
2 That requires an environment to be clean and
3 safe and sound. It requires an economy to be clean and
4 safe and sound. It also -- those economies are dependent
5 upon other economies outside of the area for those tourist
6 dollars.
7 What all this boils down to is there's a high
8 dependency upon the outside region to be successful, and I
9 think that's true of water, and I think that's true of
10 water within Northern California, within
11 Southern California, within the Colorado River, throughout
12 the State.
13 As I went through my notes, I figured, "Well,
14 the easiest thing to say is no one group should dominate
15 the discussion, because there's really a balancing act,"
16 just as like in little bitty ol' Imperial County, we're
17 dependent upon all those other economies outside of the
18 Valley to succeed. It's a question of balance. It's a
19 question of doing it right, and so what I would ask is
20 that you just keep things balanced and really listen to
21 all sides.
22 You've got a tough job. I mean being out in
23 the desert is kind of rough, but, you know, you guys have
24 it much harder, I'll tell you. You have a really tough
25 job, because what you have is the economy of

1 Southern California kind of in your hands, and
2 Northern California in your hands, and all those tax
3 revenues that go into social programs that are spent at
4 the State level that, having been in Sacramento I saw the
5 north end of California does pretty well in; all of that's
6 in your hands, too, so you've got a lot of
7 responsibilities, and I just ask that you be wise in your
8 decisions. Make a balanced decision, and move forward
9 with -- with preserving the Delta, with preserving the
10 economy of Northern and Southern California, and moving
11 forward with the great State of California.
12 Thank you.
13 CO-CHAIRPERSON McPEAK: Thanks, Tom.
14 Jeff.
15 MR. VANDEN HEUVEL: Yeah. Thank you very
16 much. Happy to be here.
17 I want to congratulate CALFED on getting to
18 this point. It's been a long and laborious process, but
19 we're here. We've got -- we've got a lot of meat on the
20 bones, pages and pages, and so I want to congratulate you.
21 I -- I want to say, though, I'm very
22 disappointed with the initial action -- the initial
23 response of the environmental water caucus with the press
24 release which I read. I was disappointed about that --
25 that shot out the -- out of the box, and I just wanted to

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say that.

CALFED is about getting better together. It's not a choice between a good environment or a good economy. There's a tremendous amount of money and program in the CALFED program for the environment, and it is broadly supported. It's supported by business, by agriculture, and there's no -- we're not up here blasting environmental programs. That is -- it would be absurd to do so. None of us would do that, and yet to read the reaction against any talk of water supply coming out of the environmental water caucus is very disappointing, and I -- and I want to say that.

I think CALFED has come up with the elements of a good plan that balances the interests of all Californians and seeks to lay out a road map to an environmentally strong, as well as economically prosperous future.

There's two points I want to make in my limited time about -- about where I'm coming from.

I'm a dairy farmer. I live in Chino, California. It's one of those Chino Base -- Dorothy Green talked about the Chino Basin, and I think it was important. Listen to what Dorothy said about conjunctive use.

Chino Basin is an adjudi -- adjudicated basin

and will supply about 50 percent of the demand for water in our area. Consequently, we must import the other half of the water to meet our needs. Our basin has nitrate and T.D.S. problems, and I might note that if you're at all familiar with Chino Basin, a lot of that nitrate is upstream of the dairy area.

Water does not flow up hill. It has not all been caused by the dairy industry, as some people love to point out.

We are working hard to develop strategies to meet our water supply, our water quality needs. However, all of the tools that we need to stretch our local supplies, from conjunctive use to water recycling, to blending and desalting, all depend on an adequate, affordable, and high-quality source of imported water.

We got -- we've got nitrates that we can pump up, and if we blend it with high-quality water, we can utilize that water and -- and do all of the things about maximizing our local supplies, but you've got to have some high-quality imported water, in order to make those things possible. The Colorado River water won't do it. It's too high in T.D.S., so obviously this water -- this high-quality water -- quality water, it needs to come through the Delta and -- because that's where this -- that's where it's available.

Los Angeles has -- already has a pretty pristine water supply, but for the rest of us in Southern California, we're looking at the State Water Project, and what you're about here in the Delta is absolutely crucial to getting us the water supply, but also the water quality that we need in order to be able to have any kind of a shot at maximizing local resources.

Secondly, I also want to talk about agriculture and the dairy industry in California, and I just want to say alfalfa is not a dispensable throw-away crop in California. It's a foundational crop that forms the base upon which a huge milk-processing and food-processing industry has been built.

The -- the press release of the environmental water caucus criticizes the conservation portion of the plan, because it sets a goal of achieving only a one-percent decrease in agriculture usage over the next 30 years.

Where do you think the food is going to come from to feed the inevitable increase of population that's going to occur over the next 30 years?

To believe that water conservation alone will solve our water problems is to condemn California to a bleak and hungry future.

Obviously agriculture needs to continue to

become more efficient in its water use, and -- and we acknowledge that and are working hard toward that, but the bottom line is that people need to eat, and it takes water to grow food, so conservation alone will not cut it.

The bottom line is that increasing urban and environmental water demands need to be met with new water supply projects and not massive reallocations of water away from agriculture.

I think it was very important -- we got a briefing this morning from the Bulletin 160 folks, and to look at those numbers about where -- where the -- who actually uses the water. Urban use, 11 percent of the State's total; agriculture, 43 percent; 46 percent of our supplies are allocated environmental uses, and I think it's important to keep that in mind.

CALFED has shown the way. You have done tremendous work to date. You have tremendous challenges ahead of you. I'm very concerned about this whole staging effort.

I want to underscore the point that Stu Pyle made about it looks like we're holding water supply hostage. I think the big problem is: How are you going to get people to step forward and finance the -- the -- the tremendous amount of work that has to be done on site-specific water storage projects, with absolutely --

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if you're going to hold them hostage to all kinds of things they can't control, so I think the devil's always in the details.

I commend you for your progress to date, but the hard work is yet ahead of us, and I think we can -- I think we can still do it, but we need -- we need to stay focused on getting better together.

CO-CHAIRPERSON McPEAK: Thank you.

Thank you, Marv and Bob and Tom and Jeff, appreciate that very much.

Steve.

MR. SEAT: Good afternoon.

Is this thing on?

I'm Bob Seat, a tree grower from Orange County and trustee on the Southern California Water Committee.

Four weeks ago Lester Snow came and spoke to our business council in Orange County. I sat next to him. Last week he spoke to the California State Farm Bureau in Sacramento. I sat in front of him.

Lester, I'm not stalking you. I'm trying to learn to lip sync so that I can tell the farmers what you said. I'm getting on to it, especially the part when you go "about like this."

EXECUTIVE DIRECTOR SNOW: Yeah. I've got a set of overheads for you.

MR. SEAT: You know, the farmers down there said, "Well, you're going to go up there and talk to the Council," and they think pretty highly of what you folks have been doing. They said, "What are you going to tell them that they're not hearing from everybody else up there?"

And I said, "Well, I don't know. I'm just a tree grower. Why don't I tell them about what the trees are going to do?"

I'll tell you what the trees are going to do. 1978, I put in the first drip irrigation system in Orange County. It leaked like a sieve; took us two years to get the thing to work, but we cut about 25 percent of our water use within two years by going to drip irrigation on our small plants.

Since that time, the farmers, strawberry and our other growers in Orange County, have cut their supplies, as you heard one fellow say, down to about 75 percent of what they'd been using and recycling it.

That recycled water is now going in through quite a few of our water districts, being used in irrigation water. Now that's not ag water. That's environmental to an extent and so on, but, you know, we do still have ag in Orange County. We had our commissioner report last year. We're just a little over a quarter of a

billion in agriculture out of Orange County, and that's a fair amount of product and a lot of jobs and it's a lot of food that you guys go to the Polly's Pies and get your strawberry. If it's not coming from Mexico, it's coming from us.

But I'd like to tell you, from the tree standpoint, what I think our trees, since I grow them, are going to do if we don't get a reliable water supply, based on what happened at the last time we had a drought.

You know, the tree's structure underneath the ground and roots is just about the same size as the tree you see above the ground. People don't realize how much root structure there is. You folks may know all of this, but the fact is that when we have a drought and if we don't have reliable and non-interruptible water, people start putting bricks in their toilet, and they start telling the folks to cut down on the amount of irrigation.

Now the irrigation that you see in your urban areas is cut back to keep the grass from dying, but the root structure of your trees is down a lot deeper than that upper turf, and the tree is an organism that's going to try and stay alive, if it can, so what it does, it starts coming back up to the surface with its roots to try and get water.

Instead of the water going down to the depth

of the roots, when we cut back the water supply for irrigation, we start getting just water in the upper four or five inches of soil. Up come the roots.

And what does that do?

Well, how many of you have had cracks in your driveway?

How many of you have seen your sidewalk out in front of your place begin to crack and the road begin to lift up and the curb go?

That's what the tree does.

If you really cut it back, the tree's going to hunt for water where it can, and it's very good at opening the sewers that it hadn't had to do any damage to before. Now it's going to open up every one of your sewers, any of your waterlines it can find, and if you've got a swimming pool, it loves it. It will find a way into that swimming pool faster than you can dive off the board.

So, folks, what I want to tell you is that, instead of telling you about all the things we accomplished, I just like to say to you that up and down this state, not just Orange County, we have an infrastructure which we understand, after the last big drought, it cost well over five billion dollars for your cities, for your counties, for your state, to replace those parts of the inter -- inter -- interstructure --

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infrastructure that were damaged, and I'm hoping you folks will carry that message up, as you do what you do in the Council, to people to understand that there's a lot more at stake, up and down the State, to require a reliable water supply than they ever dream about, because those trees are going to come up and get them if they don't.

CO-CHAIRPERSON McPEAK: Thanks, Bob. Steve.

MR. ZAPOTICZNY: Thank you.

I'm going to be speaking for Ted Roth, who is the Executive Vice President and Chief Financial Officer for Alliance Pharmaceutical Corporation in San Diego, so please bear with me, because I didn't memorize what he had put together.

Alliance Pharmaceutical is one of approximately 250 biomedical firms located in San Diego, and this is the third largest concentration of such companies in the U.S.

Alliance employs about 270 people, and the total industry in San Diego employs about 25,000, and the average wage for a typical San Diego biomedical employee is a little more than $42,000 a year.

The industry -- there's -- there's -- there's a number of companies. As you can see it's composed of -- primarily of small businesses, many of which were started

based upon discoveries and inventions made at world-renowned local research institutions, such as U.C. San Diego, Scripps Research Institute and the Salk Institute, and most of these companies have been in existence for less than ten years and are still developing products for commercialization.

Drug developments is probably the most-highly regulated commercial process in our country, and the cost of a new drug costs more than 300 million and takes an excess of ten years from identification through final approval. The key is the entire investment must be made prior to the company being able to sell it's first pound of product.

Being highly regulated, it requires a great deal of rigor and document -- and documentation to demonstrate validity and reproducibility. Of course there's a number of raw materials that are involved in processes that have to be identified, but one of the raw materials, primary materials involved in the manufacture of drugs, is water.

In some products it's the basic raw material. In others, it's just used to clean vessels or containers or to modulate temperatures or other process-related steps, but any time water comes into contact with the product or manufacturing containers, consistency of the

water quality must be assured.

While all drug manufacturing requires certain treatment of water at the production facility, the cost of such treatment can be affected substantially by the consistency and reliability of the starting water. Therefore, water availability can be an important cost factor for biomedical manufacturing.

Now for these bio-tech companies, the amount of water utilized by an individual company may seem insignificant, in terms of total water utilized in San Diego County. Projections indicate that the water usage for the biomedical industry, by the year 2,000, would be less than two percent of the entire usage in San Diego.

However, like many other industries, the availability of a consistent and reliable supply is a primary determinant for companies to consider in establishing a biomedical manufacturing facility in the area, so this is going from "R" and "D" to manufacturing, and this is especially true for companies who are looking to make their first manufacturing facility.

Unlike larger companies who may have facilities country-wide and who can decide to put their new product somewhere else, for those who are considering a first facility, it's key that certain things are

available to those in San Diego County, including the supply of water.

The key is there -- which so -- so many companies in the infancy stages in San Diego County, we risk losing a substantial portion of the manufacturing of these products if they don't have a reliable water supply, and speaking for my company, and I've -- I've spoken before you as recently as last December, you cannot plan for the future if you don't know you're going to have a reliable, affordable supply of water. There's many other factors, of course, but water is a key, and that's -- that's -- the same holds true for these biomedical companies.

That completes the presentations of our -- of our ten speakers.

In closing, I think -- I just want to say I think you've heard a good cross-section of Southern California representing ag business and local government sectors. All our members are very busy trying to do their jobs, but they took time today to be here to speak before you, because water is extremely important to all of us.

I think you can see that these Southern Californians are not apathetic. It's -- it's very critical. You've heard our concerns of keeping the

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1 process moving. We all know you have a difficult job to
2 balance everything, but the key is please balance it and
3 come to a solution.
4 You've also heard from us that we think it's
5 regional. It's not just for Southern California. It has
6 to work for the entire state, and we feel that that can
7 happen.
8 You've done so much work up until now, and,
9 again, CALFED process is a process, and to me, and
10 speaking, I think, for our other members, it seems to have
11 worked, and we just urge you to keep pushing it forward
12 and make it a reality, because it is so important for
13 everyone in this state, not just Southern California.
14 Again, thank you for -- Sunne, for allowing us
15 to have this time to -- to speak before the group.
16 CO-CHAIRPERSON McPEAK: Steve, thank you,
17 and to Bob and Joan and the full Southern California Water
18 Committee, it's eight counties, representatives from the
19 public sector and government and ag came from eight
20 different counties, traveled, in many cases, long
21 distances from Imperial to Kern and -- and Ventura
22 converging here, so we appreciate very much you taking the
23 time not only to attend but in organizing the presentation
24 and being very engaged in the process, and we will rely
25 upon being able to continue the dialogue going forward in

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1 the next critical months and few years.
2 Thanks. Thank you.
3 We're now going to invite back up or invite --
4 invite up the rest of the -- if you will, the
5 environmental panel.
6 You heard before from both Bong Hwan Kim and
7 Dorothy Green.
8 May I now invite Nick DiGroce,
9 Fran Spivy-Weber, Dave Czamanske, and Jim Stewart?
10 And there may be an order.
11 Fran, are you going to --
12 MS. SPIVY-WEBER: Actually, Susan Munves
13 is here from --
14 CO-CHAIRPERSON McPEAK: And Susan, yes.
15 MS. SPIVY-WEBER: -- from Santa Monica,
16 the -- the City of Santa Monica, so she'll go first, and
17 then the --
18 CO-CHAIRPERSON McPEAK: Susan will.
19 Okay.
20 MS. SPIVY-WEBER: -- four of us will --
21 CO-CHAIRPERSON McPEAK: I'm sorry.
22 MS. SPIVY-WEBER: -- be at the panel.
23 CO-CHAIRPERSON McPEAK: Great.
24 I'd had that message, too. Now I've lost it.
25 Susan, are you going to moderate or -- or

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1 introduce?
2 MS. MUNVES: No. I'm going to speak and
3 then leave.
4 CO-CHAIRPERSON McPEAK: Oh, okay. Thank
5 you. Well --
6 MS. MUNVES: I'm --
7 CO-CHAIRPERSON McPEAK: -- we
8 appreciate --
9 MS. MUNVES: -- Susan Munves.
10 CO-CHAIRPERSON McPEAK: -- you taking the
11 time to be here.
12 MS. MUNVES: I'm conservation coordinator
13 for the City of Santa Monica. I'm here to describe some
14 of our demand management strategies that have successfully
15 lowered our water demand, but before I describe them, I'd
16 like to respond to the Southern California Water Committee
17 and note, please, that the City of Santa Monica has the
18 highest bond rating of any city in the State of
19 California, and we believe that our environmental policies
20 contribute to the quality of life in Santa Monica, which
21 makes it such a desirable place to live and do business.
22 We're a very physically prudent city.
23 On that note, back in 1989, the City began a
24 toilet rebate program, with the assistance of the
25 Metropolitan Water District. We have, in the last eight

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1 years, retrofitted over 50 percent of the City's toilets,
2 resulting in a 13 percent reduction in 1990 levels in
3 water demand and a 20 percent reduction in waste water
4 flows. We've saved money on waste water treatment, on
5 purchase of water from Metropolitan Water District, and we
6 have avoided costs of approximately 10 million dollars
7 that we would have had to pay to the City of Los Angeles
8 for capacity at their waste water treatment plant.
9 In addition to toilets, we also have a
10 retrofit on sale ordinance, which supports our toilet
11 rebate program. It requires both commercial and
12 residential property owners to replace their plumbing
13 fixtures upon sale of the property. We have a water
14 demand mitigation fee, which developers pay to offset the
15 amount of water that their project will generate, and we
16 have a revolving loan fund, which we offer to the
17 commercial, industrial, and institutional customers of the
18 City to help them with the sometimes limited cash flow to
19 fund water efficiency improvements.
20 On the water-recycling side, we're in the
21 midst of planning a low-flow, dry-weather treatment plan
22 for the storm water, which runs from the main storm drains
23 in Santa Monica into Santa Monica Bay. That will be a
24 500,000 gallon per day facility, and the water will be
25 used for irritation and potentially for plumbing, toilet

flushing.

Recently you may have heard that the City of Santa Monica was affected by a ground water contamination by M.T.B.E. We lost 60 percent of our water supply and had to become dependent upon imported water from the Metropolitan Water District. The residents of Santa Monica had to pay a surcharge on their water rates that sometimes resulted in a 40 percent increase in their water bills, and it was just this last Tuesday that we finally reached an agreement with Mobile Oil, and they will reimburse us for all of our legal and technical consultant fees and pay for the cleanup of our ground water over the next years, so that we can once again be dependent on -- primarily on ground water, as opposed to Northern California water.

We think that that's the appropriate use of public funds, that cleanup of ground water is a more productive use; can provide additional supply, and that there is huge potential in Southern California and throughout the State for the same sorts of programs.

CO-CHAIRPERSON McPEAK: Thank you, Susan.

MS. MUNVES: Thank you.

CO-CHAIRPERSON McPEAK: Thank you.

Fran, if --

MS. SPIVY-WEBER: What we didn't know, we

now know the order.

CO-CHAIRPERSON McPEAK: You know in the order you're going to go. Then reintroduce yourself for the purpose of the public record and everyone else in the audience in here.

MR. DiGROCE: My name is Nick DiGroce. Is that coming out?

CO-CHAIRPERSON McPEAK: It is, and actually, what you have to do is start speaking, and then the microphone comes on.

MR. DiGROCE: Thanks.

CO-CHAIRPERSON McPEAK: So...

MR. DiGROCE: Name is Mike DiGroce, and I represent California Trout. I have an economics degree from the Worton School and have spent most of my working life in corporate America.

Now that information is germane only because of the subject I would like to address. That subject is the pricing of water for California agriculture and its impact on water demand.

The main two points I'd like to make are these: That market pricing, or something close to market pricing, of agricultural water will cause significant reductions in water demands; number two, that California water planners, particularly CALFED, have an absolute

responsibility to pursue pricing policies that cause demand reductions and redistributions of California's existing water supply.

I'd like to cover those two points in three minutes that I have been given.

The first point on the pricing of agricultural water: So far I have not had a chance to look at the documents that you have put out related to pricing of agricultural water; however, the most recent draft plan of the California water plan does, so I will use their data, as I'm sure that you will use.

In an 800 page document discussing California's water future, four pages are spent discussing agricultural water prices, but what a powerful four pages they are.

The plan uses a Central Valley production model -- and I assume that's some kind of a computer simulation model -- that states that a ten percent increase in agricultural water pricing will produce a 3.2 percent reduction in demand. They arrive at the conclusion that based on economic formulas, since the ten percent price increase is bigger than the 3.2 percent reduction in demand, that's an inelastic demand, so that's probably why they don't pursue the subject very much and only spend four pages on it.

We've all learned, however, that 80 percent of anything ought to get our attention. If 80 percent of the expenses of my department were going into one category, I'd throw the whole staff at that one problem, and we certainly know that 80 percent of California's developed water supply is being used by California agriculture, so that's got my attention, because that ten percent increase in pricing amounts to $1 to $4 per acre foot for a Central Valley farmer. That's from the California water plan information, not very large. Yet a 3.2 percent reduction in demand, if applied to all of California agriculture is more than one million acre foot reduction, a very worthwhile reduction for a very small price.

What if the price were increased to $5 an acre foot, $6 an acre foot, 7 or $8 per acre foot, could we get a ten percent reduction in demand? Probably.

The projected shortfall of the California water plan for the year 2020, as we've already heard today, is estimated to be 2.9 million acre feet. Yet a modest reduction of ten percent in agricultural water usage, through pricing, will solve California's water supply problem.

Common sense tells us that we can reduce demand through pricing. Now we have some good data for you to work with. We encourage you to use it.

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On the second point, California water planners have a responsibility to pursue these pricing policies that cause demand reductions and the redistribution of our water supply.

We know that corporations, when faced with increasing supply costs and in a competitive price market, where they can't just jack up prices, will invest in technologies that cause efficiencies in their operations. Most of California agricultural is dominated by large corporations. They will respond in the same way.

We have learned that whenever we subvert our free market economy, as we do with the current artificially low water pricing of Central Valley and State Water Project water to agriculture, we create anomalies, such as these, in the way water is used in California.

Urban areas, especially Southern California, have proved that water usage can be reduced by more than 30 percent when faced with equipment technology and with baseline tiered pricing. A ten percent reduction in agricultural water usage would seem like a very achievable goal. You, CALFED, have a responsibility to the citizens of California to pursue that kind of goal.

In the summary, we believe that the citizens of Southern California will not permit you to build any

more dams, will not permit you to build any more reservoirs, will not permit you to build any more storage facilities or a peripheral canal, and its bonds will once again be rejected, until you demonstrate some success in redistributing a small percentage of California's existing water supplies. Having done that, we will then lock arms with you and have a wonderful love-vest tackling California's water quality problems.

Thank you.

CO-CHAIRPERSON McPEAK: Thank you.

Dave.

MR. CZAMANSKE: Good afternoon.

My name is David Czananske. I reside in South Pasadena, California. I'm an environmental and government affairs consultant. My background is in economics, land use planning, and natural resource management, and I am also water resource consultant to the Angeles chapter of Sierra Club here in Southern California, as well as Sierra Club California.

I'd like to make a few comments on the scale of capital improvements under the CALFED program and the bond financing necessary to pay for them. I'd like to first draw your attention to the fact many of you may know that, under energy written deregulation, certain water and power companies in the private sector are facing

significant financial difficulties. I cite two examples here in Southern California: The City of Pasadena and the City of Los Angeles.

As you may be aware, the City of Los Angeles Department of Water and Power is in the process of layoff of 2,000 employees, supposedly the largest layoff in the history of the City of Los Angeles, caused by what? The obligations of bonded indebtedness to pay for power plants that were constructed a few decade -- decades ago and for which they have long-term commitments. Those power plants were built on certain assumptions that proved not to be accurate.

The City of Pasadena has laid off about 40 or 50 employees in their water and depart -- power department, including the entire water conservation staff. There is no water conservation staff left in that city anymore. The City was also -- adopted recently a ten percent increase in consumer rates for water -- excuse me -- for electric power in the City of Pasadena to supposedly accelerate payoff of the bonds.

The City manager, by the way, on the advice of a consultant, requested a 20 percent increase in energy rates, which was not approved by the City Council, and that was one of the things, although only a minor one, that resulted in his recent leaving from the City of

Pasadena.

I'd like to touch on three things on which future demand for water is based and ask some questions about them. Those three things are: Estimates of future population growth, estimates of per capita usage of water, and estimates of the demand for imported water versus use of local water resources here in Southern California.

First, on population growth, I think it is not -- it is not wise to assume that the present rates of population growth in California and the United States are going to continue indefinitely. Sooner or later this society is going to have to get to grips, come to grips, with population as a major problem that needs to be addressed.

Some of you may have read in the newspaper there's a very controversial internal battle within the Sierra Club on that very issue at this very moment. I don't know how that's going to come out, but it indicates the ferment that is -- is going on in certain parts of the country and certain organizations about that issue.

The population growth of the United States, if it continues at the present time, in the 22nd century will reach and exceed one billion people. I submit to you that society will not allow that occur -- to occur, that sooner or later society will begin addressing that -- that issue,

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and I would hope that it might be -- it might be sooner.

A couple of your previous speakers have talked about population growth as being a "given," quote, or "inevitable," quote. I think that is an inaccurate assumption that we in our society shouldn't make, and it's going to make a -- almost a self-fullfilling prophecy if we in society continue to make that assumption. With the reduction in population, at some point in time, the reduction in population growth, you're going to see a reduction in demand.

Secondly, on per capita, your water use: I think you also take a look -- need -- need to take a look at that, as well. If you take a look at the City of Tucson, you will be aware that that city uses much less water per capita than other cities in the west. If you go to Tucson, as I did a month or so ago, you will find that it is a very growing community. I can't believe the growth that is taking place in Tucson, and they are not being un -- unreasonably withheld in their growth because of water.

They do have access to the central Arizona project. They're not using that water to any extent significantly at the moment, because of water quality problems, but I submit that society, as a whole, is going to have to move in the direction that Tucson has taken,

i.e., less usage of water per capita.

It seems like some of the steps that have been taken so far are very admirable, on toilet retrofit, for example. Our engineering and -- and technical solutions, they appeal to the engineering society, you might say, that -- that is very prevalent in the water industry. I think, in the future, we're going to have to move more into behavior changes, which are going to have to address both business and industry, as well as residential users.

Third, in terms of estimates of the demand for imported water by Southern California, I think you should be aware that most of the agencies in the Metropolitan Water District of Southern California, which represents six -- a good part of six counties, are undergoing intensive planning and implementation to utilize local water resources in -- in -- with -- with more efficiency. Most of the surface water resources are being used, but ground water resources can be used more efficiently.

And just as a side point, I would point out, in terms of water quality, as our last speaker mentioned, there are certain ground water basins in Southern California that do have some contamination, whether it be M.T.B. or other issues. I would suggest that one of the main ways in which water quality needs to be addressed is by source protection of both surface and

ground water, and I think we know, from experience with solid waste, the sooner we deal with a pollution problem, rather than spending -- the sooner we deal with it, the better, rather than waiting for the problem to develop and then having to spend a lot of money to solve it afterwards.

I'm -- I'm sorry to say that in the -- in the Los Angeles River the Corps of Engineers has available federal money, and the City -- some of the cities along the Los Angeles River were able to get 300 million dollars to -- to do what? To raise the walls on the Los Angeles River paved channel that goes to the ocean, so that they could do what? Make sure that all that water went out to the ocean faster.

Now the San Gabriel River, they save about 90 percent of the water. In the Los Angeles River basin, however, that's -- it's -- extremely little is saved, because of the lack of storage facilities and so on.

When I was a graduate student some years ago, we talked about the need for multiple use planning of water use resources. It seems to me that the expenditure of 300 million dollars by the Corps of Engineers on a single purpose project, basically to expedite the flow of fresh water out to the ocean, was not the best way, from a comprehensive point of view, to address that particular

problem, but the attraction of federal dollars and the pressure of local communities resulted in that happening.

During some of the recent storms in early February, that flood control channel was almost full of -- of very large quantities of water. I don't know what the C.F.S. was, but very -- very large quantities of water going to the -- to the ocean.

In summary, I would just like to say that I would urge, in your deliberations on investment and capital facilities, to use an incremental approach, to maintain as much flexibility with your capital investment options as possible, to avoid long-term major capital investments that are one fixed investment that -- that you think is going to solve a problem for 50 years, but does that major financial implications and resulted in -- results in major bonded indebtedness that society is going to have to pay for in the future.

Not only may you not need all that water, but if you don't need all that water, future consumers are going to have to pay very dearly to pay off those bonds, and it's actually going to work in conflict with other efforts to conserve water and to make use of water in other ways, such as water reclamation and conjunctive use of ground water.

And I thank you.

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CO-CHAIRPERSON McPEAK: Thank you, David. Is it --

MR. STEWART: Good afternoon.

CO-CHAIRPERSON McPEAK: -- Jim?

MR. STEWART: I'm Jim Stewart, representing the Southern California Council on Environment and Development. We are very concerned about both the environmental and the economic issues of water in Southern California.

I want to speak in favor of the expansion of water recycling. This represents the viewpoint of many groups, ranging from the Los Angeles Chamber of Commerce to the Sierra Club to the Southern California Association of Governments. SCAG has passed a strong resolution representing the hundred and eighty-eight municipalities and the five counties in this region requesting an expansion of recycled water.

I have been told that you have many engineers working on the projects outlined in the various products of -- projects of this CALFED plan, but you only have one working full-time on the whole arena of water efficiency, which includes water recycling, reclamation, and conservation. I suggest that you look at your staff allocation of resources to see if you can redress this imbalance.

As the speakers here have -- have announced, this water recycling and conservation is probably our best source of new water for this region.

The U.S. Bureau of Reclamation has projected that two million acre feet of water could be recycled in Southern California. We suggest that you look at this and come up with some analyses relative to the cost efficiency of this.

I also want to ask you to look at this issue that was just raised by David Czamanske of conservation.

Andy Lipcus, of the tree people here in Los Angeles, has designed a system of using a combination of tree planting, mini-dams, cisterns, local percolation, that could drastically reduce the waste that we are presently doing of all of this beautiful, pure rain water that falls upon us every year and goes straight down into the ocean.

Thank you very much.

CO-CHAIRPERSON McPEAK: Thank you, Jim.

And now Janet Holtsman is reading a -- a presentation.

Janet.

MS. HOLTSMAN: This is from Connor Everetts, who couldn't be here today.

CO-CHAIRPERSON McPEAK: And Con -- and --

and introduce Connor.

MS. HOLTSMAN: It will -- it will come out in the course of this.

CO-CHAIRPERSON McPEAK: Okay.

MS. HOLTSMAN: I don't have -- I can't find it right at this moment.

Please accept this read into the record, as I am attending an international conference in Vancouver, British Columbia, Globe '98.

After 20 years of water conservation work from municipalities, counties, state, federal water districts and private industry, I am always amazed by the innovative and comprehensive work done outside of California when I drag myself away from our compelling challenges with competing water interests and the future of our state. It reminds me that the work of water efficiency is never done and always changing with new technologies.

As I am now approaching the status of an elder conservationist, I would like to express my concern that the demand-side option that comprehensive programs offer to the seemingly complex California water puzzle; having worked through the long -- the two long droughts of the last 20 years, I have seen the opportunities presented by these windows on the future and only hope that we now recognize our potential to provide the policy decisions

that will make a difference and not recreate our ongoing dilemma.

My perspective is somewhat unique, as a working conservationist who was, among others jobs, the drought coordinator for the City of Pasadena's power and water department in 1990 and worked with the staff of 17, all of whom, but one, have been laid off because of deregulation. I worked with the City of Burbank, whose utility general manager was quoted in the local paper saying, "Conservation should be the handing out of comic books and public relations."

I was elected to the Casitas Municipal Water District and was president of the local ground water agency in Ojai, where ranchers were reluctant to save when the bank was full but happy when their first water meters turned out to be management tools.

I still serve on Board of POWER, Public Officials for Water and Environmental Reform, providing a forum for water policy solutions. It is in that capacity that I have been collecting information on statewide water conservation programs for the POWER Journal and have been dismayed by the reduction of conservation programs.

What makes my perspective unique is that I am also an environmentalist by way of growing in Southern California as a steelhead fisherman in local

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1 streams. I see the connection between the human demands
2 for water and the needs of the environment. I have seen a
3 conservation ethic sweep through the populus through each
4 drought as they lead the agencies, rather than the other
5 way around. I have seen the community-based organizations
6 challenge water wholesalers, provide huge savings and jobs
7 with local economic development.
8 What I fail to see is the State and local
9 agencies complete the connection between the potential for
10 conjunctive use with ground water, local runoff, reclaimed
11 water, and true comprehensive efficiency and
12 water-demand-side programs.
13 Without the mandatory enforcement of the basic
14 or leased management practices through the C.U.W.C.C.,
15 without enforcement of the voluntary ground water
16 management of A.B. 3030, and without any tie between land
17 use policy and available water supply, we will continue to
18 ignore the people of this state.
19 These people care and want something for their
20 personal efforts, rather than continued higher bills and
21 conflicting claims about water quality. These are
22 long-term decisions, and I hope you listen to the people
23 that came forward to you today to tell you the story of
24 what we can do and have done in Southern California, and
25 think of the implications of ignoring the will of the

1 people who both voted down the peripheral canal in the
2 '80s and voted for environmental restoration with
3 Prop 204.
4 Thank you. Connor Everetts.
5 CO-CHAIRPERSON McPEAK: Thank you.
6 Fran.
7 MS. SPIVY-WEBER: I'll be very brief,
8 because I plan to be here for the -- for the entire two
9 days and will have, I assume, another opportunity to -- to
10 speak with you.
11 I am Frances Spivy-Weber, Executive Director
12 of the Mono Lake Committee, and as many of you know and
13 will be hearing over the next several days, the Mono Lake
14 Committee does have a success story to tell about saving
15 an area that is very valuable, as is the Delta, while at
16 the same time raising funds at the federal and state level
17 to do water conservation and water recycling changes in
18 Southern California, so that the net effect was more water
19 for Southern California and a restored Mono Lake. That's
20 the Mono Lake example that we hope will also flow into the
21 Bay-Delta.
22 And I think you've heard in summary of the
23 environmental voices that have come before you today,
24 which are quite diverse. Not everyone agrees with
25 everyone else, as I think will be true of any broad panel

1 that -- of -- of a particular interest group, but I think
2 each shows that there are concrete examples of how
3 enormous amounts of savings, water savings, can be made
4 with a commitment up front, right now, to things like
5 ultra low-flush toilets and -- and water recycling and
6 conjunctive use and ground water, and it's that template
7 that we'll be using as we start to look at the six feet or
8 so, I understand, of -- of appendices connected to the
9 EIR/EIS, because we will want to see that, in fact, what
10 we know can happen is being built into the assumptions of
11 what this program is going to ultimately recommend.
12 Thank you.
13 CO-CHAIRPERSON McPEAK: Thank you, Fran
14 and Nick and David and Jim and Janet, for being here.
15 We -- we think it's only about one and a half
16 feet so far --
17 MS. SPIVY-WEBER: Oh, okay.
18 CO-CHAIRPERSON McPEAK: -- of appendices.
19 We hope that that's about the case, but it will probably
20 grow, and certainly once we get all the comments in on the
21 draft EIR --
22 MS. SPIVY-WEBER: Yes.
23 CO-CHAIRPERSON McPEAK: -- EIS and do the
24 response, we will -- we might be at your six-foot level,
25 so thank you very much.

1 We have one last panel representing basically
2 water agencies and helped -- was coordinated through ACWA:
3 Sterling Fox, Hank Panian, Bob Hanson, Keith Coolidge, and
4 our own double "O" 7, James Bond.
5 And we'll bring -- grab one more chair,
6 because I think just called -- if we have still all five
7 folks here.
8 MR. FOX: Actually, two of our members
9 are --
10 CO-CHAIRPERSON McPEAK: Two --
11 MR. FOX: -- not here.
12 CO-CHAIRPERSON McPEAK: Two had to leave.
13 Okay.
14 MR. FOX: Uh-huh.
15 CO-CHAIRPERSON McPEAK: Or couldn't -- or
16 couldn't --
17 MR. FOX: That's --
18 CO-CHAIRPERSON McPEAK: -- make it.
19 MR. FOX: That's right.
20 CO-CHAIRPERSON McPEAK: Okay. Then go
21 ahead and proceed and then now --
22 MR. FOX: Okay.
23 CO-CHAIRPERSON McPEAK: -- just introduce
24 yourself as you --
25 MR. FOX: Great.

CO-CHAIRPERSON McPEAK: -- speak.

MR. FOX: We thank you for this opportunity to talk with you. We thank you for your patience.

My name is Sterling Fox. I'm president of the Board of the Yorba Linda Water District, and I'm here with a second hat on this morning -- this afternoon, rather. I'm also the alternative chair for ACWA Region 10, which encompasses San Diego and Orange Counties.

ACWA means Association for California Water Agencies, and we're the folks that distribute the water and sell it to individual residents and individual businesses, and so I'll -- I'll move quickly through what I have to say.

There are three elements in the CALFED process that are bottom line significance to us in Orange and San Diego Counties: One, the necessity for depth -- for Delta export water to be the highest possible quality; two reasons there, one for the proficiency of reclaimed water systems -- in other words, if the -- if the water quality coming down the canal is better, then we have a better chance of developing a high-quality reclaimed water. Secondly, the need to deal with E.P.A. requirements concerning disinfection byproducts.

Southern California will be the heaviest hit

region on the costs of a CALFED solution. To add water treatment costs due to only adequate water supply, water quality from the Delta, will increase the burden and the risk of public support.

Second -- and this has been commented on several times, and I'll be -- I know you've heard it before -- and that's the certainty of delivery. The patchwork approach of the past, due to pumping and water quality problems of the Delta, was expensive to Southern California. In this respect, any one of the three alternatives would be an improvement over the past.

Third, the necessity of the CALFED's process to provide so-called -- and I use this -- new water. There are two elements of the CALFED process that would advance that goal. However, both of these elements have only been briefly discussed by the Bay-Delta Advisory Committee, as reflected in your past minutes.

One, one element deals with operational efficiency, which pre -- which preferred alternative best meets criteria by which the Delta can most efficiently operate.

Second, the second element is water marketing or water transfers as used in BDAC terminology. Water transfers are important to both ecosystem and water supply reliability. However, water marketing provides perhaps

the greater source of new water supplies. To implement a system of water marketing requires not only institutional changes but also the need to spell out water rights, especially to maintaining agriculture and water quality protection, yet BDAC has barely touched these issues.

In summary, the members of ACWA's Region 10 urge BDAC to accelerate discussions on the relationship of CALFED alternatives to Delta operational efficiency and water -- water supply provisions, including, especially, a water marketing system.

ACWA Region 10 believes that urban, agriculture, and environmental interests, as well as Southern California and northern rural counties, have a common interest in both of these elements, and we thank you.

CO-CHAIRPERSON McPEAK: Thank you. Thank you very much, Sterling.

MR. PANIAN: My name -- my name is Hank Panian. I'm a -- here with three hats, so to speak. I am a board member of a consolidated water district. I'm also the chair of the Water Advisory Committee of Orange County, a Bay-Delta CALFED program. I am also the chair for Region 10, the Bay-Delta CALFED program.

I appreciate the opportunity to be here, and I want to thank Mary Selkirk, over the past several weeks,

who have facilitated our -- our -- our presentation here today.

I want you folks to know that the people whom I work with in the main, in the large main, understand the CALFED mission to heal the Bay-Delta. There's no misunderstanding on that point, because without healing the Delta, nothing else will take place.

We, in Orange County and San Diego, cannot tolerate the kind of circumstances that have led up to the need for a restoration project.

I have followed the Bay-Delta process and CALFED process closely the past two years, primarily through your minutes and the web site. My particular concern -- and I can't lay this out too weakly -- is that you folks need to enhance your educational process.

Last night, for example, I attended a meeting at which CALFED Bay-Delta was discussed with average citizens. There were about 26 people there. A presentation was made on CALFED Bay-Delta, and after the presentation was made, I asked the audience "How many of you have heard of CALFED and the Bay-Delta Advisory Council?"

And less than half, almost half, raised their hands, and that constitutes a problem.

CO-CHAIRPERSON McPEAK: You're -- you've

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1 got a very aware audience; we actually want you to know.
2 That's much better than we find in our world.
3 MR. PANIAN: Well, we do a lot of work in
4 our community in that regard.
5 CO-CHAIRPERSON McPEAK: That's right.
6 MR. PANIAN: And our -- the newsletter of
7 our water agency has had articles about CALFED Bay-Delta,
8 but even then, I think there's a real problem, once you
9 get past the people who understand and have been involved
10 to the general public, that the educational process needs
11 to be enhanced, and I'd like to make two strong
12 suggestions for you in that regard.
13 One is that I feel strongly that you ought
14 to -- and maybe you already are working on this -- to
15 establish a liaison with the State Chamber of Commerce,
16 and through their communication means to their individual
17 Chamber of Commerce agencies, you will begin to reach a
18 broader public, and the second thought is that you do the
19 same with the League of Cities, because in our county, the
20 cities do not have the record for water understanding that
21 the special districts do, and I think that you -- those
22 two areas, I think you will really need to do something in
23 that regard.
24 I would urge you not to rely on the
25 newspapers, because the Los Angeles Times is already

1 fanning the fames -- the flames of division and
2 controversy and debate. This isn't 1982 anymore, and I
3 think we have to look at the reality of 1997 and '98.
4 Now with those thoughts in mind, I have two
5 general points to emphasize.
6 First, the Orange County water industry and
7 its adjacent neighbors that you've heard already from this
8 morning and this afternoon have been making heavy
9 investments designed to implement a strong water ethic,
10 and we don't want those investments to be wasted.
11 Let me give you just three very quick
12 examples. The construction of reclaimed water projects
13 throughout Orange County, and I think you probably have
14 already heard about the ones in San Diego County,
15 especially the Orange County ground water replenishment
16 system going to invest close to 16 million dollars in a
17 tremendous replenishment system. The system, by 2020,
18 will provide 100,000 acre feet of supplemental new water,
19 which will lessen the need for and drain on imported
20 sources.
21 Now I emphasize the investment in that regard.
22 Secondly, several Orange County agencies are
23 working to develop colored-water sources to supplement
24 imported water. Colored water is water that is of very
25 high quality. It's a ground water source, but through the

1 rotting of agent redwood forests and swamp materials, the
2 water comes up the color of tea and with the odor of
3 rotten eggs. That has to be treated.
4 The City of Long Beach has a program already
5 in place. Their plant cost 51 million dollars with 25
6 colored wells and seven new ones planned, each one costing
7 from 750,000 to a million dollars apiece. That's a big
8 chunk to find supplemental water.
9 The Mesa Consolidated Water District, of which
10 I am a board member, is committed to add seven million
11 dollars to an already existing investment of two million
12 dollars in colored-watered wells and facilities.
13 Now the Orange County agencies have also
14 adopted best management practices, and I have provided for
15 Ms. Selkirk an example of what our agency has done
16 implementing all 14 of them, again requiring staff and
17 investment.
18 Now for the fruits of these investments to be
19 enjoyed and realized fully, we need a successful CALFED
20 solution to restore the Delta. I appreciate the
21 tremendous complexity that Lester Snow and his staff and
22 you folks have in front of you. It isn't easy, and it's
23 going to be harder to translate that complexity to the
24 general public, but without a successful Delta ecosystem
25 restoration, a lot of other things are not going to fall

1 in place.
2 One of our major concerns with BDAC and CALFED
3 is what we hear conflicting statements on, particularly
4 with regard to demand management.
5 Dick Daniel in Pasadena on December 3rd told
6 us that, for example, best management practices were going
7 to be voluntary. We have heard that they will be
8 mandatory, that there will be incentives, that there are
9 disincentives, and I suspect that comes from the variety
10 of viewpoint on this panel, on this Council, but what we
11 need, if we're going to continue with the kind of
12 programs, particularly in Orange County, we need to have
13 some clear and distinct resolution of these kinds of
14 issues, and I wasn't necessarily encouraged by the amount
15 of differences that I heard this morning through your own
16 debates, and I know it's because these are tough
17 decisions, but we're going to need them, because our plans
18 to develop our own resources at our own expense are not
19 going to work well if the Delta doesn't get fixed.
20 I would like to suggest, along this line, that
21 BDAC continue to work closely with the California Urban
22 Water Conservation Council that I know is doing a lot of
23 work on demand management and best management practices.
24 Now my second general point:
25 Southern California is making strides and meeting the

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goals of what's called the California 4.4 million acre foot plan, which will diminish supplies from the Colorado River. There ain't going to be any doubt about that. Now to make that adjustment work for Southern Californians, there must also be a successful Delta solution that provides assurances for all involved and that will achieve a pace, a balance, between the stakeholders.

It's not going to be an easy job, but I would suggest to you that if you expand and enhance the educational program particularly now that the EIR/EIS is out, you will go a long way to helping people understand what is at stake and what needs to be done.

Thank you very much.

CO-CHAIRPERSON McPEAK: Thanks.

James.

MR. BOND: My name is James Bond, and I -- I come to you representing the San Diego County Water Authority. I am, however, a director on the San Diego Water District and a part-time City Council Member for the City of Encinitas, and in those roles, I can do nothing but applaud all of you. I see no glazed looks. You're -- no one nodded off to sleep, and we've given you more information and instructions than you ever thought you ever needed, but I did want to say that we do represent a

water supply. We import water for about 2.6 million folks in the San Diego County area, and that, of course, is the foundation of our 87-billion-dollar economy that could be at risk, as anyone who has talked to you before could be without a good, reliable water supply.

I have no intention of trying to tell you what or how to do it. I think you know that, and, in fact, I applaud the fact that you were able to come to an EIR/EIS at this point, keep everybody at the table with no known or reported homicides to this date.

CHAIRPERSON MADIGAN: Where is Steve --

MR. BOND: But --

CHAIRPERSON MADIGAN: -- by the way?

MR. BOND: But they -- I -- I did notice that Snow has developed a twitch, though, so I'm starting to worry about him a little bit, but -- but the -- the water authority staff and its directors really look forward to reviewing that EIR/EIS and commenting on it, and -- and we anticipate a substantial and, I might add, enthusiastic debate surrounding that EIR/EIS, but today I -- I just want to explain to you our interests and expectations as someone who is clearly at the end of the pipeline. Any pipeline you wish to name, we're at the end of it in San Diego, but -- but first let me tell you some of the things we're doing.

You know, by 2015 we fully expect to have about a hundred thousand acre feet a year of water through water reuse, reclamation, and things of that nature, programs such as that, and -- and we fully expect and plan for an additional 80,000 acre feet in conservation, so we're very much committed to maximizing the effectiveness of the water that we have, and while we do not have a large supply from the Bay-Delta area, we nevertheless have some and we'd like quite a bit more.

You probably heard about -- maybe a little bit about the transfer that's in the works for conserved agriculture water from the Imperial Irrigation District to the San Diego Union. We think that that's one of the important things that will help maximize the use of all water that we have here in California and get into or meet the 4.4 million dollar -- or a "million dollar" -- million acre feet water requirement or water limitation, and we expect that the CALFED solution, whichever one it is, will help San Diego in a way that it will provide it with a reasonable, affordable, high quality, reliable supply of water. That's a challenge. That's what everybody has asked you for, but those are some of the interests we have, and beyond that, you folks are going to -- are working on, and will continue to work on, more than that, beyond what's happening in the -- in the CALFED or the Bay

area.

You're going to have to help bring about institutional changes, and some of us are the ones that are going to have to change, but, you know, if you say so, maybe we'll listen to you a little better, but -- but you will be at the front end of that, and we all will have to change the way we do business, particularly with the water.

Right now we would also like to see -- we're also asking for assurances, I should say, from the Metropolitan Water District, who is our state water importer for us, and the reason we want them to stay good and healthy is that the water that they get from the State project should be about a 50/50 mix with what we get in the Colorado water. That's what we pay for, but we have been unable to get that in the years past, and our best this last year is about a 15 percent mix, and when we go into our aggressive reclamation programs, it's very, very difficult to deal with the high dissolved solid content we see from almost total Colorado River water which we've seen for the last six years or so, so that helps us.

We can get rid of, in reclamation, the bioscience much more easily than we can the dissolved salt, so we're -- we're anticipating success, a solution that's fair and equitable to all, and I guess that will

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mean that all of us won't get exactly what we want, but by the same token, I think that -- that all parties at the table should leave feeling as though they've gotten something, but I think everyone at the table will want to leave feeling as though they have to do something more than we've been doing, and for that, we'd say we wholeheartedly support a CALFED solution, but it would have to be an alternative for us to support that would bring about some of those kinds of things.

We cannot continually effectively utilize the water we have and reuse it and reuse it. In fact, we're getting not famous work from the press on our toilet to tap stuff there. There's some concern that they'll even allow us to do that, which we think is -- is very important, so we're working on that. We intend to work on it, but it's -- it would really be helpful if this thing works and we do see some more of that Bay-Delta water.

Really appreciate the opportunity to talk to you.

CO-CHAIRPERSON McPEAK: Thank you.

Thank you, Sterling and Hank and James.

And one last public comment or comment from the public before we break for lunch, and that's from Tom Sutton.

Is Tom still here?

Perhaps he had to leave. Then let me just say what Mike Madigan and I have to propose to you as a process.

It's been my honor to facilitate this public comment process right now, and it was set up that I would do it, since we were going to lead off, originally, with our Chairman on a panel, and we're going to do that, but we're going to do that after we return from lunch.

As you know, Mike and Martha and Tom forewent their comments in order to hear from the public, and when we reconvene -- I think we should do that around 2:15 and try to be prompt -- we also will be joined by Chairman Mike Machado, Assembly Member Mike Machado, who chairs Assembly Water, Parks, and Wildlife, so that's what we will have, as a kickoff after lunch.

I thank the audience very much and our presenters from the Southern California Water Committee, the environmental community, and ACWA in enlightening all of us and engaging in this process.

We will be told where to go for BDAC, and then everyone will be invited back here at 2:15.

COUNCIL MEMBER SELKIRK: I actually think they were going to set up in here. I'm not sure where lunch is.

CO-CHAIRPERSON McPEAK: We don't -- we

don't know where lunch is. Stand up and wander around and figure it out.

Be back at 2:15.

(A lunch break was taken from 1:48 p.m. to 2:24 p.m.)

CO-CHAIRPERSON McPEAK: All of you in the back, if you'd like to sort of move to the front, we would appreciate it, and particularly all the BDAC members come reassemble at the table.

Okay. My colleague, Tib has just informed me that I broke up what was just about to be a major settlement in the back of the room by asking you to -- to reconvene, so once again it's my fault that Tib and Pietro did not reach a -- a consensus around things, but we'll have you do that over dinner.

We are going to proceed with the morning program that we deferred and also add to that a dis -- a presentation and discussion from the Chairman of the Assembly Water, Parks, and Wildlife Committee, the Honorable Michael Machado, from the San Joaquin County, Stockton area, and earlier this week we -- the Assembly and Senate committees had a joint hearing on the CALFED process, and Lester and I and others here in the room had the opportunity to go before Mr. Machado to address his questions, and we are really privileged that Mike took the time to travel here today to address us, and we chatted

just a little bit over lunch.

We really thought it was important to have Mr. Machado give us some insights to how the legislature views the CALFED BDAC process and also some of the themes and issues that emerged out of that joint hearing on Tuesday, so with that, Chairman Machado, thank you very much for being here.

MR. MACHADO: Thank you, Sunne, and good afternoon to all of you, and thank you for the opportunity to be here.

For some of you, it's an opportunity to have the reverse of what we did Monday, probably.

CO-CHAIRPERSON McPEAK: Right.

MR. MACHADO: But before I get started, I've got a comment. I think, you know, the process has been extraordinary, what BDAC has done, the organization with the various agencies, CALFED, and the communications that have taken place, the dialogue that has brought about some of the changes that have been implemented and some of the vision as to where we go with respect to trying to meet the future for California's water needs. It's unique, and one should not underestimate the progress that's been made, but I think we are coming a point -- across, at the point in time, some major challenges that go beyond what has been considered heretofore within this

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1 process.
2 The -- the process has basically taken place
3 through an advisory group involving stakeholders,
4 involving public input, that has then worked with Federal
5 and State agencies to come up with a set of proposals that
6 loosely has been interpreted to mean that there are things
7 that can happen without there being any sort of oversight
8 by the legislature, and that we're looking at
9 administrative implementation of decisions.
10 There is also the feeling that many areas that
11 will be affected by many of the decisions that are being
12 proposed have been left out, not been fully heard, and are
13 at the point now that they are saying, "Wait a minute.
14 How can you go ahead, if you haven't asked us what it is
15 to be a part of?"
16 We talk about getting better together. Many
17 people basically feel they haven't had an input into the
18 prescription that we're asking people to take to cure the
19 illness, and with that absence, we're seeing more and more
20 reticence to embracing what is being put forward.
21 The first phase has been the easy phase. It
22 was a way to provide, in a very real time, the ability to
23 address some of the problems that were out there with --
24 in terms of ecosystem, because of the allocation of the
25 additional waters for those -- those means.

1 Proposition 204 provided some funding to be used to be
2 able to continue those projects. And it was all done
3 based on this consensus of moving forward, and
4 strategically, I think it was great, in terms -- in the
5 way that you took one of the diverse aspects of restoring
6 the estuary and those interested parties in being able to
7 address those up front, but the second phase I think is
8 much more problematic.
9 We're being asked to look at -- and by "we,"
10 from the legislative body -- at three alternatives that is
11 a culmination of almost four years of work, over 3200
12 pages of documentation, that has focused on three
13 alternatives, each of which has their own controversy,
14 and, in the process of looking at that, are asked -- were
15 asked to accept that within 75 days there's going to be
16 some resolution of differences, some determination of a
17 preferred alternative, a process for implementation, and
18 "trust me" on the assurances. That's not going to work.
19 The -- when I look through the executive
20 summary, I am intrigued with the inconsistencies, the
21 inconsistencies between having focused direction to go
22 somewhere and continually being reminded that this is all
23 part of a process of which we're going to evolve to some
24 sort of resolution of those issues that are outstanding.
25 Well, it's difficult to think that we can

1 start engaging in embracing a project that's going to cost
2 multiple billions of dollars on the promise that there are
3 going to be assurances, that third-party impacts are going
4 to be adequately taken care of, that there isn't going to
5 be an extreme distortion in the availability of water for
6 not only the current needs of those that depend upon the
7 Delta, those in the water -- in the areas of origin that
8 contribute to the water of the Delta, and those other
9 agencies further down that depend on the supply going
10 through the Delta, and this I think is what was the
11 general -- the -- the -- the statement that was being made
12 on Tuesday in the committee hearing, was that in the
13 conversation range from the minutia to the details and to
14 the size of the fish streams and whether or not the fish
15 streams would be effective at certain C.F.S., to whether
16 or not there was assurances that were going to take place
17 that could justify taking a good look at a specific
18 alternative, mainly alternative three, and the debate as
19 to whether or not alternative three is an
20 environmental-baked transveyance/conveyance facility or
21 just a peripheral canal, and in 1982 the public and the
22 State of California spoke on the peripheral canal.
23 Now I come from a region that is a switching
24 yard for California's water. The water coming from the
25 north gets deranged in my district and it's pumped south.

1 My district gets better together with the
2 system or it doesn't, but yet that component of this
3 puzzle has basically been left out of the deliberations
4 and considerations of what's going on, and I find it very
5 troublesome, the fact that we're talking about 12 policy
6 hearings up and down the State and we're not having one in
7 San Joaquin County.
8 How do you expect that area, the area that is
9 most susceptible to the impacts of how an isolated
10 facility or peripheral canal is operated, an area that is
11 very dependent, because of the whole array of tributaries
12 that rely on the east side of the San -- Sacramento and
13 the San Joaquin River at their convergence, that relies on
14 the assurances, in terms of the east-side water needs, in
15 terms of the south and central Delta water quality, and in
16 terms of how you handle the water in the north Delta, but
17 yet we're asked to take a look with a "trust me" or
18 proposals that has not yet addressed the assurances from
19 an operational standpoint for agriculture, from an
20 operational standpoint for the urban and industrial needs
21 of that part of the State, and from the operational
22 standpoint from the environmental concerns, and we're
23 going through a process that we are, by coincidence,
24 letting the legislature know that we're going to be doing
25 something, but, in fact, there is no legislative oversight

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at this point in time, and that's where we're at in terms of the legislature bringing questions and bringing increasing attention and increasing demand to have a role in oversight, what is happening in terms of the implementation of an alternative and the proposal of the funding for it.

I also think it's important to separate very distinctly the flood bond, flood protection act, A.B. 254 or S.P. 312 that Senator Costa and myself have and that from any consideration of what's being done through CALFED with respect to the Delta.

I will state, and I have stated continuously, that anything that's done in a flood bond has to be complimentary to whatever happens within CALFED, and whatever is done can be a part of whatever those results are, but as some of my colleagues are trying to do, and use the flood bond as another leg of a three-legged stool, as part of the funding of the water solution, as embedded into CALFED, you will end up with the bond being a referendum on CALFED, and I don't think anybody wants that, but the bond does take into consideration many of the discussions of proposals that have been talked about within CALFED.

When you talk about multiple use -- multiple uses for being able to manage flood control waters,

whether it be restoring and rebuilding levees, whether it be in using nontraditional means of set-asides of providing for floodways, providing for off-stream storage as a method for flood control that, as an adjunct, can also be used as additional water supply in other times and needs, using conjunctive use for ground water storage as a way to divert flood controls, but provide flood storage and other positive benefits that come back through, and particularly in my area, a barrier between salt water intrusion, restoring an aquifer, and in looking at it in terms of true conjunctive use, where you get to go back in, and in times of need, be able to extract the water that's been placed in the underground.

I think those -- you can say make a valid argument that what has happened in the State in the course of the last two years, the billions of dollars of damage to private property, public infrastructure, and the tragic loss of lives, that there is a need for us to take a look at a system that is outdated, underfunded, and in need of repair, and we should be able to do that separately from with CALFED, but what we do do should not, as a way -- should not detract from the efforts of CALFED, but as some are talking about -- I'm going to repeat myself -- where they look at this as a funding mechanism for administratively-placed and instituted alternatives, then

the bond becomes a referendum on CALFED, and I think that defeats the purpose, and it also defeats the efforts of so many people over the course of the last four years.

There's -- I think what we really have to take a look at, when you start looking at what we need to do and perhaps what has been overlooked within the process so far, there hasn't been any direct addressing of trying to seek a balance between the demand side of water for California and the supply side of water for California.

We have been talking about how to meet, but we haven't necessarily started talking about looking and saying, "Perhaps we have a finite supply of water," and as you have a growing population and you have the diverse uses for the water that's taking place and the competition that's taking place, how do you deal with that?

I come from agriculture, and, indeed, in agriculture, that's a word on the demand-side management that's often looked at with great skepticism and great fear. I don't think we should be excused from that. I also believe that we ought to be looking at an environmental base that needs to be sustained and start building from that.

We also ought to be looking at the cost effectiveness of alternative proposals as we start looking at the three that are out there. What is the cost when

we -- you know, if one of the objectives is water quality, what is the cost of treating water at the point of distribution with some of the technology there, versus what the cost of the water will be by a micro improvement in water quality through an altern -- any of the one of -- any of the three alternatives through the Delta that's still subsequently going to have to be treated?

What are we going to be -- where was -- where's the discussion on reuse, recycling?

And that's in all sectors, and there -- we haven't seen that, and that's a question that's being asked at the legislature.

You know, when we talk about trying to deal with the T.H.M.s and we talk about trying to deal with the bromides, we can deal with that running it through a treatment plant, through very -- with reverse osmosis or other technologies.

Have we really started looking at what the cost to the water is going to be, versus the cost of implementing those technologies?

What is the cost of dual systems in some of our urban areas that require -- that -- that provide for a more efficient use of the -- of water?

An efficient use of water has been talked about as one of the goals and objectives, but it should go

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1 beyond that within the Delta.
2 Tools like water transfer, they should be a
3 consideration of, but they should not be a component
4 within CALFED that becomes an administrative
5 implementation, because there are a whole list of issues
6 that have yet to be argued about, yet to be discussed.
7 I know there are people that feel that we
8 could -- should go to a pure marketplace or, as some have
9 said, a genuine marketplace, and I have as much problem in
10 trying to get a definition to a "genuine marketplace" as
11 they do in terms of an excess profit, so I will concede
12 those differences, but I think we have to look at what are
13 third-party impacts of water transfers, what's the effect
14 of water transfers with -- within homogeneous markets and
15 those within heterogeneous markets, and how do you affect
16 this, how do you put the safeguards in it?
17 You know, there was comments made in the
18 executive summary about the tradeoffs to agriculture, the
19 loss of jobs in some local economies, and distortions into
20 other regions. I don't think that's tolerable. I think
21 we have to start addressing that, to try to keep it whole,
22 because I think each of us, in our separate economic
23 spheres, should be allowed to pursue that to the utmost,
24 and I -- those discussions can't take place at a
25 stakeholders' meeting, at a series of public hearings, and

1 then be given to a collection of 16 agencies that said
2 "We're going to go this way."
3 It's not going to work, because what will
4 happen will be the introduction of legislation that's
5 going to state that nothing will be funded until the
6 legislature approves.
7 There are vehicles there now to engage the
8 discussion of transfers. 75 days is not long enough to
9 resolve those issues. 75 days to look at what the
10 assurances are going to be, with respect to alternative
11 three, two, or one, is not enough time to be able to do
12 that and have the tolerance and the patience of Sacramento
13 to allow that to happen, and I think we have to be careful
14 that we don't end up in a media war between competing
15 contingencies over the evaluation of this.
16 Quite frankly, if we wanted to proceed, there
17 is a Northern California constituency that says "Take
18 alternative three off the table and then engage in, over a
19 longer period of time, the imple" -- "the scoping, the
20 looking at the other alternatives, and work with the
21 legislature to find" -- "to define language" -- "to define
22 the ability for oversight to put forward the
23 implementation and funding to pursue them," but I think if
24 you take -- if you take from the message that was given on
25 Tuesday, from both sides of the aisle, from all four

1 points of the State, there were a lot of questions and a
2 lot of concerns that the legislature has been overlooked
3 and not a part of the process, and with the current state
4 of the legislature, because of the transitory nature as a
5 result of term limits, there is going to be more and more
6 a concern for reacting from what's in an individual
7 district than what is good for the vision in terms of the
8 re -- the total of California, and that, too, then becomes
9 another grave hurdle, not to mention the fact that I think
10 in November we have an election, the potential change for
11 administration, and people are looking at, "Well, wait a
12 minute. Why saddle somebody in the future for something
13 that's" -- "may not be fully discussed, fully reconciled
14 with at the present?"
15 Quite frankly, I had stated earlier that I was
16 willing to be a part of the process, that I would be
17 tolerant of the alternatives, but I felt personally boxed
18 in, in terms of the presentation, in terms of the media
19 that came out with respect to staff members as to what was
20 preferred alternative, and that what -- regardless of how
21 you read it, what we're looking for -- looking towards is
22 a peripheral canal or some version of that, and the fact
23 that the area that stands to gain the most the earliest,
24 but also has the most at jeopardy because of the
25 implementation of that, was not a part of the discussions

1 or deliberations that were to take place over the next 75
2 days, and that, I think, becomes the beginning of the
3 talking point that many of my colleagues in
4 Northern California are starting to rally behind, in terms
5 of where CALFED is going.
6 The easy step has been taken with respect to
7 Phase I. Phase I has taken over three years to do. I
8 don't think we can expect to complete Phase II in 75 days,
9 when it comes to, one, guaranteeing insurance --
10 assurances; coming out with both political and legal
11 reliability, to stand the test of time; to be looking at a
12 funding mechanism that can endure two decades of which
13 will be, for example, on the assembly side, probably five
14 changeovers in a body of 80 people, as compared to what
15 we've had for the last two decades prior to it.
16 Those all have to come into the mix, and if
17 you have -- and if you take a look into what has happened
18 with the more contentious issues that have faced the
19 legislature in the most recent past, the more complex they
20 are, the more pressure that is put to try to do something
21 effective with them, the less that gets done.
22 I'll open up -- stop there and open up for
23 questions.
24 CO-CHAIRPERSON McPEAK: Thank you. Thank
25 you, Chairman Machado, and you -- you are able to take

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1 questions.
2 MR. MACHADO: Yes.
3 CO-CHAIRPERSON McPEAK: Is that right?
4 I'd like to open it up.
5 I -- I would like to share with members of
6 BDAC that on Tuesday I thought that there was a
7 significant amount of interest exhibited by members of the
8 Assembly and Senate committees. You know, there was not a
9 bill up. It was simply -- it was simply a discussion of
10 this item, so it was a -- if you will, an oversight
11 hearing, and all the chairs were full. People came in as
12 they could, a wide range of the -- the geography of
13 California being represented, and Chairman Madigan and
14 Lester and I have had quite a -- quite a bit of discussion
15 lately about how to have this -- and a productive exchange
16 and dialogue with the legislature and members of congress.
17 You've just heard from Chairman Machado some
18 of the concern that has been expressed by several members
19 of the legislature.
20 I don't know the answer to that. I think
21 having Mike here today and making a special trip down is a
22 pretty important step, and us being invited to come and
23 present on Tuesday to Chairman Machado and Chairman Costa.
24 I will say that a lot of the members of the
25 legislature, of course, looked at the 12 scheduled

1 hearings and said, "Why not my district?"
2 And it was a great faux pax on our part not to
3 have scheduled one in Stockton. Lester has remedied that
4 and announced that we are going to do that. That's a bit
5 of our initial, you know, sort of stupidity, but then I
6 will also say that other legislators, of course, said,
7 "Why not my district?"
8 Well, I have agreed to go with
9 Assembly Member Honda. Mike Honda asked, "Why not
10 Silicone Valley?"
11 I said, "Why not Silicone Valley? I will meet
12 you, if you'll be there. Mike, you show up. I'll be
13 there."
14 And so we are probably going to look at how
15 members of BDAC can work with members of the legislatures
16 for additional outreach. That is on the agenda for
17 tomorrow for more discussion. I just wanted to cite that
18 as an example so that you could understand we're trying to
19 have, at a higher level, with the direction from
20 Chairman Machado and the members of the legislature, a
21 discussion about the process, that would be productive to
22 work with members of the legislature, so we're -- we're
23 working on that.
24 I don't know, Mike, if you have any other
25 comments about how you would like us to have this dialogue

1 and to have the oversight that the legislature and
2 congress is ultimately going to be responsible for.
3 Any other ideas about how we should be working
4 together and -- and -- and -- and having more of an
5 exchange?
6 MR. MACHADO: I think the schedule -- the
7 meetings that are scheduled statewide will be very helpful
8 and the continued process within the stakeholders, but I
9 think the bottom line is that there will probably be
10 implementing lang -- language that's put into the
11 legislature that will require any imple -- any alternative
12 to have legislative approval prior to its implementation.
13 As it is now, with the interpretation of the
14 Burns-Porter Act and the direction that seems to be looked
15 upon by both the Federal and State level that much of
16 what's being done with respect to CALFED can be done
17 administratively, and I don't think at this point you have
18 a legislature that's going to be very tolerant of that.
19 CO-CHAIRPERSON McPEAK: Okay. Let's open
20 it up for questions.
21 Yes, Tom.
22 COUNCIL MEMBER DECKER: This has been
23 very interesting to listen to, especially based on my
24 trips to the legislature in the last few days.
25 You would see one of my issues with BDAC and

1 CALFED is -- which I am about to, I guess, when I get up
2 there, do, is to talk about focus briefly.
3 It seems to me we have just heard from the
4 person with the finger on the gate and the pump in the
5 south Delta, and it would seem to make sense to me that we
6 figure out some way to respond -- I -- I guess I would
7 call it a criticism, not a threat -- about the fact that
8 we weren't engaged with the Assembly or CALFED wasn't
9 engaged, but it would seem to me, through all the other --
10 while we're soaring around the State with hearings and
11 assembly and legislators that want to have hearings in
12 their district -- it would seem to me that the person with
13 their finger on the button ought to be brought in, and we
14 should get behind a closed door or an open door or
15 something and get started in our discussions, because,
16 although we didn't bring it up, I think the speaker
17 brought it up and said, "I" -- "My district is at" -- you
18 know, "is camped out at the" -- whatever it's called,
19 the --
20 CO-CHAIRPERSON McPEAK: Switching yard.
21 COUNCIL MEMBER DECKER: -- floor bay, the
22 switching yards or the floor bay, so let's get on with it.
23 What can we do about that?
24 And I think we let everything else flow, but
25 here is an item right in front of CALFED or us, as

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advisors to them, that we can do something.

CO-CHAIRPERSON McPEAK: Thank you.

Martha.

COUNCIL MEMBER DAVIS: Chairman Machado, a number of us have been concerned about the time line that is in front of us, both for the public input into the proceedings and then, of course, the remaining work that needs to be done in detailing issues and concerns that have been laid out in the Phase II report, and then ultimately pulling this altogether.

I'm pleased to hear you raise the question, and I guess my question to you is: What do -- would you recommend as a time line in which we should be working together to try and get at these issues?

MR. MACHADO: Well, I would suggest that 75 days late summer, early fall as an implementation as a time line is totally unrealistic.

If I can quote from the executive summary, it says, "CALFED has not made any determination about how the alternatives perform in terms of assurances or consistency with the solution principles. Although extremely critical of the ultimate decision of a preferred program, evaluation of these characteristics is highly subjective and CAL intends to make the evaluation only after considering the comments of the interested public."

3200 pages requires somebody to look at it 40 pages a day for the next 75 days to be able to provide some public response, and after you do that, if, as I counted up, there was a request for 33 public hearings and not 12 at the end of the committee -- I know what the intentions are, but can CALFED do it?

And I would submit that they can't.

And if they do try to do that, you can bet there would be a series of oversight hearings that would want to know how CALFED got to that point and how CALFED expects them to have credibility over that, to be able to implement it, so I would suggest that we take a more realistic look at that, and if it has to be another year, then I think that that's someplace where we ought to go, because you're talking about trying to make a decision that in some scope you hope to tie people to a 20-year dedication for implementation, even though we are looking at adaptive management principals.

COUNCIL MEMBER DAVIS: I appreciate your comment. I think that, from our perspective, we all agree that we want to do it right. This is too important.

CO-CHAIRPERSON McPEAK: Other comments or questions to Chairman Machado?

Yes, Ann.

COUNCIL MEMBER NOTTHOFF: Just to

encourage the interest and involvement of the legislature, and thank you for your presentation today.

I think that it's clear from the documents that released on Monday that there's areas of -- in CALFED where the program has really made a lot of progress; there's other areas where the program has accurately acknowledged that there's more work to be done, and I think that in help -- in getting -- it's very helpful, in moving forward from this point, to get a realistic assessment from those of you who have been involved in this for a long time as to, you know, where those areas are that do need continued work, and I think that you're correct in -- I haven't heard it calculated the way you just characterized it, in terms of 40 pages a day, but I think that it's in -- inescapable conclusion that we're -- we're being -- asking the public and even people who understand, have been roughly familiar with this, to get a handle on it in such a short time and to get informed comments is going to be a real push, and appreciate your comments on that in terms of taking the time necessary to -- to get to the right answers.

CO-CHAIRPERSON McPEAK: And since Monday, I'm already a hundred and sixty-eight pages behind, so...

Okay. Patrick Wright.

COUNCIL MEMBER WRIGHT: Yeah, let me just

state real briefly that -- that on behalf of the Federal side, we recognize, too, somewhat belatedly, that we have not done the level of outreach that we need to do with the State legislature. I have talked just in this past week to Felicia Marcus, Bob Perciasepe, and others, and we hope to schedule a series of briefings the next time the Federal folks are in town, to make sure that the Federal family hears firsthand some of the concerns that you and other folks in the legislature have raised, so hopefully we can get that dialogue going, as well.

MR. MACHADO: Well, let me -- let me state to you, Patrick, though, I'm not talking about outreach and dialogue. I'm talking about being in a position to have oversight to whatever is happening. There's a great big distinction there.

COUNCIL MEMBER WRIGHT: No, I recognize that. I think we all recognize the importance that the legislature has in this and that we need to collectively do a better job of trying to make sure we address that.

CO-CHAIRPERSON McPEAK: And I -- I think I finally -- I mean I understood, in a -- in a maybe deeper way, Mr. Machado, that concern about Burns-Porter and an -- and an administrative decision on the transfer mechanism that I think -- it certainly resonates with something that I'm -- I'm aware a lot of areas of

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1 California have concern about, so we may need to have
2 further discussion with you about how that gets stipulated
3 and ask, Lester, for you to relate that to the agencies.
4 I thank you, Patrick, taking that back to the
5 agencies to -- to underscore what has been -- what is a
6 concern behind some of the legislators' comments that
7 there might be, without reporting out and decision by the
8 legislature or congress, implementation. That -- that is
9 a -- I think I -- I'm hearing that.
10 It starts, though, with also dialogue and
11 exchange.
12 I had the opportunity to be back in -- in
13 Washington with Mr. Machado and other members of the
14 Federal -- California Federal delegation, and I think it's
15 fair to say Tom -- Tom was there. Anybody -- I don't know
16 if anybody else was there, but --
17 COUNCIL MEMBER GRAFF: And Steve Hall.
18 CO-CHAIRPERSON McPEAK: -- and
19 Steve Hall, right.
20 That there is -- that that was one of the
21 first times that there was a significant discussion among
22 the -- between the Federal and State legislators about
23 CALFED, you know, and the issues of water throughout
24 California, so this is a -- a multifaceted challenged in
25 terms of dialogue first, in order to get to consensus, to

1 get to action that is both legislative and administrative.
2 Any -- any last questions?
3 CHAIRMAN MADIGAN: Bob Raab.
4 CO-CHAIRPERSON McPEAK: Oh, Bob. I'm
5 sorry. Thank you.
6 COUNCIL MEMBER RAAB: I highly applaud
7 most of what you have to say.
8 No, I didn't mean that to be facetious.
9 CO-CHAIRPERSON McPEAK: I'm sorry, Bob.
10 COUNCIL MEMBER RAAB: I really wasn't,
11 but I just have one slight -- well, not so slight
12 difference in perspective, when you speak about the need
13 for legislative -- the legislature has been overlooked,
14 and we need legislative oversight.
15 My history of this whole issue goes back 25
16 years, and the public interest groups started in the Bay
17 area and in other parts of Northern California and the
18 Delta started the -- gave the impetus to winding up our
19 legislatures, as many as we could, toward opposing several
20 of the legislative bills that came up during the '70s and
21 culminated in S.B. 200.
22 By and large, it was not the legislators
23 themselves that were the -- that kick started the issues,
24 and I submit that it's even less likely today that the
25 legislators are going to get, for the reasons that you

1 cite -- are going to get a handle on this complicated
2 issue, unless the legislature itself starts reaching out
3 to its own constituents.
4 I can speak from personal experience that my
5 State legislator is very much involved in other issues and
6 doesn't really have a clue of what's going on, as far as
7 CALFED, and so I just submit to you that let's have the
8 legislators start reaching out to their constituents and
9 getting their input.
10 MR. MACHADO: Well, I think I've
11 reflected some of the -- what my leg -- my constituents
12 feel from conversations that I have had with them, and
13 also I find myself, I think, in a little more unique
14 position than many more of my colleagues, because I am a
15 water user, in terms of agriculture. I depend upon
16 surface water. I also depend upon ground water. I'm
17 familiar with the economics and what that means to local
18 economies, and as my capacity as a State legislator, as
19 well as chairman of this committee, I'm also cognizant of
20 the responsibility to 33 million Californians.
21 I think that we can look at what we have here
22 in front of us as being a roadblock in which the road has
23 been washed out, and we can't cross it, or we can look at
24 it as a roadblock that we can perhaps look at what we've
25 defined as a path that we want to take and see if there's

1 some -- going to be some changes in that path and go back
2 in and start looking and working for a consensus that
3 tends to meet the overall needs of California.
4 I think that in some areas there has to be a
5 broadening of the discussion of participation to the goals
6 of trying to achieve water quality, water-use efficiency,
7 and I don't think that we can totally look at trying to
8 meet the two of those on the back of those that
9 participate in the immediate -- immediacy of the estuary,
10 and that is the -- that's kind of where the feelings are
11 for that -- for the major part of the people that are
12 involved in that.
13 I mean I don't -- I mean if you want to be
14 blunt about it, there has been three informational
15 hearings about CALFED. Except for those that have come to
16 my office from the water agencies that are concerned about
17 this, there's been few others that have talked about
18 CALFED, and there's been, if you take a -- I would imagine
19 if you were to take a poll as to how many legislators are
20 understanding of CALFED, it would reflect what the recent
21 poll showed statewide.
22 CALFED is probably understood more to be a
23 bank than to be an agency to start watering -- managing
24 the waterways for California, so there's a lot that has to
25 be done, but the unfortunate thing, all of us in this

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community tend to talk well to ourselves and not to those around us, and we don't tend to try to engender that understanding and nor do we tend to take -- try to step back from the parochial positions we often find ourselves in because of the advocacy that were placed because the contingencies that we have to try to look beyond our more immediate needs.

And I know Alex, as a constituent of mine, has some very determined perspectives of how the south Delta should be treated, but I also was in a meeting with Alex when one of our other colleagues, who I mention as having a pill-box mentality when it comes to dealing with the Delta, told him that we shouldn't bunker down quite yet, because there's still a lot of good to come out of the process. What we have may not necessarily be right, but that doesn't mean we don't continue to keep going.

What is really important, I think, is to identify what may very well be the deal breaker and see if we may not want to back down from that to be able to continue the conversations to go forward.

There are people, and myself included -- and I'll be the first to say that I'm dedicated to try to find a solution for California's water problem, and I think that that -- we have a snapshot in time to be able to do that.

If we don't take advantage of this period of time to try to put together an effective flood protection, water bond package that has the components within it to try to deal with better management of the flood controls, consistent with trying -- with maintaining a healthy estuary of the Delta, consistent with trying to be able to protect our cities and our farmlands, consistent with taking a look at the recreational and agricultural and urban needs also that are out there, that, as a part of that, has to conclude -- has to include a concept of conjunctive use and off-stream storage.

None of us should be -- have our backs against the wall at this point. We ought to all take a step forward. It's often like I find in racquetball. You don't want to get next to the back wall, so you reach your arm out. That way you have plenty of room to swing, and I think we all need to take a step forward. Instead of swinging, extend an arm out that says we ought to be talking together, because I think there -- and from what I have heard from other people, with respect to issues such as storage, there are differences out there, but those differences are not insurmountable, and there has to be give and take on both sides, and if we lose the opportunity to do a flood bond, think of how difficult it's going to be to try to implement any one of the

alternatives in the CALFED.

At the same time, I think we need to take a look at where the deal breakers are in terms of the CALFED process, and I think it was pretty evident on Tuesday, and maybe we ought to provide a little more latitude in terms of the scope of discussion, broaden it to include some of the other tools and technology that may be out there to be used within regions, as well as be applied between regions, to try to achieve a more effective use of water, try to achieve a more -- a better quality supply of water, and it may not be exactly as be -- as has been presented into the volumes of pages that are out there, but I think we need to take -- take a heed of what the concerns that were raised by legislators who are speaking from the communities that they represent.

CO-CHAIRPERSON McPEAK: Chairman Machado, thank you very much for taking the time to be here.

Mike has taken me to task, appropriately, in the past for not having figured out how we have a discussion between BDAC and CALFED and the legislature, and even though I screwed up, he's always continued to reach out and put the oversight hearing together on Tuesday, rearranged his schedule to be here, to fly down. I appreciate that. We all, I think, want to commend your leadership and your commitment to CALFED and to, quote,

"overall solution" for managing California's water resources.

We look forward to continuing to have not only this exchange but a real engagement, and I just want to say to you, Bob, one of the -- one of the techniques -- it might not be a good one that I -- that I used on Tuesday was to invite every one of the legislators to come to those 12, 14, 21 hearings, you know, to -- to get them into the room, so that they, too, are hearing. I think that's one of the things we'll discuss tomorrow, but we want to -- we want to have as much engagement as possible.

I know you are going to leave in awhile, but we'd invite you to -- if you want to come sit right there at the table, it -- it's nice to have this turn of -- of -- of events. I don't expect to have it very often in my life, Mr. Chairman, so I -- I wanted to do -- you know, savor it, but you're -- we would invite you to stay as long as you can, and, in fact, what we're going to do is wind -- wind up the public comment period that we started this morning with some comments from Tom and Martha. I'm going to then end with Mike, our Chairman, and give it back to him, since he's much better at chairing this than I am.

Do you have any final comments for us?

MR. MACHADO: Other than that we have an

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1 opportunity, and let's continue working together.
2 CO-CHAIRPERSON McPEAK: Thanks, Michael.
3 Bye-bye.
4 COUNCIL MEMBER NOTTHOFF: I -- I just
5 can't help but point out that certainly if Alex Hildebrand
6 is one of your constituencies -- constituents, your region
7 has been well and frequently represented on the Bay-Delta
8 Advisory Council.
9 CO-CHAIRPERSON McPEAK: Thanks,
10 Mr. Chairman.
11 MR. MACHADO: Thank you.
12 CO-CHAIRPERSON McPEAK: Stay as long as
13 you can.
14 We have asked Tom Decker, Martha Davis, and
15 our Chairman Mike, to summarize from this -- from -- from
16 their viewpoint, in regional viewpoint, what the CALFED
17 process can do. In fact, we were going to kick off the
18 morning, and we had two questions for both of them -- or
19 for all of them.
20 The two questions were to look at the most
21 critical issues in water management facing
22 Southern California and going into the next century and
23 how can CALFED make a contribution and recognizing that
24 CALFED is not charged with trying to solve all of
25 California's water problems, what can be the most useful

1 outcomes for CALFED?
2 So we keep modifying this process, as we go
3 along, in order to accommodate the schedule and to take as
4 much public input as possible, but I think maybe what you
5 might do is just address both of those issues at the same
6 time, and then we can have more discussion, but if I go
7 with Tom and Martha and Mike, I can end up back with your
8 Chairman and pass the gavel.
9 So Tom.
10 COUNCIL MEMBER DECKER: All right. I
11 hope you can hear me all right. This is sort of my first
12 at -- opportunity to say "hello" to you, even though I've
13 been here a couple of times, and I do live in Los Angeles,
14 and I do represent the State Chamber of Commerce, so I --
15 I'm from kind of a business perspective.
16 I feel I must give you 30 seconds of
17 background to sort of try to qualify myself.
18 I grew up in Sausalito, California. I'm a
19 true Northern Californian now living in L.A. I never had
20 a bicycle, because I had to have a -- so you had a boat
21 when you grew up in Sausalito, California.
22 I have spent probably 45 percent of my free
23 nonworking time either sail -- sail -- being on the ocean
24 or on the Bay or in the Delta, and I am a true Delta
25 yachtsman. Even I have lost three or four propellers and

1 anchors in the water hyacinth, and even I have never put
2 gasoline on the water hyacinth like used to happen in the
3 Delta, and even I am totally committed to making sure we
4 come up with a positive ecologically-sound solution.
5 Now having said all that, I want to -- I was
6 asked to give kind of a Southern California perspective,
7 and I've changed this three or four times based on what
8 I've heard today. I would like to start out with a little
9 quick preamble about something that came up from almost
10 every speaker, and when I conclude, I'm going to try to
11 remember to repeat it, but I want you to try to remember
12 it, even though you don't want to remember it, because it
13 doesn't maybe relate exactly to the Delta.
14 The first thing is all those speeches this
15 morning about the -- California being the seventh largest
16 nation state economy in the world, which is true; the
17 second part of is that Southern California is the
18 11th largest nation state economy in the world, and Los
19 Angeles itself is the 14th largest nation state economy in
20 the world.
21 CO-CHAIRPERSON McPEAK: And the Bay area
22 is the 21st.
23 COUNCIL MEMBER DECKER: Way down there,
24 in terms of the politics and the economic muscle,
25 et cetera.

1 The reason I bring that up ahead of time, and
2 not to create controversy, is only, as I conclude this, to
3 remember that what we are talking about is a desert region
4 which has unbelievable economic clout and power, and based
5 on my recent session with the new speaker of the Assembly,
6 political muscle, so let me go into this quickly and
7 simply say that I grew up spending -- hearing all the
8 bitter allocate -- allegations about Southern Californians
9 watering their driveway. I am a veteran of the
10 Richardson Bay or the San Rafael -- Richmond/San Rafael
11 Bridge pipeline and the drought.
12 I have walked with Mrs. Twelliger, since I was
13 a little boy, around the Richardson Bay, so I am tuned and
14 very cognizant of making sure that we do a smart
15 ecological job and come to a decision on this fix, so
16 I've -- but I came -- moved here. I've lived and learned
17 about the -- coming to Southern California, about the
18 unique perspective and the -- and what some of those
19 perspectives are.
20 One of the most important other ones is
21 nobody -- virtually nobody outside this room and the
22 people who came here today really know what the Delta is
23 and really understand what the connection is, and, of
24 course, that was pretty evident back in the peripheral
25 canal days when Southern California voted down the -- the

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1 proposition, so the statement that was made this morning
2 about communications, maybe using the Chamber, maybe using
3 the League of California Cities, I believe is a pretty
4 strong piece of advice that we ought to input from BDAC to
5 CALFED.
6 Southern Californians are worried about a lot
7 of things, and they're really worried about water, but as
8 far as the Delta goes, they are learning to make that
9 connection, I believe, and so I think that that is another
10 reason this process is so important.
11 We heard this morning about the population
12 growth. Our numbers, where I work, say the population is
13 going to grow to 49 million people by the year 2020. If
14 that's even half right, and if the numbers that were put
15 out this morning about the shortfall in acre feet are even
16 half right, we probably, in Southern California, have a
17 big problem, and I believe, and our demographics show,
18 that the bulk of this population explosion is going to
19 occur where there isn't enough water; that is
20 Southern California.
21 So what are the -- what are the things that
22 are important? The same things that we have been talking
23 about: Reliability, on-time availability, and water
24 quality.
25 And, as you know, Southern California gets

1 their water potentially from three big sources. I believe
2 that the information that was put out this morning, which
3 I think is pretty much correct, about massive, almost
4 sensational, water conservation measures, is true, so I
5 think there is an ability here in Southern California
6 to -- to store, without concrete, and to continue
7 excellent -- many excellent water conservation measures,
8 which is going to go a long way to solve the problem.
9 Nevertheless, the uncertainty of delivery of
10 water in an economy this large is an overriding concern
11 and why Southern California, and I think you heard it from
12 virtually everybody that spoke today, is so interested, at
13 least the people who know, the relatively few people who
14 know, unfortunately, is interested in making sure that a
15 positive, rational solution to the Bay-Delta problem
16 happen, and they are not in it completely for their
17 health, because they want to see water flow. They want to
18 make sure that the gatekeeper issue is solved, the pumps
19 work, et cetera, et cetera, even though that seems
20 slightly apart from the actual fix of the Delta.
21 We must improve the Delta. We have to get
22 this thing fixed, and we -- and all of our efforts, of
23 course, here are toward that solution, and not for one
24 second do I minimize the complexity of it all, but my own
25 view is that since we have here in Southern California

1 enormous stake in the Delta, we would push -- and I'm --
2 I'm sure I overdo this as a businessman -- to push harder
3 and harder to get focus on this and start to make
4 something happen.
5 In business, one of the things you do to be
6 successful is you figure out the strategy, but you figure
7 out how to make something happen as early as you can,
8 because you -- that begins the true process and, as I
9 said, without minimizing the complexity, I hope that we
10 can begin to move in some focused way toward making
11 something happen.
12 I agree with the number of pages. I saw the
13 report. It's a fantastic piece of work, but it takes
14 another boxcar to get it to your desk to get through it,
15 and we need to translate that into some kind of action, I
16 believe.
17 On the second question, I think CALFED is
18 doing a good job. I have only been here a short time. I
19 know most of you have toiled on this thing, especially
20 Lester and his crew, since practically the beginning of
21 time. I can't be critical about it, except I would -- I
22 urge you to move forward.
23 I think bringing the stakeholders together is
24 exactly what you have to do. There are always
25 stakeholders that aren't quite there, and I just heard

1 about one here a moment ago, when the -- when the Chairman
2 was speaking, so I think that's probably important.
3 The bottom line, our economy relies to a great
4 extent, to a huge extent, on this water thing, and this
5 huge economy south of the Tehachapis, at the wrong end of
6 the water chain and the wrong end of the food chain relies
7 on it even more heavily almost than anybody else, albeit
8 the percentages are different, so while I know there is no
9 easy solution, I think that we must work hard and, if I
10 may say so, as fast as we can on this process to get to
11 the new stage -- the next stage.
12 Two concluding remarks, one I've already said;
13 I am concerned about focus. I don't know -- I think
14 everybody is working as hard as they can. It's so
15 complicated, but I think we need to show some kind of
16 winning situation here as soon as we can, and I'm sure
17 that is in the ultimate strategy of CALFED, and lastly, I
18 want to refer back to my three points about the nation
19 state of Southern California. I want to do this, and I
20 want to mention it and -- and I specifically want to tell
21 you this is my opinion, not my company and not the
22 State Chamber, but I want to say this anyhow.
23 The politics of the situation, ultimately, if
24 it doesn't get fixed, in my view are going to shift in the
25 State, and remember, I'm a Northern Californian, always

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1 worried about those weird people down south, but I will
2 tell you I have just spent a fair amount of quality time
3 with somebody I had never met before, the Speaker of the
4 Assembly, Mr. Villaraigosa.
5 I was visiting Sacramento with another group,
6 and we got into a dialogue about things in general, how
7 was the legislature going to work. I'm sure the chairman
8 of the committee here know -- well, in fact, I know he
9 knows this much better than I, but I will tell you that we
10 got into the term limit, the short view nature issue, and
11 we especially got into this issue that there is absolutely
12 no historic perspective, except on the part of the few
13 knowledgeable members of the legislature. Because of term
14 limits, there is zero historic perspective about the water
15 issue.
16 This is a danger for us, I think. The Speaker
17 is the head of a large delegation. That delegation is
18 shifting more and more of the voting power to the place
19 where the speaker comes from, which is Central
20 Los Angeles, and I believe, over the long haul, if we
21 don't get this job down right, the politics will shift,
22 and the people without the water, who are in the majority,
23 will rise up and could make it harder to get it fixed the
24 way we want to get it fixed.
25 That's a Decker opinion, not the bank, not the

1 State Chamber. I'm sure not the Chairman's, but I think
2 this is a potential political reality that we need to keep
3 back in our mind as we get this job done, and a reason to
4 make sure that we move forward as quickly as we can, a
5 Southern California perspective. Thank you.
6 CO-CHAIRPERSON McPEAK: Thank you, Tom.
7 Martha.
8 COUNCIL MEMBER DAVIS: All right. Well,
9 like Tom, I've revised my talking points a number of times
10 today, and, also like Tom, I come from Northern California
11 and have lived in Southern California for the last 15
12 years, which my friends tell me makes me almost a native.
13 I really appreciated the diversity of opinions
14 this morning. I think it very accurately reflects our
15 community in Southern California, both the concern over
16 water supply, water reliability of that supply, and water
17 quality, but also the remarkable steps and the leadership
18 and -- and the genuine creativity that Southern California
19 has brought to the issue of meeting its water needs.
20 Certainly one of the biggest issues that we've
21 been dealing with, or tripping over at times, is: How
22 effective are water efficiency measures? What really can
23 recycling contribute? What about ground water and
24 conjunctive management?
25 And I didn't say that -- I mean I faced this

1 problem when I was the head of Mono Lake Committee in
2 Southern California trying to find a solution for
3 Mono Lake. You know, back in 1984 and 1986 and 1989, I
4 was working with a whole host of people in Congress and
5 California legislators, Phil Isenberg, other people
6 there and trying to find a way of helping Los Angeles find
7 a replacement water supply locally that wouldn't just --
8 it wasn't just a matter of meeting its needs. It was a
9 question of how do you create a water supply that would be
10 a benefit to the Southern California community, at the
11 same time that we managed to put water back into Mono Lake
12 for its protection, and I went through this argument so
13 many times about could you really believe in water
14 conservation; would it make a difference; what about water
15 recycling, and then 1990 hit, as Dorothy Green said, and
16 then all of a sudden we didn't have enough water within
17 the Southern California area to meet all of our needs, and
18 the first thing we did was to make a massive infusion of
19 cash into water conservation, and as Dorothy Green
20 reported this morning, I mean, as a result of those
21 conservation efforts and other programs that have gone on
22 since then, today the people of Los Angeles are using the
23 same amount of water as they used two decades ago, and
24 they've had a 28 percent growth in their population.
25 I mean to try and argue that point back in

1 1989, I would have been thrown out of the room. People
2 would have said I was crazy, and there was no way to
3 protect Mono Lake, but the reality is we did protect
4 Mono Lake. We did develop new water supplies, not only
5 through water conservation, and, again, I want to give a
6 lot of credit to the leadership of Metropolitan Water
7 District and the City of Los Angeles.
8 We didn't just do conservation. We invested
9 in water recycling plants. In four years, we built the
10 largest water recycling plant in the country.
11 We've been exploring alternatives that would
12 make Southern California water supply more reliable in the
13 key period of time that really makes a difference for
14 Southern California, because when we did the -- we --
15 after 1990, we did something called the integrated
16 resources plan for the Metropolitan Water District.
17 Well, we really took a hard look at the whole
18 region and our water supplies, and one of the things that
19 we learned is that not all water supplies are equal in
20 providing reliability at the key moments in time when you
21 need it.
22 Southern California's reliability problem was
23 a drought problem, and, in fact, water -- imported water
24 supplies were the least reliable way of filling that need.
25 In fact, I pulled out from the I.R.P. planning

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1 a memo by Deborah Mann, Metropolitan Water District. This
2 is January 18th, 1995, so it's two years, and in
3 describing the situation with existing water supplies, she
4 writes "The 1991 drought illustrated the region's
5 vulnerability to hydrologic variations in imported water
6 supply. In order to drought proof the region from the
7 variability in imported supplies, Southern California has
8 been aggressively developing local supply alternatives."
9 That's conservation. That's water recycling.
10 That's ground water and conjunctive management, and you've
11 seen the success within the Metropolitan Water District.
12 It paralleled straight on the success story of the
13 City of Los Angeles.
14 In 1990, we had our peak demand for imported
15 water sales, 2.6 million acre feet. Within two years, as
16 a result of the conservation programs, we were down to
17 1.5, 1.6 million acre feet.
18 Does anybody know what the imported water
19 supply sales are for this year?
20 About 1.8 million acre feet.
21 We're nowhere near where we were in 1990.
22 Now that's good news for everybody. It's good
23 news for Southern California. It's good news for the
24 State of California, Northern California, and so the issue
25 is: How do we put together these programs so that we meet

1 our real needs?
2 And I think that was the point that many
3 people were trying to make this morning.
4 Orange County has some of the most impressive
5 water recycling programs going, and I really think the
6 idea of having people go down to Orange County or going
7 over to the west basin project or sitting down with the
8 community groups in the inner-cities that are responsible
9 for doing so much of the hard work of -- of distributing
10 the conservation devices is a really important thing for
11 us to do, because that's where we gain our confidence that
12 if we make these investments in the alternatives we can
13 find a way to solve this problem for all of us.
14 I wanted to touch just briefly on the water
15 quality concern, because that is a big concern for
16 Southern California, and we take very seriously the
17 importance of making sure that our source supplies are
18 protected.
19 I think the Chairman raised questions that I
20 have been having about trying to understand the nature of
21 how the State Water Project water quality issue fits into
22 our Southern California picture. I need to understand
23 more about how the water supplies are blended and -- and
24 then go through the treatment process to really get a
25 better sense of what is the magnitude of the problem for

1 my community, and I'm drinking the water, too, but I would
2 make at least the -- the following observations: That no
3 matter how much I believe in the best quality source water
4 as possible, Dorothy Green is right.
5 We have examples in the State of California
6 where water agencies are getting the purest water supply
7 as possible, but because of the inherent problems in the
8 systems, they are delivering T.H.M.s to the taps, and so,
9 as we look at this water quality problem, we have to look
10 at the whole picture. You can't just look at a part of
11 it.
12 And the second part of it is: I do believe
13 that one of the most important components of
14 Southern California's water supply is its ground water
15 basins and its potential for conjunctive management. In
16 the long run, that is the key to the entire system, and if
17 we lose those water supplies because of ground water
18 contamination in the San Gabriel basin or in the
19 San Fernando basin, I don't think there's enough water in
20 Northern California to take care of us.
21 So part of "how do we solve these problems,"
22 we have a certain amount of responsibility for taking care
23 of our own future here in Southern California, and I'm
24 proud what the Metropolitan Water District and City of
25 Los Angeles and so many others have been doing. I think

1 that you can see in their creativity the opportunity and
2 the kinds of solutions that we're looking for the entire
3 State of California, and I also want to say I'm a big
4 booster of the CALFED process. I want to be very clear
5 about that.
6 I think that you can't solve water problems
7 for the State of California in the kinds of fights that
8 we've had over the last few decades. I think that's what
9 I learned from Mono Lake, that we were able to come to an
10 agreement and meet the needs of Mono Lake and the needs of
11 the City of Los Angeles, and I think that -- that we've
12 got to make this work. It may take some time, but we've
13 got the elements here.
14 Thank you.
15 CO-CHAIRPERSON McPEAK: Thank you,
16 Martha.
17 We're going to our last panelist who is
18 speaking from a Southern California perspective, because
19 surely he has expertise in that regard, but might I say
20 that I also am quite confident that if we get through this
21 process it will be because of the statesmanship of our
22 Chairman Mike Madigan, and I'm quite confident with your
23 statewide perspective, too.
24 Mr. Madigan.
25 CHAIRPERSON MADIGAN: Thank you, Sunne.

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I, like Martha, have been rewriting my remarks as recently as even the last moment or two, so you will bear with me if my thoughts might not be quite as coherent as they -- they would have been if you had asked me on the plane this morning.

I, unlike Tom and unlike Martha, am not a native of Northern California. In fact, I was born in San Diego and have lived in that city for well in excess of 50 years now, so I -- I am short some of their perspective statewide, but it does give me perhaps a long-term view of what -- what has transpired in Southern California with water supplies.

Most of you know that I also spent a decade on the Board of Metropolitan Water District, I guess, besides my involvement with the County Water Authority and all those other sorts of things, and -- and it's there I guess I want to start, because I want to put into a little bit of perspective some of the conversation that you have heard today.

I share, perhaps because I was a participant in some of it, some of the pride in what M.W.D. has done. I was on the engineering committee and made the motion for the establishment of the local projects committee. I was the chairman of the land committee that developed the east-side-reservoir project. I was the chairman of the

energy and desalination committee that investigated sea water desalination. I have been a part of water reclamation and recycling in San Diego since its inception and -- and -- and would be pleased to take you on a tour of San Diego's recycling plant, which is designed not only as a 30 M.G.D. water reclamation plant, but with the idea in mind that that water will, in fact, be reused for portable reuse, as well as simply for agriculture and landscaping, and I think there are a lot of success stories.

Having said that and having watched Martha and her work with the Mono Lake Committee and -- and the -- the great struggles with Los Angeles over how much water was going to be imported from that system, and having toured Mono Lake here within the last few months, and the length of the Owens Valley and the tributary river streams to Mono Lake to see the restoration programs that have taken place there and it's -- it's remarkable.

I think you all need to understand that, in fact, the primary result of saving Mono Lake for the City of Los Angeles is a greater reliance on the Metropolitan Water District, and that greater reliance on the Metropolitan Water District requires that the City of Los Angeles is now more greatly reliant on the State Water Project and diversions from the Delta.

I want you to understand that although the Metropolitan Water District has reduced its importations and sales of water from a high of 2.6 million acre feet in 1989/1990, a time when I was on the board of directors there, to its current importations of 1.8 million acre feet, you have to be very careful about those numbers, because, in fact, in 1989, as you will recall, we were about the fourth year of a very serious drought in -- in -- in that region, among others, and that, in fact, we had access to things like some excess Colorado River water.

We were able to keep the M.W.D. aqueduct full, and I will tell you that Lester and I were stuffing water into every hole we could find in San Diego County with that water, because we didn't know when the drought was going to end, so that while there have been some great steps taken in Southern California in a lot of ways, to conserve water, to -- to treat it with -- with care, the fact of the matter is that I know of no credible study in -- in -- in this state that suggests that in the year 2020 or the year 2030 that Southern California will be able to rely on local water supplies for its water needs.

Now what that means for the economy of San Diego is that there are some things that we do and there are some things that we don't do. We don't do

things that use a great deal of water.

We are happy to provide you with most of your television sets, and I think probably more TV sets are built in the San Diego/Tijuana area now than any other area of the world. We are happy to provide you with an increasing share of your biomedical supplies and your cellular telephones and I suppose still with a significant proportion of your avocados.

There are other things that, in fact, we don't do, but even those activities are dependent on an adequate and reliable water supply, and, in fact, when we think about it, adequate and reliable water supply for Southern California, we think in terms of that three-legged stool. We think in terms of the Colorado River and -- and that piece of the national water grid, because it drains and serves seven states, and our ability to take some piece of that now -- now nearly limited by the fact of -- of Arizona's taking its full entitlement this year, as well as the fact that California is going to have to fit within the 4.4 million acre feet that it's allocated on the river.

It includes a leg of developing local water supplies, and I am very proud of what we have done in San Diego County in that regard.

I hear numbers about -- about water recycling

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and water reclamation. I would be happy to compare what we have done with our new facility in San Diego against the facility that any of you have in that regard.

I hear and -- and listened this morning with great admiration for a number of community-based organizations who are -- who are replacing older toilets with -- with modern low-flush toilets. I would be happy to compare the number of toilets that have been replaced in San Diego, as well as the number of new toilets and low-flush toilets that have been installed in San Diego as compared to any other place in the State of California.

As a matter of interest, you might be interested in knowing that while you hear numbers of several thousand and things like that among a number of agencies, in San Diego County, the San Diego County Water Authority alone has been involved in the replacement of over a quarter of a million old toilets with new low-flush toilets, and I -- and I don't know many organizations that have achieved that kind of record.

I think that San Diego County is in the process of hardening a great many of its conservation activities so that those conservation savings will be permanent.

I think that San Diego County has aggressively undertaken something that we all talk about a lot around

here but, in fact, really isn't done very often, and that's water transfer. I mean you have heard from our friends from the Imperial Irrigation District and the Imperial Board of Supervisors today about the fact that San Diego County and the water authority and the I.I.D. have at least achieved an agreement in principal for water transfer of 200,000 acre feet of conserved water.

That's not water because a farm is going to be fallowed. That's not water developed because farms are going to be taken out of production or ag land is going to be retired. That's actually on-farm conservation that we're talking about. That's water that -- that we're going to pay for conservation devices and management practices in the field that result in conserved water.

It is, in fact, during my tenure in water, exactly what I have been told over and over and over again by many of the organizations you represent that we should, in fact, be doing those things as precedent activities to any anticipation of further water from the Bay-Delta system.

It would be nice if -- if we had some of your support in bringing that deal to a conclusion. Only one of the questions is -- you know, is what's -- what's the most difficult thing we face.

I will tell you that the way I view things

today, while I appreciate just how contentious and long-term and complicated the Bay-Delta process is, in fact, the most difficult water undertaking, and which I am involved this week, is being able to conclude a water transfer in this state in concert with the laws of this state. It is a very, very discouraging circumstance, and -- and I am not at all certain that despite the best efforts of the San Diego County Water Authority Board, with the support of the City Council of the City of San Diego, with the support of the San Diego County Board of Supervisors, with the support of I.I.D. and the support of the Imperial Valley's Board of Supervisors that we are going to be able to do this thing.

We could use your assistance with the State legislature. We could use your assistance with -- with those who you know who are involved in the questions of transfers and wheeling to find a way to make a water transfer of some considerable size, dealing with third-party impacts, dealing with environmental issues, done on a market basis, and done in such a way that it does not require retirement of agricultural land or fallowing of fields even possible.

I think that San Diego County and Southern California have gone a long way to demonstrate that they understand what many of you have said and are

saying about the value of the Delta.

I thought that you heard remarkable consistency of message this morning, among a very disparate group of folks about their recognition of the importance of the Bay-Delta, about their understanding that it's going to require some considerable amount of their money to restore the Bay-Delta system, to recreate some of the environmental values that existed there a hundred and fifty years ago.

I would hope that at the end of the day, that at the end of this process, that our recommendations to Mr. Machado, Mr. Costa, Governor Wilson, Congressman Miller, Senator Feinstein, Secretary Babbitt, and all those who are involved in this, that you all will reflect the same kind of understanding for Southern California's concerns that I believe they made very clear that they understand, appreciate, and are willing to participate in, in recognition of your concerns.

Thank you.

CO-CHAIRPERSON McPEAK: Thank you very much, Mike and -- and Martha and Tom.

You know, I'm -- I'm struck by the eloquence of all of the remarks and that we've had a very good exchange, certainly a very good presentation from the

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Southern California perspective.

Are there any comments or questions to what people had to say?

I think I'd like to take that and then -- we're using up what was listed as the Chairman's report, but I think --

CHAIRPERSON MADIGAN: That was it.

CO-CHAIRPERSON McPEAK: -- he just gave it, and then we'll go into the process.

Tom.

COUNCIL MEMBER GRAFF: Thanks.

I thought I'd comment just based on what I heard this morning. It's actually -- although I represent a national organization as statewide and interests and obligations, I have to admit to a Northern California perspective, and from that perspective I would say that what we heard today was actually very interesting.

We heard Los Angeles and Santa Monica and San Diego telling us that they've made remarkable strides in water conservation; I would say in part from -- as a result of prompting from friends like Dorothy Green and Martha Davis. We've heard that the region down here has made amazing strides in waste water reclamation in Orange County and San Diego, especially in central and west basin.

We've heard that in long-term water transfers that Southern California is the leader, as well, in the M.W.D./I.I.D. deal and now in the valiant efforts of I.I.D. and San Diego to try to make their transfer work, and I will say E.D.F. is trying to do its best to help out in that -- in that effort, and my perspective on this is -- maybe the best kept secret in California water is how much Southern California has done in comparison to Northern California in these areas.

Yesterday I got a call from a friend in the City of Davis saying could I help out. There was going to be a meeting of the Davis City Council last night, where they were going to discuss whether to install water meters. I mean that's pretty unbelievable, yet if you look up and down the Central Valley of California, there are a lot of cities that don't have water meters.

On the other hand, there are some positive signs, even in Northern California. Today marks a quite extraordinary occasion, the unity in views between the San Luis Delta Mendoto Water Authority and the Environmental Defense Fund and commenting on the Environmental Impact Report issued by the East Bay Municipal Utility District seeking to promote its own little peripheral canal in the form of an American River diversion, and one of the major points that E.D.F. made in

its comments was "why doesn't East Bay MUD do the kind of job on water conservation that's been done here in the City of Los Angeles," so maybe we can get somewhere in these matters and -- if we just look for unusual ways of going about it.

Thanks.

CO-CHAIRPERSON McPEAK: Other comments?

Yes, Bob. Bob.

COUNCIL MEMBER RAAB: Bob.

CO-CHAIRPERSON McPEAK: Yeah. Is that -- that's still your name, right?

That Bob.

COUNCIL MEMBER BUCK: You first.

CO-CHAIRPERSON McPEAK: You.

COUNCIL MEMBER BUCK: Bob with an "O."

CO-CHAIRPERSON McPEAK: Oh, but didn't you have your hand up, Bob?

COUNCIL MEMBER RAAB: Yes.

CO-CHAIRPERSON McPEAK: Yes. Then -- then I thought --

COUNCIL MEMBER RAAB: But I -- I heard "Ron."

CO-CHAIRPERSON McPEAK: You're the Bob I'm calling on.

COUNCIL MEMBER BUCK: No Rons here.

COUNCIL MEMBER RAAB: I didn't hear any speakers from Southern California address the needs of Northern California.

CO-CHAIRPERSON McPEAK: The what?

COUNCIL MEMBER RAAB: The needs of Northern California. It was all how much we need -- not every speaker said this, but a -- a lot -- a lot either implied it or said so explicitly. "We need more water from Northern California."

And you stressed your economy and the size of it and the importance of it and the dependency that you have on getting more water, but you didn't say how much.

How much more water is Southern California expecting to get in export from Northern California?

And I -- I'm puzzled by that.

Nowhere has CALFED ever addressed itself to the finiteness of the resource. The Bulletin 160 reports do show, to some degree of accuracy, how much captured water there is in Northern California and with less degree of accuracy, it shows how much demand there is, but within those parameters there's never a discussion of what's the cutoff point and how much water does Northern California itself need, because it, too, is growing, and it has agricultural water rights that have never been exercised, and I'm told, by a member of the R.C.R.C. that -- the

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1 Regional Conference of Rural Counties, that there are
2 cases now in Northern California where people want to
3 exercise a water right, and the Water Board tells them,
4 "That's a legitimate right, but we just don't have any
5 more water for you," and that's just -- this is just the
6 start of that situation.
7 Well, long ago, when Ron Robie was -- had
8 Dave Kennedy's job, I heard him say that he thinks there's
9 a million acre feet of water in precinct 1914 water rights
10 that's never been exercised. Now I don't know what the
11 status is today, and I've never hear any -- nobody from
12 the Water Board has ever been willing to say just how
13 much -- how much in the way unexer -- unexercised water
14 rights there are out there, but the fact -- what I'm
15 getting at, in one way, is there -- we have a CALFED
16 that's not like a bank at all, because a CALFED bank would
17 know how much money it's got to lend, but this CALFED
18 doesn't know how much water it's got to lend, or at least
19 it hasn't told us, and how much can be exported to
20 Southern California, and so it's -- the dialogue here has
21 been one-sided, as far as I'm concerned.
22 I think it -- it will be two-sided when we
23 have a Northern California stakeholders, farmers, public
24 interest groups, and business representatives saying how
25 much water we need in the Silicone Valley, how much we

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1 need in the -- in the rural counties for -- for growth,
2 and how much more water we're going to need for
3 agriculture in the Delta and in the Sacramento Valley, and
4 I think that's a dialogue we ought to have pretty soon
5 here at BDAC.
6 CO-CHAIRPERSON McPEAK: Well, as I -- I
7 said earlier we're trying to figure out the right format
8 to engage in that, and -- and in case you thought you were
9 off the hook in making and in presenting your own views,
10 sort of the pattern has been set up, as we travel around
11 the State, we want to have folks come in and then the
12 respective members of -- of BDAC, you know, we -- we want
13 to invite to make comments.
14 We left -- we let H.Z. off the hook today, but
15 if you want to express your views of Southern California,
16 we -- we would --
17 COUNCIL MEMBER BURTS: I'm drowning.
18 CO-CHAIRPERSON McPEAK: -- we would
19 take -- we would take those, too, so I think you're ahead
20 of the game, you know, once again, Bob, and we will be
21 inviting people to make those comments and trying to get
22 as specific as possible.
23 You're also asking Lester to -- and staff to
24 think about how we get some of the information that you're
25 requesting, if I'm understanding you correctly.

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1 Is that right?
2 Yeah. Okay.
3 COUNCIL MEMBER RAAB: I'd be interested
4 in Lester's response as to the point I raised about
5 what -- how much water is there that can be delivered out
6 of the Delta; of what -- what are -- what are
7 Southern California's expectations vis-a-vis what is
8 reasonable, too.
9 Is that something CALFED is taking a look at?
10 EXECUTIVE DIRECTOR SNOW: That's actually
11 very explicit in the report. I mean we have modeled
12 precisely how much water can be achieved in terms of
13 additional yield, not for Southern California.
14 We -- we tend to drop into that type of
15 nomenclature when we talk about water being moved out of
16 south of Delta, that serves the South Bay area of
17 Northern California. It serves the San Joaquin Valley
18 agricultural areas, as well as Southern California, but
19 part of the discussion this morning, when we showed the
20 potential yield numbers that would result, that is the
21 additional water that we have identified for out-of-stream
22 use.
23 The modeling that goes into that assumes
24 increased demands upstream, such as people exercising
25 their American River rights. It assumes upstream

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1 development water, so we -- we have that, so depending on
2 the specific question you're asking, I mean, we've got
3 that type of information to explain how much water we're
4 saying come out of the system.
5 COUNCIL MEMBER RAAB: What did -- well,
6 could you just tell me?
7 I didn't -- didn't get a -- how many -- do you
8 know how many million acre feet or --
9 EXECUTIVE DIRECTOR SNOW: What we showed
10 on the charts this morning was -- I mean the rough range
11 that I usually indicate is about 800,000 to a million acre
12 feet of additional yield, when you add storage to the
13 system.
14 CO-CHAIRPERSON McPEAK: Which is also
15 dependent on time -- on year rainfall and, of course, the
16 conditions of -- or performance scan issues we set for the
17 Delta above 2X.
18 COUNCIL MEMBER RAAB: Is that before
19 additional storage or after?
20 EXECUTIVE DIRECTOR SNOW: That's --
21 COUNCIL MEMBER RAAB: Is that before?
22 CO-CHAIRPERSON McPEAK: That --
23 EXECUTIVE DIRECTOR SNOW: Yield only
24 comes from adding storage, and so that's when you add
25 storage to the system.

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CO-CHAIRPERSON McPEAK: We've got three people, and then we're going to hand it back to Mike and the agenda, and that's David, Don, and Alex, oh, and Byron, then I'm going to pick you up at four.

David.

COUNCIL MEMBER GUY: I --

CO-CHAIRPERSON McPEAK: Then cut off.

COUNCIL MEMBER GUY: I just want to -- I guess one -- one comment that I -- I also found the Southern California perspective fascinating. I thought it was very well done, and so I thank you for that, Sunne.

The thing that struck me was every commentator, almost in one form or another, said that although Southern California, of course, is the most important place in the world that -- that they also wanted to preserve the Delta.

COUNCIL MEMBER DECKER: Not more than Sausalito.

COUNCIL MEMBER GUY: Yeah. Well, I must confess I've also lived in both Northern and Southern California, and I think they're both wonderful, but the thing I guess that bothers me a little bit that there is this notion that we just need to preserve the Delta and that that, somehow, at least to me, implies that we can ignore several things. At least what I heard was

we're preserving the Delta as an ecosystem base, and I -- obviously, I think we all agree that that's -- that's why we're here, in large part, to do that, but, of course, you cannot ignore Alex and Mike and the folks in the Delta area, the agricultural component of that, and more important, the important resource of the Central Valley for agriculture, and so I would just encourage the folks in Southern California to recognize that we do have an agricultural resource also of global significance and that that -- it's not just about protecting the Delta, when you look north. There is an agricultural component that is an important part of both the environment and the economy and society, and I -- I -- I think people understand that, but I guess I -- it dawned on me that we need to make that linkage in every occasion we can.

COUNCIL MEMBER DECKER: Chairman?

CO-CHAIRPERSON McPEAK: I will defer to, yes, Tom, who was one of our speakers on the hook, and I -- the list is growing, but --

COUNCIL MEMBER DECKER: Very quickly.

I think a point very well taken, I think probably the intent, certainly mine, was to address Southern California. I am probably more aware than anybody but the Farmers here that it's our largest industry in the State and the idea -- I think the

perspective was given because the question was asked, at least from my standpoint. I mean there is no -- we are one state. We have huge important -- equally important users of water here.

CO-CHAIRPERSON McPEAK: Don.

COUNCIL MEMBER BRANSFORD: I -- I just want to respond somewhat to what Tom said, but also to the process.

I'm from a small rural area in Northern California. I grew up in a community of 3500. It's still 3500 people. There are 20,000 people in the county, so for me to listen to the presentations today, you know, I can't even conceptualize what you're talking about, because it's -- it's so big, but on the other hand, as a small country boy, it's -- it's quite unnerving when you realize you're probably part of the solution, and -- and that's one of the reasons we're at the table, to try to -- to help in that solution, but when everyone is looking one direction for a solution, people get nervous, and in your remarks you talked about moving this process along and the political reality of today, and -- and I -- I would just caution you and I would caution Southern California from making that the issue in this process, because politics or no, if you back the north into a fight, you're going to have a fight, and that just

prolongs this whole process, and I mean we may lose, but they're not going to go down without a fight, and I -- I think it's extremely important to try to keep the -- as we call it, the 800-pound gorilla off the table and deal with principals and solutions and -- and if we don't, the northern perspective just falls apart.

We're -- we're having enough trouble, I think, in the north right now keeping some groups in the process, and -- and when you start throwing political muscle in, that just gives other people ammunition, so -- so I would hope that -- that -- that we stay at the table; we keep the dialogue, and try -- try to work through these issues.

CO-CHAIRPERSON McPEAK: If we could get Alex and --

COUNCIL MEMBER DECKER: Can I say point well taken, and as a veteran of the Northern California wars, it's probably not even smart for us to have a Southern California perspective, as you are right. This is --

CO-CHAIRPERSON McPEAK: Okay. Okay.

COUNCIL MEMBER DECKER: We have to be in this together.

CO-CHAIRPERSON McPEAK: Just -- we've got now several people willing to make comments, and I apologize for interrupting. I'm going to go to Lester.

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We still have an order, Alex and Byron and Roberta. However, we also have to get Dick and Cindy Darling on the agenda in the next five minutes, so you're each going to have a minute of comments, and then I'll have to cut you off.

Lester, you've got half a minute.

EXECUTIVE DIRECTOR SNOW: Yeah. I just wanted to affirm the point that Sunne made earlier and actually confirm that in our next several meetings -- I think our next BDAC meeting is scheduled for Redding. It's our intent to have something similar, like to this, from that area, talk about watershed issues, upper watershed issues.

The next one we propose after that is in Fresno, to get some of the San Joaquin Valley perspective, and I believe the next one we're obligated to -- we set for the Bay area, without having to pick the city, and do the same thing in the Bay area.

CO-CHAIRPERSON McPEAK: Good. Thank you.

Alex, one minute.

COUNCIL MEMBER HILDEBRAND: Going back to Bob's question, as Lester said the -- the CALFED has talked about how much it might increase the size of the pie, but it has not and probably should not try to take responsibility for the overall size of the pie, but

references get made to Bulletin 160 '98, as the reference point for that, and that document is flawed, as I have discussed at length with Ray Hart and some with Douglas Wheeler in the last -- past week, because it takes an entirely different approach to the urban versus the ag requirements.

In case of the urban, it says, "Well, you need so much water per capita. We're going to have so many people, and therefore you have to have this much urban water."

You don't do that with ag. You don't say, "Well, Southern Californians need food, as well as water, and in order to produce that food and to maintain our supplying 25 percent of the table food for the entire nation, if you provide each individual with the nutritious diet represented by" -- "proposed by the Federal Government, it will take so much water per person to grow that food, and then you multiply that by the population, and you come up with a much larger number," and they are going to take another look at that.

CO-CHAIRPERSON McPEAK: Another take on sustainable development. Thank you.

Byron, 60 seconds.

COUNCIL MEMBER BUCK: Thank you.

Both Martha Davis and Dorothy Green mentioned

the trihalomethane issue, and Dorothy was quite right in saying trihalomethanes are manageable on a local level with storage and treatment issues. However, the trihalomethane issue is not what the urban water agencies are interested in with respect to the Bay-Delta solution. The problem with Bay-Delta water is the presence of bromide, a naturally occurring substance, which, when you look at where our future treatment water regulations are likely to go, give us a situation where we're not going to be able probably to meet future drinking water standards.

Trihalomethanes can be dealt with with -- with current technology. It is the next round of drinking water standards, and the influence of bromide and the -- the -- facing having to disinfect for -- for new pathogens out there that drives us for a need for new source water quality, unless you go to reverse osmosis technology, which the Chairman pointed out. However, that's a hundred times more expensive than what we're treating now and 15 times more expensive than ozone technology and would double or triple the rates in the urban areas of California, which is not something is economic -- economically sustainable.

CO-CHAIRPERSON McPEAK: Thank you.

COUNCIL MEMBER HILDEBRAND: You could fix the bromide problem without a canal.

CO-CHAIRPERSON McPEAK: Okay. T.H.M. three years ago and bromides now; we'll keep it as a running discussion.

Roberta --

COUNCIL MEMBER BORGONOVO: I wanted --

CO-CHAIRPERSON McPEAK: -- on next.

COUNCIL MEMBER BORGONOVO: -- to go back to several of the comments that were made earlier this morning, and there was reference to the environmental water caucus's position and things that the environmental community has been saying, but basically in the ecosystem restoration program we've talked about taking an ecosystem approach that tries to restore natural processes, and I think that the value of leaving water in stream before you divert it for other storage is a -- really an issue that we would like to see addressed somewhat the way in which the ecosystem restoration program was looked at, and that is to actually have an independent review of those water-use efficiency, all of those programs that are nonstructural approaches, like conservation, reclamation, conjunctive use, water transfers where appropriate, because until you have that kind of independent review, we -- we are all coming at it just when you -- in these opposite points of view, and certainly the environmental community believes that the needs of Southern California

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can be meant.

We really are not ignoring the water reliability issue for Southern California, and we do believe that agricultural can stay in business, but because there's not enough information, we -- we continue to argue from the points of view without having this independent evaluation, so I just wanted to stress that.

CO-CHAIRPERSON McPEAK: Thank you. Thank you, Roberta.

COUNCIL MEMBER BORGONOVO: And can I just mention one thing that I hope will come up this afternoon, maybe tomorrow, and that's --

CO-CHAIRPERSON McPEAK: Mike said --

COUNCIL MEMBER BORGONOVO: -- the --

CO-CHAIRPERSON McPEAK: -- no, you can't.

COUNCIL MEMBER BORGONOVO: -- and that's the role of pricing.

CO-CHAIRPERSON McPEAK: Okay.

COUNCIL MEMBER BORGONOVO: To have to insert pricing into that, as far as demand.

CO-CHAIRPERSON McPEAK: And actually are going to have a lot more discussion on an efficient water use demand management and I'm sure pricing and -- and even markets over time, so -- and we will get into that tomorrow.

In recognition of the time on the agenda, we're going to go to Dick Daniels and probably then defer to the next to -- to -- to tomorrow the restoration coordination program, and Lester will present, on behalf of Cindy, but with that, Dick, you're on, and Mr. Madigan has the gavel back.

CHAIRPERSON MADIGAN: Thank you, Sunne.

Thank you all for a very interesting series of exchanges, and for my part as well, Chairman Machado, thank you very much for your -- your participation and -- and your -- and your words to us today. I appreciate it.

CO-CHAIRPERSON McPEAK: Thank you, Mike.

(Applause.)

CHAIRPERSON MADIGAN: Mr. Daniels, you're on.

MR. DANIELS: There's absolutely no way for me to segue or transition from -- from your discussion to mine, so I won't even try.

Where we are with the ecosystem restoration program plan is that we're continuing to refine the plan itself and starting to develop, if you will, the operating system that would be used to make this computer work for us in -- in the future. To do that, we're developing a strategic plan. We have a couple of specific purposes for that strategic plan, to more clearly and concisely

establish the ecological planning framework for our adaptive management concepts on into the future.

We've been advised by many people that we need to maintain and enhance the rigorous scientific framework that we have been using to develop this plan. We want to make sure that we have a means to be totally consistent with the other common programs and the variable elements of the overall CALFED program, and we're developing a pathway to bring in agencies, interest groups, local conservancies in actual on-the-ground implementation of the program in the various regions in which we're working.

Early on, in our thinking about the strategic plan, it became very clear that we ought to use circles to describe everything.

CALFED has got three elements of its environmental restoration program underway and in various stages. We have the category three program, which is the early implementation; the development of a conservation strategy that will meet our obligations under the State and Federal Endangered Species Act, and the overall umbrella associated with the E.R.P.P., the ecosystem restoration program plan.

It makes sense to have one operating mechanism for each of those programs in the near term, with regard to category three; in the very long-term in terms of

E.R.P.P., and -- and in -- in the most urgent term with regard to our compliance with the Endangered Species Act, so what we're trying to develop here is a way, a means to drive each of those three elements of the overall ecosystem program to a successful conclusion, and I'm going to hurry.

What we've done is, through the use of some advice from a stakeholders' steering committee and discussions at our BDAC ecosystem work group, your arm for providing policy guidance to us, we started to develop an outline for the strategic plan, a more complete outline is involved in the programmatic EIR/EIS in what is the thinnest of the appendices.

It will have the obvious introduction, a better description of our ecosystem strategy, and in that strategy there will be principals that guide implementation of the program, principals in terms of our relationship to the other CALFED programs and principals in terms of the guiding strategies for -- for implementing the program, things since like this concept of focusing on ecosystem processes and -- and functions.

We found that -- that the public demands a little more description of the ecosystem and its history, so that they can better understand the problems that we're trying to resolve, and our scientific review panel that

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1 met and evaluated the program last October strongly
2 recommended that we provide conceptual models and testable
3 hypotheses as to the actions that we're going to be
4 taking.
5 We need to more clearly articulate the
6 adaptive management strategy and set forward a framework
7 of needs that we can offer to the assurances group to
8 develop the appropriate infrastructure and institution for
9 implementation.
10 To do this, we've put together or -- or I am
11 putting together a core team of prominent scientists in
12 the -- in the planning field, in -- in ecology, in stream
13 morphology and stream dynamics, in fisheries biology.
14 It's been suggested that we select a seven member core
15 team to do this.
16 As of this morning, I've gotten commitments
17 from five of the -- of the nominees, and I'm still working
18 on the others. These are very busy people that are
19 difficult to get ahold of, and they are -- one's in the
20 Orient right now. One's in British Columbia, and a couple
21 others are scattered throughout the United States, but it
22 looks very much as though we'll be able to have that team
23 together in about two weeks.
24 We've developed a draft contact for their
25 employment and a draft scope of work for a consultant to

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1 help me manage this process. We've set up a goal of
2 having a credible draft of this implementation strategy by
3 late this summer. Target date right now is August 15th.
4 Part of the process of doing this strategic
5 plan involved redefining the goals for the ecosystem
6 restoration program plan. As you may recall, developing
7 the goals and objectives of the E.R.P.P. was one of the
8 very first things we did nearly three years ago now.
9 As that program has matured, it became evident
10 to us that frankly our -- our original set of goals were
11 somewhat sophomoric in the context of the program that --
12 that is being developed, and so we tried to come up with a
13 much more sophisticated set of goals that -- that more
14 broadly encompass what we're trying to do with this
15 program.
16 We drafted these, discussed them at some
17 length with the BDAC eco work group, and I offer them for
18 your consideration; hopefully your concurrence in this
19 program.
20 Very significantly, our word-smithing, our
21 debate, and our discussion got to the point where we
22 believe that one of our major goals ought to be the
23 achievement of recovery of the endangered species that are
24 currently dependent on the Delta and the support of native
25 species that are not directly dependent on the Bay-Delta

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1 estuary but are involved in the ecosystem. A very
2 important set of objectives; a great deal of
3 responsibility, especially in the light of one recent
4 listing and some probable listings relative to salmon in
5 the system.
6 We -- we came to grips with the fact that we
7 may not be able to restore the natural processes in the
8 ecosystem, but certainly we can rehabilitate its natural
9 capacity to support organisms dependent on the system
10 and -- and restated the objective that we do so with a
11 minimal amount of ongoing human maintenance and
12 intervention.
13 We want to maintain and enhance populations of
14 species that are used for public consumption, that are --
15 that are commercially and sport harvested throughout the
16 system, but we want to make sure that we do this
17 consistent with the objectives of -- of restoring viable
18 populations of our native and -- and endangered species,
19 and it was resolved by the group that it would be very
20 important to continue to focus on maintaining
21 bio-diversity in the system, in terms of its species
22 composition and its habitat diversity, so -- so we spent
23 quite a bit of time, very valuable and productive time,
24 working on this overall, overarching set of goals that
25 will be an integral part of the strategic plan that we're

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1 working on.
2 In addition to that, we're reaffirming our
3 commitment to maintaining public participation in our
4 approach to this element of the ecosystem restoration
5 program plan. We -- we've proposed that we continue to
6 work in our major public forum through the BDAC ecosystem
7 work group. We will have to have several strategic
8 planning workshops, in order to deal with specific and
9 particularly technical issues. We are developing a
10 process for regional strategic implementation planning on
11 a watershed basis.
12 As you might recall, the E.R.P.P. is broken
13 down into 14 geographical or planning units. We suspect
14 that we will have at least 14 local implementation plans
15 by the time we've completed this process. It's our hope
16 to have six or eight of those plans completed by the end
17 of this year, and we are committed and remain committed to
18 an ongoing science program in the CALFED process, not just
19 in the ecosystem restoration program, but in other --
20 other elements of the program, as well, where we will
21 continue to seek independent peer review, where we will
22 continue to utilize independent and local science
23 independent of the agencies and within the resource
24 agencies to develop and refine the program, and we will
25 convene very specific focused workshops, where we'll bring

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in eminent scientists to help us resolve some of the more thorny issues in the program.

That -- that's basically an overview or an outline of -- of where we are today and where we're going in the very near future. I would be happy to entertain any questions, or, Roberta, if you want to add comments.

COUNCIL MEMBER BORGONOVO: I just wanted to say that if I had known that I was following so quickly after Dick Daniels, I would have saved my comments, because I think many of us feel that there's been great progress made in the ecosystem restoration work group, and basically there's been staff and stakeholder involvement to create the draft strategic plan. It was stimulated by the scientific review panel that critiqued the plan, and they gave a number of astute recommendations that CALFED has really responded to, both in terms of taking the time and putting the resources into redoing the strategic plan, so I -- I think that it is a model for these other components that we're looking at, but I also want to stress that there is this public process that will continue to go forward.

The ecosystem restoration work group meets every month, and whatever the stakeholders groups and this new core team are putting together will come before that ecosystem work group.

I think now, for the first time, we're beginning to see some of the integration of these other pieces. For example, there is a whole monitoring and -- and applied research program that includes a number of representations from the San Francisco Estuary Institute, the Interagency Ecological Program, the Comprehensive Assessment and Monitoring Program, the Sacramento River Watershed Program, the Municipal Water Quality Investigators Program.

When you saw that graph up there, we talked in our work group how to best illustrate all of these pieces coming together. You'll hear another piece tomorrow, when we talk about the money that's being put into the program and how that's going forward, so I think that -- that we're on our way to trying to respond to what the scientific review panel called embedding science in the program, using hypotheses, being able to test them, having the research and monitoring to follow up on it, and to make sure that whatever money goes into ecosystem restoration is well spent.

CHAIRPERSON MADIGAN: Richard.

COUNCIL MEMBER IZMIRIAN: Yeah, I do think this is a very encouraging direction you're taking.

Up till now, the -- the adaptive management has been pretty much a philosophy behind this, and we

haven't seen it codified or -- or linked with the assurances package or linked with any of the other elements. When we do that, it's -- it's going to -- we're going to have to characterize our -- our indicators by how -- how well they will work with -- with adaptive management and can be codified.

What effort is being made to go through that process of coming up with a program that we can write down, as far as the -- the assurances, and these are the steps and this is what will be codified or part of the contract?

MR. DANIELS: The -- the technical aspect of it -- and -- and Roberta mentioned some of it. We have a -- a work group that is developing indicators of ecosystem health, which are the gauges that we're going to use over the long term. We have a group that has developed a proposal for a comprehensive monitoring program and a focused research program and a program that would review these indicators of ecosystem health. Together with the concept flushed out for adaptive management, those are the elements of the program that we will take, I believe, jointly with the ecosystem work group and the assurances work group for their consideration, evaluation, and the ultimate development of the glue, the -- the assurances that -- that it brings it

altogether.

Right now it is not right for that, other than for sort of the -- the institutional needs that we've described to the -- the assurances work group. I suspect that -- that -- I can't remember if its two months that we decided that we would schedule that meeting or three, but -- but this spring we'll be bringing that kind of a challenge to the two work groups, to work out jointly, the assurances package for ecosystem.

CHAIRPERSON MADIGAN: May I have Bob -- I'm sorry.

COUNCIL MEMBER BORGONOVO: I just wanted to --

CHAIRPERSON MADIGAN: Roberta, sure.

COUNCIL MEMBER BORGONOVO: -- go back to Richard's point.

We discussed this yesterday at the water transfer work group, but the whole way in which those different work groups interact with assurances hasn't been spelled out, and we were trying to decide, in water transfers, what is the best way.

Do you -- do you send over to assurances what you think needs to be included in the package?

Do you have a joint meeting? That seems to work, too, but as Dick said, we see that as being a couple

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of months away until this core team that is -- is coming on right now to begin to do some of this work actually has something to react to.

CHAIRPERSON MADIGAN: Bob.

COUNCIL MEMBER MEACHER: Dick, several times I've asked the question of: Are we going to get the kind of scientific review from an individual with the caliber of Don Erman to represent the interest of the Sierra and the upper watersheds?

And I -- every time I talk to Don, he seems to be out of the loop.

Is he on your list?

Are you recruiting him actively, or someone of his caliber, in that pool you're building?

MR. DANIELS: We're not actively recruiting Dr. Erman, and perhaps you might make your own judgment as to caliber. I -- I don't really want to do that; very prominent people.

To -- to date -- I know I've already spelled his name wrong -- Dr. Robert Twist from -- from the University of California at Berkeley. He's a graduate professor in -- in environmental planning.

Dr. R.J. Mead, who is a consultant down in Southern California, who has a particular expertise in developing large scale restoration programs with an

emphasis on endangered species.

Dr. Matt Kondoff from Berkeley, who is a hydrologist and geomorphologist.

Dr. Michael Healey from the University of British Columbia, who has worked on -- on many large stream and salmon related problems up there.

Dr. Peter Moyle has not committed yet, but we're trying to recruit him.

I've got three candidates who are specialists in Delta and Bay hydrology and three candidates -- and we're trying to select one from each of these three groups; three candidates who are specialists in food chain dynamics of the Bay and Delta system. Now this is for the -- for the planning effort.

We're trying to combine specialists in terms of systems like we work in and specialists in the planning process.

COUNCIL MEMBER MEACHER: So perhaps this isn't the arena where you would use someone like Don.

MR. DANIELS: I talk -- we -- we had Don come to -- to one of our work group's meetings to talk to us about the SWAP program, how that's worked.

This is not really the watershed program.

COUNCIL MEMBER MEACHER: Okay.

MR. DANIELS: This is the implementation

strategy for the E.R.P.P.

Certainly Don has made himself available to me anytime I've needed his -- his help and guidance and have studied his documents or -- or the documents that have come out of the SWAP program --

COUNCIL MEMBER MEACHER: So I would --

MR. DANIELS: -- and we've modeled --

COUNCIL MEMBER MEACHER: -- assume then that --

MR. DANIELS: -- a lot of work --

COUNCIL MEMBER MEACHER: -- that will be down the road then, as I did hear Lester, at a few BDAC meetings ago, say that he was looking at some sort of peer review scientific team for the watershed. I didn't know if this was overlapping.

I do think, and I've said it before, that we need, through the whole process, a resource economist involved in this process, to do some of this evaluation. I don't know if you guys have discussed, but I'll continue to plug that. I think it's very important to put a value on this.

CHAIRPERSON MADIGAN: Roberta, did you want to add to that?

COUNCIL MEMBER BORGONOVO: I did want to say that the -- when we took a look at the way to embed

science, it's -- I think we presented it the last -- the last meeting, but basically Dick is talking about what we're calling first tier, which would be experts that are brought on right now to do work that has to be done in this Phase II, but the second -- the second tier are our standing scientific group of stakeholders, agency people that have expertise, and then the third tier is what we call the independent scientific review panel.

One of the things that we probably should look at, at some point, Dick, is what is the relationship between the watershed -- the watershed program, which is its -- its own component, and the ecosystem restoration work group.

MR. DANIELS: And I'd like to make one additional comment. We are asking these prominent scientists to dedicate 400 hours of their time between the middle of April and the middle of August, and they have agreed to do so. That's really quite remarkable, that they are that interested in this program.

CHAIRPERSON MADIGAN: Alex.

COUNCIL MEMBER HILDEBRAND: We're all very interested in having the best possible environment at any point in time that is consistent with physical feasibility and with the other demands of our growing population, and when we talked about the alternative this

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1 morning, as we did, we keep coming back to the point that
2 you have to examine the compatibility of those choices
3 with getting better together and with the solution
4 principals and that sort of thing, and so I -- I have no
5 problem with the effort to achieve the best we can in the
6 strategic plans, but I do have a little problem, for
7 example, on page five. It lists the major issues and
8 areas of concern.
9 It doesn't say anything about examining the
10 compatibility, the solution principals, the compatibility
11 with proposals for better flood management, the
12 cost-effective approach to meeting objectives, feasibility
13 of implementation regarding flows, overflow of the
14 floodplain, and all those things, so to me it isn't a
15 complete design of what we have to do for implementation
16 management, which is included in the list here, so I -- it
17 isn't -- it isn't what's in the strategic plan that
18 bothers me. It's what isn't in it.
19 CHAIRPERSON MADIGAN: Dick, did you want
20 to respond to that?
21 MR. DANIELS: Yes.
22 What we're trying to do with -- with this
23 ecosystem restoration program plan is design a project in
24 the classic sense, a project, and what we're trying to do
25 with our programmatic EIR/EIS and subsequent specific

1 environmental documentation is to describe the benefits
2 and the impacts and the mitigation necessary for the
3 various projects that CALFED is putting together, so -- so
4 you're not going to see a discussion of impacts or
5 mitigation in the project description that is the E.R.P.P.
6 You should seek that in the programmatic EIR/EIS, as a
7 draft and as a final, and in the -- in the
8 implementation-specific environmental documents that will
9 be prepared subsequently.
10 The tradeoffs are the subject of your debate
11 here and in the debates that will happen in the
12 legislature and certainly the -- the debates that will
13 happen in the public.
14 COUNCIL MEMBER HILDEBRAND: But I believe
15 we're being asked today whether we agree with the
16 strategic plan. I don't know whether I agree with it or
17 not, until it's examined in these other respects, so I
18 can't answer the question that we're being asked.
19 CHAIRPERSON MADIGAN: Other comments.
20 Roberta.
21 COUNCIL MEMBER BORGONOVO: It's important
22 to come to the work group or at least send your comments
23 in, because we are continuing to take a look at it, and --
24 and in all fairness, this probably just arrived recently,
25 so take a look at it, bring your comments back or send

1 them by E-Mail. We're working by E-Mail, too.
2 COUNCIL MEMBER HILDEBRAND: Well, I've
3 expressed this same concern before, and it still doesn't
4 seem to resonate anywhere.
5 COUNCIL MEMBER BORGONOVO: All right.
6 CHAIRPERSON MADIGAN: Okay. All right.
7 Thank you, Dick.
8 MR. DANIELS: Thank you.
9 CO-CHAIRPERSON McPEAK: Lester, do you
10 want to pick us up and move on to the question of status
11 report on restoration coordination program?
12 EXECUTIVE DIRECTOR SNOW: Okay. Let me
13 try to address the restoration coordination activity.
14 Unfortunately Cindy had to catch a plane, and I'll simply
15 reference you to the restoration coordination update
16 status report in your packet and then hit a couple of kind
17 of key statistics, pieces of information, and one thing I
18 want to point out that we often kind of gloss over, we
19 talk about early implementation of the ecosystem program,
20 but actually a major portion of this activity is -- is to
21 comply with the obligations created under the Bay-Delta
22 Accord in 1994, and that's where we get this term category
23 three.
24 Category three of the activities under the
25 Accord was investment in ecosystem restoration activities,

1 up to a hundred and eighty million dollars of new or
2 reprogrammed money.
3 Now to date, in terms of distributing
4 Prop 204, as well as the Federal appropriation, we have 71
5 funded projects at a total of 85.6 million dollars that
6 has already been distributed, and as kind of a second
7 go-around, you may recall when we brought to you kind of
8 the first round of projects to be funded; we also
9 identified gaps, things that they didn't get proposals on,
10 water acquisition and maybe more money on fish screens and
11 stuff like that, so as we've moved forward, we've come up
12 with a category of activity called focused grants and
13 designated actions. That totals 53.4 million and will be
14 the subject of further solicitations and projects, and I
15 might add that in that category is 20 million dollars of
16 potential water acquisition money, and while that has been
17 somewhat controversial, the restoration roundtable has
18 formed a stakeholder work group to try to go -- try to
19 develop principals and the process to identify water
20 acquisition projects and how they would work through that
21 process, so that's still under development.
22 Third category is monitoring restoration
23 reserve, which is kind of an emergency fund in case
24 projects come up that need to be funded immediately, as
25 well as contingency funds in case there are cost overruns

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1 or expansions necessary in pre-approved projects, so that
2 totals 157 million dollars that is basically available
3 through F.Y. '98 Federal monies and the Prop 204 money, as
4 well as stakeholder money from CUWA and some EPA funds.
5 COUNCIL MEMBER GRAFF: I've got a
6 question about that water acquisition, particularly in
7 light of Mike's comments, Mike's comments earlier about
8 the difficulties that San Diego and I.I.D. have
9 encountered.
10 One of the things we have been thinking about
11 recommending to both of the State and Federal Governments
12 is to have a high-level person in each -- in each
13 establishment with -- hopefully with, you know, sort of
14 a -- a mandate from the Governor and from the Secretary of
15 the Interior, whoever it would be at the Federal level, to
16 take a lead in making transfers work in California for
17 both consumptive users and for environmental users,
18 because, you know, we -- we see -- particularly, the
19 Bank of America has written a very good recent letter
20 saying, "We want legislative action."
21 I think that's probably a good idea, but from
22 my point of view, what's missing even more than
23 legislation is some kind of leadership in that area.
24 EXECUTIVE DIRECTOR SNOW: Yeah.
25 COUNCIL MEMBER GRAFF: Do you -- do you

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1 think that would be helpful?
2 EXECUTIVE DIRECTOR SNOW: Yeah, and
3 actually that -- the concept -- and maybe I'll restate the
4 concept a little differently in just a minute, but it has
5 come up in both the transfers work group discussion, as
6 well as in the assurances work group discussion, and the
7 way that concept comes up is the establishment of some
8 sort of water transfer clearinghouse, where you have one
9 place where you understand what's going on with transfers,
10 who's proposing them, who's selling, who's buying, what
11 the requirements are, to try to make it easier for people
12 to participate in.
13 Now that's -- that's a little different, and
14 what you're proposing could be an easier first step to try
15 to move into something like that, because a transfer
16 clearinghouse would probably take legislation, but the
17 point of getting -- on a certain date, you've got
18 everybody in a room that can make the transfers work or
19 block the transfers, and that's what we're finding.
20 That's everybody's universal complaint on transfers, is
21 having to go around and try to get approval, and answer
22 three doesn't match up with answer six, and I think
23 that's -- that's an important activity that we have to
24 work our way through.
25 Now I don't know whether the ecosystem

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1 roundtable has been discussing that or not.
2 Is there anybody here who's been at the
3 roundtable meetings on this point?
4 Marc, are you aware --
5 MR. LUESEBRINK: There's a work group
6 that's been meeting, and they've, I think, put together a
7 list of draft principals, but they still have a ways to
8 go.
9 CHAIRPERSON MADIGAN: Alex.
10 COUNCIL MEMBER HILDEBRAND: I, too, have
11 trouble from -- with this 20 million dollars such as
12 37 percent of the total expenditure here, with a little
13 different perspective, however.
14 The problem I see is that, as I understand,
15 the bulk of that is to buy water on the east-side
16 tributaries of the San Joaquin, which would then be taken
17 away from agriculture and devoted to fish flows, whereas
18 that's not the only way you can get that water.
19 For less money and without taking water away
20 from anybody, you can provide those flows by
21 recirculation, and we've been talking about this for a
22 couple of years now, and recently there was a modeling
23 report by D.W.R. that shows how well it works, and so it
24 doesn't seem to me it's a reasonable alternative, to go
25 out and spend a whole lot of taxpayer money buying water

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1 which you take away from agriculture in order to provide a
2 flow which can be provided by just better multiple use and
3 reuse of water at far less expense, and I'm heartened that
4 your people are taking another look at this, but it still
5 didn't resonate with me as to that they were going to take
6 a look at it in terms of doing it some other way as
7 distinguished from just facilitating transfers.
8 EXECUTIVE DIRECTOR SNOW: Well, I
9 think -- I mean the recirculation thing is getting more
10 discussion now, as you're aware. There still is the
11 concern that's raised that recirculation may have
12 increased entrainment problems associated with it, because
13 you're actually pumping more in the Delta, so for some
14 applications it may work, but for some others it may not
15 work.
16 COUNCIL MEMBER HILDEBRAND: Yeah, but I
17 don't think that that concern has been addressed very
18 carefully. It might change the five-to-one ratio at
19 Vernalis to three-and-a-half to one or something. It
20 isn't going to wipe it out, and even if it did reduce it
21 more than that, the speculation that it's bad is really
22 just speculation. It hasn't been borne out by any real
23 scientific review.
24 CHAIRPERSON MADIGAN: Yeah, Bob, and --
25 oh, I'm sorry. Roberta, did you want to -- did you have

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something?

COUNCIL MEMBER BORGONOVO: I wanted to say that the -- the environmental water seems to be one of those area that would reduce conflicts. I mean it comes up over and over again.

Before I got drawn totally into be DBAC, I was going to all of the P.H.I.S. hearings on the C.B.P.I.A., and part of the solution was the B3 water, which you buy with environmental money, and the big debate from the agricultural point of view was to minimize what came out of what was called the dedicated yield, the 800,000 acre feet, and maximize that, and then you have -- you have an opportunity to actually be able to use the money to buy the water, which reduces the conflicts, and that -- that just seems a shame not to move forward on that.

COUNCIL MEMBER HILDEBRAND: It doesn't reduce the conflict, though. It -- you know, these willing sellers aren't selling their own water. What happens is that the San Joaquin River system is seriously overly committed in -- except in years like this when we have flood releases, and so if the upstream people are able to capture more water than they normally need and use, it's water that is now going downstream and being beneficially used by other parties.

These water purchases that are being made

don't, in any way, require that the seller of the water reduce its consumptive use of water or increase the yield of water or sell water that would otherwise be lost to beneficial use. It's not like Imperial Valley, where the -- any over applied water ends up in the Salton Sea.

Here it's a case where all of the water that comes out of that system is being utilized now, and so if you reallocate water from one purpose to another, you're taking it away from one use and giving it to another. So if you can provide that water some other way, you ought to do it.

The -- the water efficiency people haven't seemed to want to look at the question about our multiple use and -- and recycling of water, as distinguished from putting in low-flow toilets or something, and this whole debate loses track of the difference, for example, in putting in a low-flow toilet in Los Angeles or San Francisco, where the effluent from the toilet ends up in the ocean, versus doing it in the Sacramento, where the water is treated and goes back in the river. It's just not that simplistic.

So the solution in one place is not a good solution in another.

CHAIRPERSON MADIGAN: Mark, did you want to add to that?

MR. LUESEBRINK: Yeah, I did.

I was just going to say that I think your points are all well taken and that ecosystem restoration, the roundtable work group is actually looking at those issues as part of those principals, and I think it's also worth noting that those same issues will come up again and again.

I know that you've worked a lot with some of the people at D.W.R. in looking at the water transfers that have taken place in the past, and they're going to have to be addressed at one point or another, and whether it's in that work group or in the water transfer work group, if we don't take care of those, we're going to run into those when we try to implement H.R.P. and some of the other programs that we're working on, so I would just say that -- that I think that's a really important process and it's something that really needs to be taken care of.

COUNCIL MEMBER HILDEBRAND: Well, I think you're right. It's going to -- it's not an issue that's going to go away, but it troubles me to spend 20 million dollars buying water before we look at those issues.

CHAIRPERSON MADIGAN: Bob.

COUNCIL MEMBER MEACHER: Just a short word of caution. I mentioned at the last meeting that there's a lot of work to do on this, and it looks like

work's moving on it, but if you mirror this after the D.W.R.'s last attempt to -- that they called the supplemental water purchase program, you're going to run into a wall. I think a lot of people are familiar with that.

CO-CHAIRPERSON McPEAK: Elaborate, Rob.

COUNCIL MEMBER MEACHER: Well, it -- it took place up in the north state, and it was a -- a water transfer program that was pulled off the table by D.W.R. because of just too many problems, and Alex has presented a lot of them, but it's a lesson of what not to do, so you might want to take a look at that.

MR. LUESEBRINK: They're -- they're taking that into account, and I think one of the principals they're looking at is how does the local community become involved prior to actually trying to implement this, and I think obviously water resources learned a lot from that process.

COUNCIL MEMBER MEACHER: And even -- even the folks that were in the environmental community up in the north state, that were against that, are concerned about this 20 million, that they see it as maybe just the same thing under a different color, so that's why I say, "Use caution. Look at that. Learn" --

CHAIRPERSON MADIGAN: Sunne.

COUNCIL MEMBER MEACHER: -- "from that."
CO-CHAIRPERSON McPEAK: Well, what I -- question to you, Alex, what I was hearing was not only a concern about the money here, but the distinction between a transfer that would occur on the San Joaquin or by users of San Joaquin water, versus some other transfers, but you were making that -- there is a distinction there, perhaps.
Is that true?
COUNCIL MEMBER HILDEBRAND: Yeah. Actually, the entire Central Valley watershed is totally allocated in a large portion of the time. It's not quite as much of the time in the Sacramento Valley as it is in the San Joaquin Valley, but if you take -- draw any -- put there any dry year, the total available unimpaired of the Valley is either consumed in the Valley, to grow food primarily, or it's exported, under existing export contracts, or it's used to meet mandated Delta outflow, so from the watershed perspective, there is no surplus water.
People understand pretty well that if you have an overdrafted ground water basin and you let somebody who has a big well pump more than he needs and sell it out of the ground water basin, he's hurting the rest of the people in the basin.
The same thing happens if the surface water in the watershed is already totally allocated, and just

because somebody is able to capture more than his needs that he can tell that. Now that's a good deal for him. He makes a lot of money, but the water sales that have been made and which are currently proposed, none of them say that the seller is going to reduce his consumptive use of water. None of them say that it has to be a quantified increase in yield of the system. None of them say that it's -- he's going to reduce the loss of water to beneficial use in the watershed, so they are all reallocations of water, and just because there's a willing seller doesn't alter that fact, and regardless of whether he has a legal right to sell it, the fact remains, from a watershed point of view, you're reallocating water, and you're reallocating it not from the seller but from other people, and it troubles me greatly to have us go ahead and spend 20 million dollars doing just that.
And the same argument applies somewhat to other items on here. This is sort of a glaring one, because it's so big, but it would apply also to these land acquisitions. Now many of them are probably all right. They probably have to do with acquisitions for spawning beds and things.
CO-CHAIRPERSON McPEAK: Right.
COUNCIL MEMBER HILDEBRAND: But to the extent that they might be water acquisitions, say, along

the -- the main stem of the San Joaquin on the Valley floor, they have to be looked at, to see whether that's compatible with the long-range better improvements in flood management that are currently being pursued by D.W.R. and the Corps in collaboration with the flood control association.
There's no evidence that that kind of analysis is going on, and so it's -- it's troublesome to me to see us go ahead and pour a whole lot of taxpayer money into doing things that haven't been adequately scrutinized, and a lot of them may be good, but we really don't know yet.
CO-CHAIRPERSON McPEAK: How would you -- then how would you adequately scrutinize?
How would you reconcile your position with this proposal?
COUNCIL MEMBER HILDEBRAND: I would delay the -- I would say you have to suspend the expenditure of these monies until those analyses are made.
CHAIRPERSON MADIGAN: Yeah, Ryan.
COUNCIL MEMBER BRODDERICK: Alex, I think the -- to do that categorically, without taking a look at the devils and the details of the individual projects, and when I look -- when you referenced the tributaries of the San Joaquin, I know that's an issue. There's ongoing purchases and transfers, whether it be under this program

or the C.V.P.I.A. program, but I was thinking specifically of a few projects up on Battle Creek, Butte Creek, projects where this acquisition is associated with actually opening up breaches of habitat that -- that are under, for all intents and purposes, small hydros -- hydros at this point, where the license holder is saying, "I don't know that" -- "in this market and with the age of this structure, that I really want to go through a relicensing," for example, "on this" -- "on this issue," and maybe now is a time and place where we are going to essentially purchase or acquire what they hold an interest and the -- and the -- and the ability to do that and -- and establish, in this case, specifically for spring water, primarily, and some steelhead, you know, another 15, 20, 30 miles of habitat, is an opportunity I'd hate to lose because of time and places over the next couple of years, while we work through all the principals in -- in their absolute detail.
I think you need to -- to -- to -- the issues you've raised are all valid, but we can't wait for the -- an ultimate answer or, as in many issues we deal with, the opportunity will be lost.
COUNCIL MEMBER HILDEBRAND: Well, the examples you cite there are somewhat different, in that the power users are not consuming any water, anyway.

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COUNCIL MEMBER BRODDRICK: The how -- the way they hold it and how they represent a fish obstruction --

COUNCIL MEMBER HILDEBRAND: Yeah.

COUNCIL MEMBER BRODDRICK: -- the fish doesn't know that.

COUNCIL MEMBER HILDEBRAND: That's right, and so it could still have an impact on downstream parties, because of the change in time of release, but at least won't -- it won't change the magnitude.

CO-CHAIRPERSON McPEAK: And I have one last comment back to you, if I might, Mr. Chairman -- back to you --

CHAIRPERSON MADIGAN: Please.

CO-CHAIRPERSON McPEAK: -- Alex, on the transfers issue out of a situation like the San Joaquin Basin, and you even extended that to all of the Central Valley.

The people that -- that I represent, who want to see an expanded water market, have also been very concerned about thirty -- third-party impacts and have been most specific about not allowing those transfers out of basins that are overdrafted, for example.

Well, there's an analogous. What you -- what you talk about, what you -- what you spelled out or -- or

described, in my opinion, is somewhat analogous to an overdrafted basin.

COUNCIL MEMBER HILDEBRAND: Right, more so.

CO-CHAIRPERSON McPEAK: What I would want to invite is then your approach to how you try to guard against that without inhibiting an expanded market.

COUNCIL MEMBER HILDEBRAND: Well, you can't just say that if there's a willing buyer and a willing seller, it's okay, because a willing seller is only willing because he's going to make money, and he doesn't really care whether he's impacting other people, so that's -- that's the -- the essence of the problem.

You have to have some kind of an oversight that says, "Yes, this willing seller is selling his own water, not somebody else's" or "he's increasing yield" or something else, so that you know that he is not damaging third parties. You cannot rely on the seller and the buyer to make that oversight.

CO-CHAIRPERSON McPEAK: I know Judith is concerned, but I -- I defer to my marketing expert there, Mr. Graff, to come up with a solution.

COUNCIL MEMBER GRAFF: Well, I don't know -- I don't know that there's a solution. I think there's more agreement, though, than there may appear from

this discussion.

First of all, the ideal situation is where there is an increase in yield, as you've just defined it, but I guess the hard one -- and sometimes it's hard for us, too, as marketing proponents -- if there is a legal right to sell the water, even if it's pay-for water, in some sense, as has been the case, really, in some past transfers over the last ten years, just on a short-term transfer basis, we found it hard to oppose, even though you're probably right that there are third-party impacts, both to other users and to the environment, on occasion, but the -- the question is: Do you -- do you block those transfers, even though there is a legal right, apparently --

COUNCIL MEMBER HILDEBRAND: Well, you --

COUNCIL MEMBER GRAFF: -- to sell them, or do you refine what -- what is legally right to sell?

And I don't know if --

COUNCIL MEMBER HILDEBRAND: Well, there's --

COUNCIL MEMBER GRAFF: -- Chairman Machado's --

COUNCIL MEMBER HILDEBRAND: -- a lot of confusion --

COUNCIL MEMBER GRAFF: -- still here

but --

COUNCIL MEMBER HILDEBRAND: -- on these --

COUNCIL MEMBER GRAFF: -- he's trying to get at that.

COUNCIL MEMBER HILDEBRAND: -- legal rights for two -- at least two reasons.

One is that the diversion rights are put in terms of diversion rates, rather than consumption of that water after it's diverted, and in the Central Valley, unlike a coastal area or the Imperial Valley, if you over apply -- if a diverter has a right to divert a hundred C.F.S. and he's only going to consume 40 of that, the other 60 ends up back in the system, but he has a right to divert that, but he doesn't have a right to divert that and use it for some other purpose and place of use.

He has to go to the State Board for that, and that isn't being done. They just go ahead and do it.

Furthermore, I can give you an example, without mentioning names, of a district that has a -- it got a contract with the Bureau for considerably more water than it's underlying water right, and it treats that then as if it was a right to water, so they want to sell the difference between the -- the contractual right and the underlying water right, which is all they really have a

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right to, because the underlying water right has to do with the right to divert water for agricultural purposes within the original boundaries of the district.

Now what they're peddling is the difference between what they need and that contractual right, so it's a contractual right, but it's not really a water right, but that's what's getting sold.

COUNCIL MEMBER GRAFF: I --

CHAIRPERSON MADIGAN: Lester.

COUNCIL MEMBER GRAFF: I guess my question is: If that -- and -- and I know some of those who are trying to sell water of that nature, or those who have storage rights in large facilities who don't have current need, perhaps ever will have need, for the quantities that they have in storage and are trying to sell, are aggressively pursuing a set of legal approaches that will confirm that right, and maybe that's a situation where we want to constrain what is legally --

COUNCIL MEMBER HILDEBRAND: Well, there's a --

COUNCIL MEMBER GRAFF: -- saleable.

COUNCIL MEMBER HILDEBRAND: -- there's a court action that --

COUNCIL MEMBER GRAFF: But --

COUNCIL MEMBER HILDEBRAND: -- that may

get resolved next month or the month after on that very issue, and of course if the seller has a right -- and a fundamental right, not a contractual right, that's superior to somebody downstream, maybe he can sell it, but more often the people who get the prize are people with riparian rights or equally good pre-1914 rights.

COUNCIL MEMBER GRAFF: I mean the real -- the real issue here is uncertainty. I mean if -- if you can't sell it, you can't sell it. If you can sell it, you can sell it. Right?

COUNCIL MEMBER HILDEBRAND: Yeah, that's right.

COUNCIL MEMBER GRAFF: So we ought to know --

COUNCIL MEMBER HILDEBRAND: We need --

COUNCIL MEMBER GRAFF: -- what the rules --

COUNCIL MEMBER HILDEBRAND: We need --

COUNCIL MEMBER GRAFF: -- are.

COUNCIL MEMBER HILDEBRAND: We need to get the rules of the game established as to what -- what is --

CO-CHAIRPERSON McPEAK: That's the pool again.

CHAIRPERSON MADIGAN: No kidding. Boy, I

tell you there's insight.

COUNCIL MEMBER HILDEBRAND: But you lawyers have difficulty in helping us to solve this, because --

COUNCIL MEMBER GRAFF: Touche.

COUNCIL MEMBER HILDEBRAND: -- even though you go to court and try to solve this and 12 lawyers --

COUNCIL MEMBER GRAFF: On our economic interests.

COUNCIL MEMBER HILDEBRAND: -- come in and each one of them says something different.

EXECUTIVE DIRECTOR SNOW: Anyway --

CHAIRPERSON MADIGAN: Lester, yes. Back to you, Lester.

EXECUTIVE DIRECTOR SNOW: Well, two -- two comments on this point. I hope not to regenerate the discussion, but some of these issues that we've just discussed is what the subgroup of the ecosystem roundtable is trying to work on, what are the principals by which we'll go about trying to do transfers for ecosystem purposes.

The other point, though, I want to make, as difficult as this is, particularly given the examples Alex has brought up, we have to figure out a way to do this.

If we cannot figure out a way to use the market to get water for the ecosystem, then there's only one recourse, and that's the regulatory way to do it, either through a biological opinion, or through a water rights proceeding or some other type of litigation, and I think we've proven that's an extremely inefficient way of going about restoring water to the ecosystem, and we've got to make transfers work in some fashion. We have to plod our way through this.

CO-CHAIRPERSON McPEAK: That's right. Amen.

CHAIRPERSON MADIGAN: Yep. Yep.

EXECUTIVE DIRECTOR SNOW: Now, in -- in terms of the focused grants -- and I -- I mentioned we had water transfers as part of it. The other part of it is these actual focus grants by category. These are the categories that we're going out with, to try to solicit some proposals.

The time frame is to issue a Joint CALFED proposal for the agencies that are administering these monies; in April, receive the proposals, have technical review, and try to have a recommended approval package that flows through the process to the CALFED policy group by the end of the year, and have the entire 85 million dollars in this year's Federal appropriation allocated by

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the end of the fiscal year.

COUNCIL MEMBER GRAFF: That's the end of the fiscal year, September 30th.

EXECUTIVE DIRECTOR SNOW: Right. That's why the box starts on this side of October, and we're accounting for potential mail delays, you know, but we'll --

COUNCIL MEMBER GRAFF: Oh, I see. September runs until October.

EXECUTIVE DIRECTOR SNOW: Yeah, runs right until October.

Now, but kind of recognize the point that Tom was actually just making, when we look at F.Y. '99 monies -- and as you may be aware, the President has submitted a hundred and forty-three million dollar request for CALFED -- we're actually dual tracking, so that we're running through a process now of trying to revise and expand priorities; in this timeframe, April through June, maybe starting into August, identify the types of actions and try to match up with how we're going to move the money and the different types of funding sources we have access to and then -- and then this year, roughly at the beginning of the fiscal year, have a pretty good idea of where we want that money to go and have a more lead time to expend the F.Y. '99 monies.

CHAIRPERSON MADIGAN: Tom.

COUNCIL MEMBER GRAFF: Yeah, just a comment on that, at the meeting that Sunne referred to earlier in Washington, where the State legislators and the Congress people were together, there was a little bit of a discussion about the availability or the likely appropriation level of F.Y. '99 appropriations, and it's pretty clear to me we're not going to get anywhere near the one forty-three. We will be lucky to get another 85, and if I had to bet -- if I were a betting person, it's going to probably even be less than that.

Do you see that as a problem or as -- you know, as sort of a realistic assessment of what we can responsibly spend in this kind of time frame?

EXECUTIVE DIRECTOR SNOW: There's a couple of different answers to that. I mean I've heard some of the discussions back in Washington and some of them has been the observation that you made, then with the competition, particularly the Salton Sea this year, making it more difficult for California to get these kinds of appropriations.

If a reduced allocation is matched with a modification of the authorization period, that is not a bad thing to have happen, and -- and let me expand on that.

The authorization that was passed, in October of '96 that got these monies going, was a three-year authorization for 430 million dollars, divided into the three years. With these reduced annual appropriations, if we can extend the authorization period, that actually works fairly nicely for us, and that can be an acceptable tradeoff on this.

CHAIRPERSON MADIGAN: Okay. That makes sense.

Stu.

COUNCIL MEMBER PYLE: Lester, where do we see or when will we see reports and activities on the '97 program?

Is that developed?

EXECUTIVE DIRECTOR SNOW: Actually, we have a report that we've prepared on that, and coordinating -- let me answer it in two ways: The Federal appropriation requires the Bureau of Reclamation to submit a quarterly report. They are delivering to Congress next week, I believe, the first quarterly report, and as that's completed, we will distribute that here also.

Now we, as CALFED, that's trying to coordinate other pots of money, we're preparing kind of a broader quarterly report that covers not only the 85 million but also the category three monies and the CUWA monies, the

urban monies, as well as the E.P.A. money, and so when we prepare that report, we can provide that to the roundtable and to BDAC.

CHAIRPERSON MADIGAN: Okay. Sunne.

CO-CHAIRPERSON McPEAK: This is probably -- well, I know it's a stupid question.

On the 430 million, what -- what's really the latitude there on expenditures?

Is it pretty strictly ecosystem restoration?

It is -- is it support for CALFED?

What -- what is our --

EXECUTIVE DIRECTOR SNOW: It's -- it's pretty specifically ecosystem restoration activities.

CO-CHAIRPERSON McPEAK: Okay.

EXECUTIVE DIRECTOR SNOW: And with language to discourage even much administrative use of that money, so it's the ecosystem restoration, the monitoring and establishing of long-term monitoring to -- to make sure you're doing the right kind of job, but it's to ecosystem restoration, not other activities.

CHAIRPERSON MADIGAN: Tom.

COUNCIL MEMBER GRAFF: Just -- just a comment on sort of the relationship between -- or sort of how this money kind of appears to Washington people is that -- the process that is mostly being followed in

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1 California to -- to sort of vent how to -- how to spend
2 the money is large -- or at least in significant part more
3 so than is usually the case, kind of stakeholder driven,
4 or at least stakeholder -- a lot more stakeholder
5 involvement than you often see in any kind of Federal
6 program, and at least initially, my understanding is that
7 some of the Federal appropriators, and particularly the
8 Federal appropriators' staff found that kind of
9 uncomfortable, but my further understanding is that
10 they're sort of coming around; that this may be a -- a
11 better way to do it, a good way to do it, provided that
12 there's a lot of reporting and -- and feedback loops and
13 so on.
14 Is that a fair description?
15 EXECUTIVE DIRECTOR SNOW: Well, I think
16 that's very fair. I mean this was done in a very
17 unorthodox way for the first appropriation. It irritated
18 the appropriation staffers.
19 Now I think there is kind of a different
20 demeanor, as they have come out here and actually toured
21 some of the projects and met with some of the stakeholders
22 in California, and I think there is concern; they don't
23 want this money to become another Federal agency line item
24 that just gets lost in the -- in the morass of the Federal
25 budget and is clearly identifiable and there's clear

1 projects that result from it.
2 CHAIRPERSON MADIGAN: Sunne.
3 CO-CHAIRPERSON McPEAK: If I might make
4 one more follow-up comment, and this still may not be
5 possible, but I think I -- I would concur with Tom's
6 observation of maybe the difficulty in the -- in the
7 Federal delegation's ability to keep up that -- the --
8 the -- support the President's proposed appropriation
9 and -- and also they're question -- beginning to question
10 what are we doing with the money, and we're in this odd or
11 awkward time period, where we know that the ultimate
12 solution in the ecosystem restoration is going to take
13 quit a bit, but trying to do -- spend the money as fast as
14 maybe even it's available, without having some overall
15 decisions being made, is causing a little bit of a bind.
16 Is there any more creative way that we can
17 tackle the ecosystem restoration with some innovation?
18 Hearing today a lot more about the
19 demand-management side, is there any -- some tradeoffs
20 that we can do; talking about even a linkage between water
21 quality, some of the water quality proposals within --
22 that you're -- that you're thinking about that might
23 result in some ecosystem restoration?
24 Can -- and that suggests maybe getting a
25 little bit more expansive than the process we went through

1 before on those R. -- R.P.s; that is instead of just
2 inviting proposals, really sort of searching out some
3 ideas and getting more proactive on how we use and wisely
4 invest the money that the Federal and State folks have
5 made available.
6 EXECUTIVE DIRECTOR SNOW: You're right on
7 point. I think that's -- there's a couple of responses
8 that kind of affirm your thinking.
9 A lot of the idea, in this time frame, to
10 prepare for next year, is to do what you're saying, really
11 try to identify the actions we want to see happen, not --
12 not just kind of cast broadly and see what gets thrown
13 in --
14 CO-CHAIRPERSON McPEAK: Good. Okay.
15 EXECUTIVE DIRECTOR SNOW: -- but rather
16 to specify.
17 You've also hit on a point that there has been
18 concern; we've not gotten enough done on, and that's the
19 toxics issue, water quality.
20 CO-CHAIRPERSON McPEAK: Right.
21 EXECUTIVE DIRECTOR SNOW: Sometimes we
22 think about water quality as a separate program, and
23 that's probably drinking water. Well, there's a big part
24 of it that's ecosystem, and perhaps we need to focus more
25 monies into those kind of activities.

1 There was some of that done even to come up
2 with this list for this year's money, to look at what are
3 priority issues and what kind of projects are ready to go,
4 and we've noticed back in Congress, particularly with the
5 appropriate folks, that fish passage and the screens, and
6 that's something --
7 CO-CHAIRPERSON McPEAK: Right.
8 EXECUTIVE DIRECTOR SNOW: -- they -- they
9 really can understand that --
10 CO-CHAIRPERSON McPEAK: Right.
11 EXECUTIVE DIRECTOR SNOW: -- that they
12 can go out and kick it. They know that it's supposed to
13 make big improvements. This matches up nicely with
14 C.V.P.I.A. kinds of activities, so there's a lot of those
15 kinds of activities that you can move on fairly quickly.
16 They understand it back in Washington and, in fact, is a
17 priority for the system.
18 CO-CHAIRPERSON McPEAK: Okay. That's
19 good. I'll ask Alex for other ideas.
20 EXECUTIVE DIRECTOR SNOW: Well, I'll
21 mention one other thing. This has come up here, but it's
22 also been an issue back there.
23 People understand floodplain habitat
24 restoration and land acquisition.
25 We're being asked by Congressman Pombo and

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Congressman Doolittle to try to prepare some language on how we acquire land, in terms of willing sellers, but then also the issue that Alex raised, to make sure that it's not just the seller; it's the neighbors, that they understand what is going to happen to them or you -- you have a handle on that. Those issues are being raised. We expect those to come up in the appropriation hearing next week.

CO-CHAIRPERSON McPEAK: Good.

Pat. Maybe Patrick --

COUNCIL MEMBER WRIGHT: One other aspect of that, that should also help for folks in -- in Washington is even this list does tend to appear to be scatter shot, and we have these great lists of all the category three projects, but hopefully by the next round we'll have explicit ties to the ecosystem restoration program, so people can see that we're not just funding individual fish screens or individual programs, but programs that all fit together.

Even if we can't say within a year or two that we've gotten this result, at least we can say it all fits together with this E.R.P.P., and then we'll have the indicators, so hopefully it will all come together a little bit better as we enter the next round.

EXECUTIVE DIRECTOR SNOW: There are

actually some good stories to tell on -- on individual watershed bases. If you -- if you look at our -- the last map that has the 71 projects on it; you look at Butte Creek, and I think there are probably five or six dots on Butte Creek of different kinds of activities, and so you can describe what's happening there, working with the landowners and all these different monies that have come in from different sources to have an overall strategy that has opened up 28 miles of additional salmon spawning habitat; removed three dams, or in the process of removing the third dam, and has improved the reliability of the water supply.

I mean there's -- there's -- there's wonderful little stories like that, that we probably haven't done a very good job of conveying to people.

COUNCIL MEMBER HILDEBRAND: The other problem with land acquisition is that we really need to look at whether it's cost effective to make the particular acquisitions that are proposed.

In case of the Delta, we see a lot of opportunities to provide wetland habitat, shallow water habitat, without taking agriculture out of -- out of business. There are other opportunities, and we've got people working pretty diligently on pointing out what those are, but they aren't in the program yet.

EXECUTIVE DIRECTOR SNOW: Right. I agree.

CHAIRPERSON MADIGAN: Okay. Thank you, Lester. Thank you all for your participation.

That -- I have one speaker slip, and that's John Mills from R.C.R.C., but --

COUNCIL MEMBER MEACHER: John is deferring until tomorrow at the --

CHAIRPERSON MADIGAN: Okay.

COUNCIL MEMBER MEACHER: -- first opportunity, understanding that everyone here is getting a --

CHAIRPERSON MADIGAN: Okay.

COUNCIL MEMBER MEACHER: -- little woozy.

CHAIRPERSON MADIGAN: Good. Done. Woozy. Thank you very much for that.

That, with the exception with a request for open public comment, and I've received no speaker slips in that regard today, though you are certainly welcome, would seem to be it.

Let me briefly remind you that tomorrow we're going to start at 8:30. The notion is that we're going to be done by 2:30 in the afternoon for adjournment, because planes tend to be more important tomorrow than they are today.

Thank you all very much for your participation today. Thank you, again, to the Southern California Water Committee for their efforts on our behalf.

The room is going to be reshuffled for tomorrow. Pick up your stuff and take it with you, if you wish to keep it, and we are adjourned until tomorrow.

Thank you.

(End of proceedings: 5:08 p.m.)

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