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

TRANSCRIPT OF PROCEEDINGS
Redding Doubletree Hotel
1830 Hilltop Drive
Redding, California 96002

Thursday, May 14, 1998 at 9:15 a.m.

REPORTED BY: TANYA L. SISNEROS, CSR 8124

PORTALE AND ASSOCIATES DEPOSITION REPORTERS

211 East Weber Avenue
Stockton, California 95202

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COUNCIL MEMBERS:

- MICHAEL MADIGAN, Chairman, California
Water Commission
- LESTER SNOW, Executive Director
- ERIC HASSELTINE, Contra Costa Council
- STEVE HALL, Association of California
Water Agencies
- JACK FOLEY, Metropolitan Water District
of Southern California
- ALEX HILDEBRAND, South Delta Water Agency
- BOB RAAB, Save San Francisco Bay
Association
- RICHARD IZMIRIAN, California Sportfishing
Protection Alliance
- DON BRANSFORD, Glenn-Colusa Irrigation
District
- ROGER STRELOW, Beveridge and Diamond
- DAVID GUY, California Farm Bureau
Federation
- TOM GRAFF, Environmental Defense Fund
- JUDITH REDMOND, Community Alliance with
Family Farmers
- HARRISON (HAP) DUNNING, Bay Institute
- ROBERTA BORGONOVO, League of Women Voters
- TIB BELZA, Northern California Water

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Association

MARY SELKIRK, East Bay Municipal Utility
District

MIKE STEARNS, San Luis Delta Mendota
Water Authority

ANN NOTTOFF, Designated State Official -
The Resources Agency

STUART PYLE, Kern County Water Agency

HOWARD FRICK, Friant Water
Authority/Arvin Edison
Water Supply

MARTHA DAVIS, Siera Nevada Alliance

SUNNE McPEAK, Bay Area Council

ROGER FONTES, Northern California Power
Agency

BYRON BUCK, California Urban Water
Agencies

PATRICK WRIGHT, Designated Federal
Official for US EPA

EZE BURTS, Los Angeles Area Chamber of
Commerce

ROBERT MEACHER, Regional Council of Rural
Counties

1 (All parties present, the following proceedings were
2 had at 9:15 a.m.)

3

4 CHAIRMAN MADIGAN: Good morning,
5 ladies and gentlemen. It's nice to see all of you
6 here today.

7 My name's Mike Madigan, and I'm chairman
8 of the Bay Delta Advisory Council. To my left is
9 Sunne McPeak, my co-chair. To my right is Lester Snow
10 the executive director of CALFED.

11 The three of us and our fellows on the
12 Bay-Delta Advisory Council who you see here at the
13 U-shaped table are very, very pleased to be in Redding
14 this morning to hear from you and share with you
15 issues regarding the Bay-Delta, the proposed solutions
16 that the CALFED staff has been working on so
17 diligently these past few years. And we are grateful
18 for your attendance and look forward to your
19 participation.

20 In that regard, there are several elected
21 officials here this morning, and we are particularly
22 honored by your presence. And it would be our
23 expectation to hear from you first on today's agenda.
24 And while I am personally aware of three of you who
25 have made the trek to join us this morning, if there

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1 are others, I would very much appreciate your letting
2 us know, and we would very much like to hear from you
3 this morning, your views on what it is that we are all
4 about.

5 I would further indicate to the members
6 of the Bay-Delta Advisory Council that it would be our
7 expectation today to adjourn in memory of Nat Bingham,
8 and we will make some further note of that at the
9 appropriate time.

10 So welcome to you all. Thank you for
11 being here. We have a full agenda. We encourage your
12 participation and look forward to today.

13 Maybe, Lester, to start, it would be
14 appropriate if we would invite those elected officials
15 in attendance to speak to us, and I understand that
16 Trinity County Supervisor Ralph Modine is here.

17 Sir, good morning. I wonder if we could
18 ask you to come up and make a few introductory
19 remarks.

20 SUPERVISOR MODINE: I certainly
21 appreciate this opportunity.

22 CHAIRMAN MADIGAN: Welcome.

23 SUPERVISOR MODINE: I think maybe I'll
24 just briefly say that in 1955, due to an act of
25 congress, the Trinity River and the Trinity River

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1 the results.

2 COUNCIL MEMBER McPEAK: In my book too.
3 SUPERVISOR WOODRICH: I don't have much
4 different to say, except that I think it is critical,
5 if CALFED hopes to achieve a comprehensive and
6 equitable solution, CALFED can't forget where the
7 water comes from. And a million feet a year comes
8 from the Trinity River. And I think you neglect the
9 source of your water at your and our peril. The
10 solution won't work if you can't remember where it
11 comes from.

12 Thank you.

13 CHAIRMAN MADIGAN: I hope that one of
14 the things that we all remember from today is where
15 the water comes from. It appeared to be coming from
16 the sky literally as I drove over here today.

17 Thank you, sir. I appreciate you being
18 here.

19 Is Lavata (phonetic) Erickson here?
20 Good morning. Welcome.

21 MS. ERICKSON: Thank you. It's Lavata,
22 Siskiyou County, and I'm sure you know that we are at
23 the top of the State, the real, real, real Northern
24 California.

25 CHAIRMAN MADIGAN: By anybody's

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1 basin became part of the Central Valley project. And
2 in the last 34 years, the Trinity River basin has
3 contributed 30 million acre feet to the well-being of
4 California and has provided in water and power values
5 three billion dollars boost to the California economy.

6 We think and agree with your efforts that
7 reinvestment in watersheds is an essential component
8 of the CALFED process. But we'd like to remind you
9 that on your maps and a lot of the other things that
10 you've demonstrated to us so far, somehow we are the
11 forgotten watershed. And we are hoping that if there
12 is going to be some sort of reinvestment in watersheds
13 that are delivering to the well-being of the
14 Sacramento/San Joaquin Delta, then Trinity County and
15 the Trinity River watershed expects to be a full
16 player in that. Thank you.

17 CHAIRMAN MADIGAN: Thank you, sir.
18 Thank you for taking the time to join us today.

19 I understand that former Trinity County
20 Supervisor Arnold Woodrich is here.

21 Sir, good morning.

22 SUPERVISOR WOODRICH: I had no idea that
23 former supervisors were dignitaries also.

24 CHAIRMAN MADIGAN: In my book, they
25 are. I'll take a poll around here and let you know

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1 definition.

2 MS. ERICKSON: And we do have a lot of
3 water now. Being one of the counties of origin or
4 source counties, as we're known, we do have some
5 concerns that we'd like to have heard.

6 A little background of our county, we're
7 6400 square miles, 44,000 in population, and our base
8 is agriculture.

9 The soundness of our economy depends on
10 natural resources. So it is natural for us to want
11 reassurance that as a county of origin, our water
12 rights will be protected, our economy dollars will not
13 be put on the line and that local control will not be
14 taken away.

15 I read through some of the documents.
16 Those are some heavy documents, by the way. And the
17 strength of protection in any of these areas that I've
18 spoken about for counties such as Siskiyou doesn't
19 seem to be there.

20 The retirement of agricultural lands is a
21 grave concern to our farmers and to our ranchers, and
22 that concern spills into our business community as
23 well.

24 Traditionally, in Siskiyou County, the
25 vast majority of money generated by agriculture is

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1 spent in our county. Every dollar of ag money passes
2 through five to seven pairs of hands before leaving
3 our counties. Retirement of lands, which some would
4 assess is not water efficient enough to keep, would
5 undermine our local economy at a great level and send
6 a message of non-concern to our public.

7 With the Watershed Management
8 Coordination Plan, we would also like to be heard.
9 Again, there is no strong CALFED commitment to
10 Northern California or the mountain counties.
11 Watershed management is of great importance to this
12 project. And so is the way of its implementation.

13 Siskiyou County has partnerships and
14 organizations, Crimps and RCDs that have been involved
15 in working in a positive way with the public and the
16 county in the area of watershed management. We would
17 ask to be at the table when any plans concerning
18 watersheds are coming forward to us.

19 Again, we stress the importance of local
20 involvement and local control with partnership efforts
21 on all government levels. Rural counties are usually
22 small in population, such as ours, and our needs are
23 usually small in comparison with the other State
24 counties. That should not diminish our recognition
25 and that should not put us on the back burner.

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1 to introduce yourselves or to come to the microphone
2 if you desire. Please, anyone?

3 MAN FROM THE AUDIENCE: Chairman Madigan,
4 I just want to remind you this is an all-state effort,
5 and while I don't have the status of the supervisors
6 of the Northern California here, a 17-year elected
7 official from San Diego County, and as you know, we've
8 got 22 million people.

9 As I understand it, Southern California
10 is ready to do its part in this effort, so I want the
11 people of the north to know that we bring the peace
12 pipe.

13 Thank you.

14 CHAIRMAN MADIGAN: Thank you, Kerry.

15 Good morning.

16 SUPERVISOR HEPRIN: I'm Nancy Hefnan, and
17 I'm the supervisor from Modoc County.

18 CHAIRMAN MADIGAN: Thank you very much
19 for being here.

20 SUPERVISOR HEPRIN: And when you have San
21 Diego and Modoc County, you just about covered the
22 whole State.

23 Anyway, it's kind of hard to realize that
24 Goose Lake, which is right on the edge of Oregon and
25 California, is actually part of the Bay-Delta, and

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1 Our input and our concerns are real, and
2 they should be addressed with as much attention as
3 needed. This project is large in scale, and there is
4 much more in cost than just dollars. All must be on
5 board and the ride must be comfortable.

6 So Siskiyou would ask you to listen to
7 and to address the concerns over, number one, County
8 of origin protection in all areas from water to land
9 use.

10 Number two, no retirement of agricultural
11 lands in the upper watershed.

12 Number three, water management
13 coordination with CALFED and Northern California, our
14 mountain counties, at the same table.

15 Number four, no loss of local control in
16 any way. Stakeholder involvement at all levels.

17 Number five, cost of watershed management
18 in counties of origin must be shared with all water
19 users in the State. This project will always be a
20 work in progress. It would probably behoove us to
21 start to educate our children and our grandchildren.
22 Thank you.

23 CHAIRMAN MADIGAN: Thank you very much.
24 I'm sure there are other elected officials in the
25 audience, and I would be very pleased both to ask you

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1 that's the reason it's so important to hear from all
2 of us, and I would echo the sentiments that Lavata has
3 just expressed because that pretty much covers us.

4 We're a county that are 75 percent state
5 and federally owned, and we only have 10,000 people,
6 so we don't have one of your big cities. But it's
7 still important, and it's a place that everybody likes
8 to come and visit. And if we don't have the people
9 that can stay in those areas, there will be no place
10 to come and visit. So it's important.

11 And I'm glad to here that the peace pipe
12 is going to be smoked, and I hope it does real well.
13 Thank you.

14 CHAIRMAN MADIGAN: Thank you very much.
15 Thanks for taking the time this morning to be with us.

16 Good morning, sir.

17 MR. HASTY: Good morning, Brent Hasty,
18 Yuba County Board of Supervisors. It's not the peace
19 pipe we're concerned about. It's the checkbook.

20 CHAIRMAN MADIGAN: I tell you we're
21 going to get some good ones today.

22 Good morning, sir.

23 MR. ROVERO: Joe Rovero. From Merced
24 county. We're down in the San Joaquin Valley. We
25 don't have the problems that the people in the

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1 northern parts of the state do, but we want you to
2 know we are in support of the needs of the people in
3 the north, so we do have our own special problems and
4 needs and so on, but we are definitely in favor of
5 helping our sister counties in the north, and so I
6 just wanted you to know that. Thank you.

7 CHAIRMAN MADIGAN: Thank you, sir.
8 Good morning, sir.

9 MR. FITCH: Good morning, I'm here
10 representing Assemblyman Tom Woods. My name is Steve
11 Fitch. Assembly's in session right now, so he
12 couldn't be here. He'll be here this evening. Tom's
13 been involved in the watershed issues probably more
14 than any other single issue during his two terms.

15 I'd like to pass on some comments that
16 he's going to be making tonight, just some short ones,
17 and then elaborate on those.

18 He feels the watershed component must be
19 strengthened in the final draft. I know that's the
20 focus today is watershed. The best science tells us
21 there is a direct link between improving conditions in
22 source watersheds and improving water yields, timing
23 of flows, quality, and storage capacity protection.

24 To have any effect on this, you must
25 address the massive quantities of unnatural biomass in

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1 stream flow periods or even creating new ones and
2 protecting storage capacity.

3 CALFED holds the key to getting this
4 genie out of the bottle. Perhaps some of you are
5 skeptical about these claims. That's your role to be
6 skeptical, so let's take a look at them briefly, see
7 what the top scientists say.

8 Top scientists say first we must
9 understand suppression of fire in California's
10 Mediterranean climate has significantly altered the
11 ecosystem. So we're talking about putting it back to
12 a more natural condition, not raping and pillaging the
13 forests and the watersheds.

14 What the scientists say about increased
15 yields, and I quote, Stream flow may be augmented by
16 conversion of shrubs and trees to herbaceous cover to
17 reduce transpiration. That's Ken Turner, DWR
18 hydrologist.

19 There is another one, they say, quote,
20 Without exception, water yield on each watershed
21 increased after treatment. Our results strongly
22 support the conclusion that chaparral can be managed
23 to water yield by means of mosaic conversion patterns
24 designed to protect wildlife habitat values, water
25 quality and landscape esthetics. That's the Arizona

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1 our watersheds. This vegetation, of course, pumps
2 millions of acres feet of water every year into the
3 atmosphere. It dries up streams and is a fire hazard
4 putting the whole system at risk for flooding and
5 siltation.

6 Tom's recommending that the cost of this
7 work be through reinvestment in watersheds by water
8 users to assure continuing flow of benefits over the
9 longrun. He's going to emphasize tonight that the
10 watershed restoration should proceed or at least
11 progress in concert with the conveyance projects. Try
12 to get the horse before the cart there.

13 I'd like to elaborate on Tom's points and
14 do so from my own experience managing over five
15 million acres of watersheds in three states in this
16 country.

17 This group is going to have to elevate
18 the element of watershed coordination to equal status
19 and emphasis and funding as the other four programs.
20 I'll tell you why.

21 Lester, you recently said that the
22 watersheds are the foundation to the whole system.
23 That's a fact I don't think any of us can deny.

24 They say that healthy watersheds will
25 grant us three wishes, supplying more water, extending

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1 Academy of Science and Hydrological Science Society.

2 What do they say about new and longer
3 stream flows. Quote, Dry season stream flows, the
4 first season after fire on manipulated watersheds
5 increased appreciably over untreated watersheds.

6 That's San Dimas Experimental Forest
7 where I was the manager for six years.

8 Another quote from the scientists, Prior
9 to treatment, stream flow from both watersheds was
10 intermittent. Stream flows were extended considerably
11 into dry periods than before treatment. And flow on
12 one watershed is continuous. There was a watershed
13 that didn't have a flow and now they have a continuous
14 flow. That's Pase and Ingebo Forest and Range
15 Experiment Station.

16 They say about storage protection, we
17 know that before European man came to California, the
18 lower watersheds slopes were grass and scattered oaks.
19 They weren't chaparral and scattered brush.
20 Scientists tell us more, quote, more sediment now
21 moves from the watershed allowed to turn to brush than
22 from the one converted to grass. That's from the
23 Arizona Watershed Symposium.

24 Here lies a sleeping monster. We all
25 know that the type of high intensity fires that we're

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1 experiencing in some of these watersheds behind these
2 reservoirs. Can you imagine what it's going to be
3 like when we have to shut down Shasta Dam, drain the
4 lake some summer, can't do it in the winter, to clear
5 out that siltation. It's slowing creeping up on the
6 brand new temperature device up there, and the gates
7 and so on, and that's happening in all the reservoirs.

8 So we've got to do something in these
9 watersheds. We cannot wait. So as you increase your
10 projections on water demands down south, think about
11 what's happening slowly but surely up here in terms of
12 sedimentation. If we don't do something with those
13 watersheds, it's going to be a terrible consequence.

14 Now, what can BDAC do? Immediately
15 endorse the key roll of watershed restoration as a
16 system steward. Elevate it to the system steward.
17 Fund a program at a level commensurate with other
18 program elements and adopt a strategy to coordinate
19 grassroots and agency efforts to restore watersheds.

20 There has been an effort here to put
21 together a system by RCRC and Sierra Nevada Alliance
22 to bring together all the concerned and interested
23 parties and facilitate coordination of this whole
24 effort. That's one model.

25 There is another model right here in this

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1 Federal Government and the EPA.

2 As I drove down here last night, I came
3 through a 74,000 acre fire, the Fountain Fire, which
4 you all probably are aware of, and we have severe
5 overstocked forests.

6 If we can do some thinning in these
7 forests with some reinvestment in our watershed, the
8 time release will be at the rate that we need it to
9 come down to the valley and we also will have a higher
10 quality of water. So I'd just like to have you
11 consider that, and that's what we mean by reinvestment
12 in our watersheds and our riparian areas.

13 Thank you.

14 CHAIRMAN MADIGAN: Thank you, sir.

15 Thank you all very, very much for taking
16 the time to come down here this morning and share your
17 thoughts and your wisdom with us. We all appreciate
18 it a great deal.

19 Lester, the period of comment time for
20 response has been extended. Do you want to report on
21 that?

22 COUNCIL MEMBER SNOW: Yeah, let me make
23 a few comments. There is actually two decisions that
24 were formalized in the CALFED this week that I think
25 are significant for the program. We have had, for

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1 area called PAC, the Provincial Advisory Committee,
2 that sits and advises all the agencies on what they
3 need to do in the watershed.

4 So you have two models before you. You
5 need to decide what you're going to do and do it
6 quickly because there are lots of groups forming in
7 this area on this issue.

8 Finally, use CALFED funds to leverage
9 other funding, local, state and federal. I think
10 you've got a wonderful opportunity to already leverage
11 some federal dollars, and there is no place in the
12 United States that the Federal Government can
13 demonstrate what they can do with watershed health
14 than in California. So good luck with that. Thank
15 you.

16 CHAIRMAN MADIGAN: Thank you, sir. Good
17 morning.

18 MR. DALLY: Good morning, I'm
19 Brian Dally, Chairman of the Board of Supervisors for
20 Lassen County.

21 CHAIRMAN MADIGAN: Welcome.

22 MR. DALLY: I'd just like to reiterate
23 what several of the northern counties have already
24 offered to you. I know that we have support from the
25 stakeholders. I also encourage support from the

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1 some time in this program, a tension between the need
2 to maintain momentum, to keep people engaged and show
3 progress and make decisions and the kind of a
4 counterveil intention of making sure there is
5 sufficient time for adequate public debate and
6 deliberation on these issues.

7 On May 1st, the CALFED agencies got
8 together to look at the issue of extension of the
9 comment period and to talk about the nature of the
10 document to be prepared at the end of this month and
11 made some recommendations.

12 On Monday of this week, Governor Wilson
13 and Secretary of Interior Babbott got together and
14 formalized two decisions that are very important. The
15 first was an agreement to extend the comment period in
16 which we are now engaged to July 1st, adding 30 days
17 to that comment period.

18 The second, which is important, again,
19 from the standpoint of maintaining momentum and public
20 deliberation, has set up a target of a draft preferred
21 alternative by year end. And that would take the form
22 of a revised draft or recirculation, whichever the
23 term is that you prefer, by the end of this year.

24 That means that a preferred alternative
25 would appear in the form of a draft document, not a

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1 final, as had been previously shown in our schedule.
 2 And that then adds an additional comment
 3 period next year after that draft is released. So we
 4 have extended the comment period that we are currently
 5 in to July 1st.

6 We will incorporate those comments in the
 7 formation of a final draft to be released by the end
 8 of the year which will include a preferred
 9 alternative. That will then trigger a subsequent
 10 public comment period on that document, and hopefully
 11 the response to those comments and other modifications
 12 will lead to a final EIR/EIS in late summer, early
 13 fall of 99.

14 Again, we think this kind of is the best
 15 of both worlds. It maintains momentum in identifying
 16 more specificity on what we think works, while, at the
 17 same time, actually adding significant additional
 18 public comment period in terms of the 30 days now and
 19 the subsequent period once we have re-issued a draft.

20 The graphic shows some of the basic
 21 steps. We will provide to BDAC subsequently more
 22 detail on our estimated targets for those other
 23 periods. The key one, of course, right now, is
 24 instead of June 1st, it is now July 1st for close of
 25 this comment period.

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1 Superior California. It is superior to the rest of
 2 the State with respect to the water supply. And last
 3 night, the Regional Council of Rural Counties had a
 4 wonderful reception for all of us who were able to be
 5 here. It was a time for a lot of folks to either
 6 renew acquaintances or to meet new friends and to
 7 continue this whole process.

8 And the distances are not short anywhere
 9 in California, so if you're traveling from Alturas or
 10 Yreka or Susanville to try to get to Redding, you have
 11 to do a lot of traveling.

12 Jack came from LA because I gave him a
 13 hard time at AQUA and said I'm missing you. Tim Quinn
 14 came up from -- we have visitors from San Diego. The
 15 whole State is now traveling to other communities to
 16 get engaged.

17 I say that because the business community
 18 too thought they needed to be heard and registered two
 19 comments or two comments in one letter.

20 You have in your packet communication to
 21 President Clinton and Governor Wilson from 28 CEOs and
 22 major employers throughout California. The first
 23 thing was to support CALFED as the major hope we have
 24 of resolving the Bay-Delta issues and meeting
 25 California's water resources in this century. This

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1 CHAIRMAN MADIGAN: Questions from
 2 members of BDAC? Thank you.

3 Next item then on the agenda is a report
 4 from Sunne on a letter written by an impressive array
 5 of Bay Area business leaders to the President and
 6 Governor.

7 COUNCIL MEMBER McPEAK: Thank you, Mr.
 8 Chairman.

9 May I begin by noting the new schedule
 10 that is up, I think, also reflects a new sense of
 11 engagement by all stakeholders that although CALFED
 12 has been in progress for three years plus, that we're
 13 at a very critical stage in terms of everybody
 14 continuing to be in the dialogue. And I want to just
 15 add to the chairman's words a note of gratitude and
 16 acknowledgement to all of you who are here today and
 17 to the elected officials who have taken great
 18 responsibility to be a part of this process.

19 No one group feels like they've been
 20 listened to enough, so maybe that's also a part of the
 21 stage in which we're in that everybody wants to be
 22 heard more. And that goes for the business community
 23 as well as the areas of origin. It's not just
 24 Northern California.

25 I learned years and years ago, this is

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1 century is rapidly running out, so perhaps the drama
 2 of that statement diminishes by every day.

3 However, we also know that we can't let
 4 the environment, the ecology and the water supply be
 5 neglected because then the economy is really
 6 threatened. And that's a message from the CEOs.

7 They, too, also have been quite concerned
 8 about having a voluntary water transfer market
 9 incorporated as a major component of the CALFED
 10 solution.

11 And just as watershed management was
 12 acknowledged as a separate component now of the CALFED
 13 common program, we are delighted to see that water
 14 transfers is also a sixth element. So we have six
 15 components to the common program and are trying to
 16 learn more about all of these common programs as we
 17 move forward. So the letter is here for your
 18 information.

19 I also want to acknowledge, in the last
 20 week, seems to me that there has been some major
 21 responses from Federal and State officials. And
 22 you've just heard Lester report on Governor Wilson and
 23 Secretary Babbott meeting, listening to people wanting
 24 to have more time for comments yet wanting the process
 25 not to be so delayed that it gets off base. And I

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1 commend the 30-day extension, and Governor Wilson's
2 response to the CEO letter and acknowledging that
3 there had to be adequate funding in the CALFED program
4 to look a water exchange and Secretary Babbott
5 acknowledging that publicly at the AQUA Conference.

6 So I share that with all of you and also
7 publicly thank Governor Wilson, Secretary Babbott and
8 EPA, Felicia Markus, for responding to the letter that
9 was submitted.

10 CHAIRMAN MADIGAN: Thank you, Sunne.

11 All right, thank you very much.

12 Next item on the agenda is progress on
13 the implementation strategy. And Lester Snow is going
14 to introduce that, and then Stein Buer is going to
15 follow up.

16 Lester, you're on.

17 COUNCIL MEMBER SNOW: As we start
18 talking about identifying preferred alternative, it
19 really starts leading to a lot of discussion about the
20 exact nature of the decision, what is a preferred
21 alternative. What does it look like. And as you
22 might expect, like many things in this program, it's
23 not traditional.

24 Preferred alternative is not selecting
25 one thing, and it's real clear when it gets

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1 And I want to begin by saying that the
2 presentation and materials this morning draws very
3 heavily on input from stakeholders throughout the
4 process and from the BDAC work groups led by
5 Zach McReynolds and Mary Schoonover. I want to
6 acknowledge credit for a tremendous amount of work
7 that's already been done in starting to define these
8 issues.

9 It's important to note that the decision
10 that faces us in terms of a preferred alternative is
11 inseparable from the structuring of implementation
12 process that would follow.

13 This morning we'll talk a little bit
14 about the need for staging, a program which will
15 extend over 30 years and includes hundreds of complex
16 interacting components, the various implementation
17 plan characteristics. What needs to be in the plan to
18 make it a functional useful entity.

19 Third, the linkages, really the glue that
20 would hold the whole package together, that would
21 assure that all stakeholder interests are addressed
22 and that the package moves forward logically leaving
23 no one behind.

24 We'll talk a little bit about previous
25 decisions. As we confront this very major decision on

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1 implemented that we have a very complex program. So,
2 in fact, we've had to look at a lot of options in
3 identifying the nature of the decision.

4 We sent to you, under separate cover, a
5 document entitled, in its draft, "Nature of Decision
6 Selected Preferred Alternative."

7 We want to do two things today. First,
8 Stein will orient you to the issues in these documents
9 and some of the considerations, and then after he has
10 done that, I will get into a little more detail on the
11 concept of staging, staging implementation and staging
12 decision making and talk specifically about the
13 potential activities that can be contained in a first
14 stage.

15 This will be an important discussion to
16 start because I think that probably will end up being
17 the single most critical issue in us moving to a
18 preferred alternative is deciding what comes first and
19 in what time period. So if we could start with Stein
20 to kind of give an orientation on the report that is
21 in your pocket.

22 CHAIRMAN MADIGAN: Good morning, Stein.

23 MR. BUER: Good morning, Chairman and
24 members of the board. It's a pleasure to be here this
25 morning.

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1 the preferred alternative for CALFED, I think it's
2 important to pause and recognize that we've already
3 made tremendous progress over the last few years
4 including the signing of the accord, the formation of
5 the CALFED process, the definition of the mission,
6 definition of potential alternatives, a tremendous
7 amount of technical work and, of course, an enormous
8 amount of effort on the part of stakeholders
9 throughout the State to help define the process.

10 So the decision we face now comes after a
11 number of important decisions that have been made
12 already.

13 Then we'll talk a little bit about the
14 preferred alternative decision and how that might be
15 structured.

16 This may seem somewhat obvious to begin
17 with, the need for staged implementation, as we
18 recognized. We seek to implement a really
19 comprehensive program that addresses everything from
20 upper watershed concerns to water quality at the tap
21 of the users in the southern part of the State as well
22 as throughout the user region.

23 In order to implement a program of this
24 complexity, we need time to create the appropriate
25 contractual arrangements, to develop, define and build

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1 the institutions that would carry out the long-term
2 implementation, to develop the policy frameworks that
3 would make it possible to facilitate equitable and
4 efficient water transfers. So there are many, many
5 actions that require significant difficult decisions.

6 A lot of time will be required to
7 accomplish all those things. Nevertheless, as our
8 program is moving forward, there is also room to take
9 early actions on those items which are relatively
10 uncontroversial and for which adequate information is
11 already available.

12 I think the category three process that's
13 underway is an encouraging portion of those kind of
14 early actions.

15 As we look at the implementation over a
16 number of years, we recognize that by staging this
17 activity, there is time to establish and to act on
18 linkages between the programs to assure that we
19 maintain balance as we go forward.

20 Finally, and perhaps very, very important
21 is the fact that we're making decisions in an arena
22 for which we don't have all the information that we
23 need. This is particularly true on the biological end
24 of the spectrum.

25 After 20, 30 years of intensive study, we

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1 ask you about the first bullet on the previous slide
2 about the completion of each stage before the next
3 stage can begin.

4 When we first started talking about this
5 in our last meeting in Los Angeles, we were talking
6 about the fact that some of the facilities were going
7 to take a very long time to do all the planning and
8 permitting and analysis and so forth before you would
9 even want to make a decision as to whether or not
10 you're actually going to build them.

11 So I'm not sure I understand exactly what
12 you're saying here, especially when you're talking
13 about a lot of different potential stages of making
14 each one sort of discrete and finish one before you
15 ever start on the next.

16 I had the idea that there is going to be
17 a whole lot of things in motion that are going to be
18 ready to go if it's decided that there they're needed,
19 and it's sort of an insurance plan that you invest in
20 that work because you may get to the point where you
21 decide you don't need them, but at least you had that
22 option.

23 But I don't see how that coincides with
24 your statement there that you have to complete each
25 stage before starting the next.

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1 can't really say we fully understand the biological
2 system, what has caused the declines in the fisheries
3 and what we can do to improve those as well as other
4 portions of the ecosystem. So this will allow time to
5 gather information to make the appropriate decisions
6 as we go forward.

7 Now, an implementation plan that would
8 flow from our decision would have some of the
9 following characteristics.

10 First of all, we would have discrete
11 identifiable stages such that you can complete each
12 stage before starting the next one.

13 Secondly, no single group should have the
14 power to block implementation of the plan.

15 Third, every interest group should have
16 inducements to support each stage of the program.

17 And another component is the possibility
18 or the desirability of addressing issues early in the
19 process that could be beyond CALFED control and the
20 process control which could be detrimental to the
21 overall process.

22 Now, what needs to be part of --

23 CHAIRMAN MADIGAN: Stein, hold on a
24 second. Eric?

25 COUNCIL MEMBER HASSELTINE: Stein, can I

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1 MR. BUER: Well, the general concept
2 behind that is that you have, as you define an
3 individual stage, you come to a check point where you
4 take stock on the progress within each stage and
5 determine whether the various interest groups have,
6 indeed, had their major concerns addressed.

7 With respect to individual facility
8 implementation, for example, the end of the first
9 stage might be characterized by a point in which the
10 feasibility studies and environmental documentation
11 for facilities may be completed, may be ready to
12 request permits, but you're not at the point of the
13 starting construction.

14 That could define the end of the first
15 stage and you could link to that certain level of
16 progress on the common programs and so on. Does that
17 help at all?

18 COUNCIL MEMBER HASSELTINE: Well, a
19 little bit, except it raises the question how are we,
20 in fact, defining the stages. Sounds like it's sort
21 of a flexible definition.

22 MR. BUER: I think I'd like to defer some
23 of that discussion to the point where Lester speaks
24 because he's going to focus quite a bit of time on
25 that particular issue. I'd also like to make one

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1 general comment about this slide, and that is if you
2 take each of these items literally, for example, no
3 single group should be able to stop progress and every
4 group shall have inducements to support every stage.

5 If you take those literally, you may end
6 up with what appears to be completely contradictory
7 statements, but the goal here is to seek a middle
8 ground where there is balance.

9 For example, if an interest group that's
10 been left behind has no power to slow down the
11 process, well, then your assurances have no meaning.
12 So what we're really trying to define here is the
13 forces moving us toward a reasonable middle ground in
14 terms of formulating the assurances in linkages
15 package.

16 CHAIRMAN MADIGAN: Stein, I have two
17 more questions. Stu and then Roberta.

18 COUNCIL MEMBER PYLE: I agree with what
19 Eric has said there. We addressed this in a previous
20 meeting in Burbank last time. It's in the notes on
21 questioning the use of completion at each stage. I
22 think what we really should talk about is achieving
23 the established targets for each stage, because it
24 gives the wrong impression that you're going to
25 actually complete it since there is so many stages, or

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1 about. That was the question that Eric also asked.
2 It's important to me that we have that
3 kind of staging. That the preferred alternative is
4 not chosen until a lot of that work has been done and
5 then you look and see where you are. So perhaps you
6 can address that in your comments.

7 CHAIRMAN MADIGAN: Thank you.

8 MR. BUER: Thank you. Okay, so our next
9 thought here is to think about what elements need to
10 be part of a complete implementation plan.

11 First, on our bullet list here, and
12 probably first in our minds when we think about that
13 is a schedule of actions to be included in each stage.

14 Secondly, in order to have some idea what
15 kind of expenditures we are talking about, we need to
16 be able to define that over the life of the program
17 and within each stage, expenditures for the various
18 actions that are proposed.

19 Third, as Roberta pointed out, we need
20 milestones along the way where we can check ourselves
21 and determine whether the next actions are necessary,
22 whether we've accomplished what we set out to do in a
23 particular stage. We need to be able to measure
24 success, at that point, with rational, scientific or a
25 policy level type information.

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1 else you need to change some definition between stages
2 and elements in your definition.

3 But I really think what we're talking
4 about is having a number of elements moving forward
5 and your competing targets within those elements as
6 you move ahead.

7 MR. BUER: That's a good point. We'll
8 respond to that.

9 CHAIRMAN MADIGAN: Roberta.

10 COUNCIL MEMBER BORGONOVO: This will
11 perhaps come into the further discussion that Lester
12 will go into when he talks about it, but I wanted to
13 go back to both what Stu said and what Eric said.

14 I think that what Stu is saying is that
15 there do need to be these performance standards in all
16 of the common programs. We talked about that last
17 time down in LA.

18 But the second issue is it's very
19 important what we mean by the staging and when the
20 preferred alternative is chosen. So if what we mean
21 by doing a -- meeting the performance standards in the
22 common programs and then having all of that analysis
23 and seeing if it has, indeed, influenced the
24 objectives so that it influences the choosing of the
25 preferred alternative, that's what we also talked

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1 We need to be able to consider what
2 are the consequences of failures. How do we take
3 corrective action, and what kind of contingency
4 response plan comes into motion to bring the program
5 back on track, if, in fact, we're not meeting our
6 targets.

7 This, I believe, is a graphic you've seen
8 before. And I just want to put it out there to remind
9 everyone in the audience of the complexity and the
10 vast scope of the program even in its most simple
11 form.

12 We've got several lines here, the
13 assurances component, first of all, the development
14 and implementation of the various institutional and
15 financial elements associated with assurances, the
16 financing of the program, the storage components, the
17 conveyance components, very important monitoring
18 components for the program and the six common program
19 elements.

20 We are using a, in terms of our planning
21 process, we're using a 30-year period starting with
22 the year 2,000 for implementation.

23 The linkages that I'm going to highlight
24 here are by no means exhaustive. They reflect a few
25 of the key linkages, and, in effect, they reflect the

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1 need to overcome concern from the various interest
2 groups that their concerns are not going to be
3 addressed.

4 And so this is really the glue that can
5 hold the program together. I think this will be an
6 element which will be subject to a great deal of
7 discussion and negotiation. And so what I'm about to
8 describe are fairly rough starting points based on
9 further input that we had before.

10 Number one, a potential linkage is
11 between expenditures or performance with the common
12 programs and progress on storage and conveyance
13 facilities which could result in improved water supply
14 and water quality.

15 Secondly, a potential linkage would be
16 between acquisition of right-of-way for an isolated
17 conveyance facility and progress on ecosystem
18 restoration program. The reason for that is that the
19 alignment for the proposed small peripheral canal,
20 which is a component of alternative three, is, in
21 fact, vulnerable to development and land use pressures
22 of numerous kinds. And we may be 20, 30 years out
23 before, depending on how this process goes, before we
24 can make the final decision on construction of a
25 facility like that.

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1 program elements. That indicates broad agreement that
2 there is need to take action across the board with
3 respect to watershed improvements, water quality,
4 delta levies and ecosystem restoration and so on.

5 That is really a tremendous amount of
6 progress in itself even though we're still in the
7 process of defining the exact elements of those
8 programs, that, nevertheless, represents a major
9 decision and point for agreement.

10 Secondly, there is general recognition
11 that every alternative should include evaluation of
12 storage. There is no agreement, at this point, as to
13 where those storage facilities might be located or the
14 ultimate capacity and operation. Nevertheless, it
15 does represent a very significant decision that
16 storage is, indeed, part of every alternative.

17 So what we're left with is a major
18 decision on how to address the delta conveyance
19 component of the alternative.

20 Now, that decision we're facing has to
21 be in the context --

22 COUNCIL MEMBER GRAFF: I have a
23 question. My understanding of the decision to date
24 was that the evaluation of storage would be part of
25 each alternative, but I just heard you say that

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1 You may lose the option if the
2 right-of-way along the alignment is occupied by other
3 high value users. So that could achieve a potential
4 balance between the ecosystem restoration and the
5 assurance for water supply, water quality in the
6 future.

7 There is potential linkage between delta
8 conveyance development and ecosystem restoration,
9 again, the balance between water supply and
10 restoration activities.

11 Delta flood protection, as all of you
12 recognize, has always been a key element. The delta
13 is fragile and is subject to massive inflows, often
14 from uncontrolled flows in the eastern portion of the
15 watershed in Colonne and Cosumnes River.

16 So long-term assurance that Delta levies
17 will be maintained and protected is critical to
18 protection of that region. And that could be tied to
19 Delta conveyance because of a concern that if the
20 statewide Delta conveyance concerns are addressed,
21 perhaps the Delta concerns may be left behind.

22 As we face our major alternative
23 selection process, I think we also need to notice that
24 we've already made a major policy decision which is
25 that every alternative will include the six common

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1 storage would be part of each alternative. Has that
2 already been decided?

3 MR. BUER: I believe I said consideration
4 in storage will be part each alternative.

5 COUNCIL MEMBER GRAFF: I think you might
6 have slipped a little bit there.

7 MR. BUER: I'm sorry. I'll get my
8 footing here.

9 COUNCIL MEMBER NOTTOFF: I just want to
10 clarify that the slide says a range of storage
11 alternatives, not storage. I've seen it incorrectly
12 referred to through press articles, and I've heard a
13 number -- I think it's common misunderstanding that
14 there has already been a decision that there is going
15 to be storage in every one of the common programs.
16 And that is not my understanding of the stage we're at
17 in the analysis.

18 And it's more correctly reflected by the
19 slide here that says a range of alternatives, but they
20 all go from zero to six million acre feet.

21 MR. BUER: That's what I meant to convey.
22 We are going from zero up to -- and, in fact, in the
23 program, we've actually set a maximum level for
24 consideration in our modeling, although that doesn't
25 set a policy limit. But what I meant to convey is

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1 that consideration of storage is a component of every
2 alternative.

3 CHAIRMAN MADIGAN: You see, they're
4 listening to you. Stu and then Roberta.

5 COUNCIL MEMBER PYLE: I think we put our
6 finger on the point of difference of opinion amongst
7 BDAC members. My understanding is that the
8 description of an alternative are on the three graphs,
9 maps in the paper which show the alternative roots,
10 the conveyant roots, and it shows the other elements
11 that go along with the program.

12 There is the common program, I understand
13 may not be shown on the sheet, but those sheets show
14 upstream storage. They show downstream and
15 conjunctive use storage. And it's my understanding
16 that storage is a part of each one of those
17 alternative considerations.

18 And it may be zero if there is nobody
19 willing to pay for it, that's true. But on the other
20 hand, I don't think we can proceed on the basis that
21 while we're ruling out storage altogether, storage has
22 to be a portion of this program. And, in fact, some
23 of our members believe that it's so much a portion
24 that it should be a common program.

25 CHAIRMAN MADIGAN: Thank you. Roberta

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1 So it isn't as if the common program is
2 sitting alone and have no relationship ultimately to
3 the selection of the preferred alternative. There is
4 a component here of looking at performance goals for
5 those common programs and then evaluating what is the
6 preferred alternative in light of our ability to
7 achieve, through the common programs, the goals;
8 correct?

9 MR. BUER: And I would agree to some
10 extent that depends on the nature of the decision
11 itself. And as we're about to discuss in more detail,
12 in one end of that range, you would, in fact, make
13 those decisions up front.

14 At the other extreme, the decisions on
15 facilities would be a function of the information and
16 the decision process that is accrued over a period of
17 time. So that is part of the question that is before
18 the Council this morning, whatever advice you can
19 offer us on what is the appropriate level of
20 definition in that decision.

21 I perhaps may have missed something but
22 it struck me that the way Ann described our storage
23 evaluation and Stu described it, it's essentially the
24 same, that we're looking at a range of storage going
25 from zero up to a maximum level that we found

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1 then Martha.

2 COUNCIL MEMBER BORGONOVO: I want to
3 clarify the distinction because in looking at the
4 different CALFED documents that come out and reading
5 the press releases, this is not clear. We had that
6 discussion this morning.

7 Within BDAC, we've talked about
8 evaluating up to a certain amount of storage so if
9 that could be clear in all the documents that go up.
10 If it's evaluation of the amount of -- if storage is
11 needed, the kind of storage, especially in
12 relationship to the common programs, that's one
13 thing. If it's a given that storage is a part of
14 every component, that's another.

15 CHAIRMAN MADIGAN: Martha.

16 COUNCIL MEMBER DAVIS: The other point of
17 clarification is on the third point on I guess it's
18 the preceding slide about the distinguishing
19 characteristics, that alternatives primarily differ in
20 delta conveyance.

21 I think one of the things we have talked
22 about, and this kind of gets confused because of some
23 of the representations I've read in the press. That
24 we're taking a look at the common programs and how
25 they impact the choice of conveyance or storage.

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1 reasonable to evaluate.

2 It's not a given that a certain level of
3 storage will be part of it, but it is under
4 consideration for every alternative.

5 CHAIRMAN MADIGAN: Thank you. I have
6 three more hands, four more hands. Mike Stearns first
7 and then David Guy and Richard and then Alex.

8 COUNCIL MEMBER STEARNS: My question
9 gets back to the six common program elements as you
10 begin setting stages or levels of accomplishments.

11 Why wouldn't water supply reliability be
12 a seventh element?

13 For example, those of us that are heavily
14 involved in implementing water efficiency measures, it
15 becomes even more critical that there is some
16 recognition that water supply reliability is going to
17 be one of the results of this. If that's considered
18 part of the water efficiency element, then I would
19 hope that it be shown that water supply reliability is
20 part of that and will be used as something separate as
21 far as identifying improvement in the reliability.

22 MR. BUER: When you say a seventh, in
23 other words, like the six common program elements, the
24 seventh would be water supply reliability.

25 COUNCIL MEMBER STEARN: Right.

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1 MR. BUER: I guess that's a potential
2 choice for structuring the process. However, my view
3 of it is, and Lester may have some additional comments
4 on this, is that water supply reliability really
5 affects all the other elements to some extent.

6 For example, it affects the water quality
7 element directly. It affects the ecosystem qualities
8 that have been sustained as well as urban water supply
9 quality. And so rather than have that out as a
10 separate parallel path, this feeds into all other
11 programs. So it's really an implicit part of every
12 element.

13 Do you want to add anything to that?

14 CHAIRMAN MADIGAN: Lester?

15 EXECUTIVE DIRECTOR SNOW: I think you've
16 addressed it. This is one of the difficulties we've
17 had for a couple of years in the program where people
18 have wanted to look at the puzzle piece that says
19 water supply and water supply reliability. But the
20 way we've structured it and the way it works out is
21 that all eight of the puzzle pieces, the six common
22 programs as well as consideration for storage and
23 conveyance, serve to affect water supply reliability
24 in some fashion.

25 So even a large part of the philosophy of

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1 I think the people around the State need to know that,
2 and I think they need to know that right now.

3 I guess I don't see the difference
4 between storage or levies or anything else. It seems
5 to me we're going to look at a whole range of
6 alternatives. And, granted, on any one of them, it
7 could end up being zero or it could end up being the
8 maximum level. I don't see the distinction as being
9 particularly meaningful.

10 So if there is a distinction, I think
11 people need to know about that and we ought to just
12 say it right upfront.

13 CHAIRMAN MADIGAN: Richard?

14 COUNCIL MEMBER IZMIRIAN: I can certainly
15 see the process need for determining these linkages up
16 front, but I'm concerned that they do limit us to the
17 particular suite of alternatives that we have before
18 us now.

19 There is some of us that still hold the
20 hope that there will be a more robust water use
21 efficiency program, a demand management alternative or
22 at least that incorporated into one of the
23 alternatives.

24 I just want to make sure that we do have
25 the opportunity to consider other programs in these

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1 the ecosystem program is that by recovering endangered
2 species, you restore a certain element of water supply
3 reliability. Improving water quality increases the
4 utility of the water supply that you have, thereby,
5 improving water supply reliability. So it's embedded
6 in almost all the features of the program, but it's
7 difficult to point to.

8 So that has been a dilemma, and we're
9 trying to describe it better, so it's more clear that
10 when you put this puzzle together, you have a
11 healthier ecosystem, better levies, higher water
12 quality and improved water supply reliability. We
13 probably just need to continue to do a better job of
14 explaining that.

15 CHAIRMAN MADIGAN: Thank you. David?

16 COUNCIL MEMBER GUY: I think on one
17 hand, you can kind of dismiss this discussion as
18 semantics, but on the other hand, I know I have some
19 real concerns, because it seems to me, when I look at
20 this puzzle here, it seems to me that really all of
21 these are common programs, and we're looking at
22 variable ranges of all of them, and at least that's
23 the way we understand the program.

24 If, for some reason, storage is different
25 and it's really not going to be part of the solution,

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1 trade-offs. But when I think about a solution based
2 on reducing demand, for example, Delta exports, for
3 instance, when I try to figure out linkages that might
4 work on that, I just come up with a lot of conundrum.
5 So I would like to hear some evaluation of what kind
6 of linkages can be put forward with a demand
7 management alternative.

8 CHAIRMAN MADIGAN: Thank you. Alex?

9 COUNCIL MEMBER HILDEBRAND: I'd like to
10 remind us all that if any segment of this endeavor
11 here is totally uncompromising, the answer's going to
12 be it's going to kill the program, which I think it
13 would be a great tragedy.

14 If, on the one hand, the environmental
15 representatives here are saying that they'd rather
16 have no program than have any storage, that's going to
17 kill the program.

18 On the other hand, the agricultural
19 community is not willing to have all of the growing
20 needs for environment and for the urbans taken care of
21 by taking water away from agriculture without any
22 storage to provide that incremental demand. So they
23 might well decide to kill the program rather than have
24 no storage.

25 So I urge you to not be too adamant in

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1 one position or another.
 2 CHAIRMAN MADIGAN: Roberta.
 3 COUNCIL MEMBER BORGONOVO: I want to
 4 make sure that I'm clear in what I say when you go
 5 back and read your minutes. You also say, now, is
 6 that what I really said? So I'll go back over it
 7 again.
 8 When you put up the program elements, all
 9 of those elements up there are to meet the four CALFED
 10 objectives of ecosystem reliability, water supply
 11 reliability, water quality and levy stability. And
 12 when I hear the term, "Phase Decision Making," I would
 13 go back to Richard's comment. We have been arguing on
 14 the effect that water use efficiency in all those
 15 programs would have on meeting those four CALFED
 16 objectives.
 17 So my version of the phase decision
 18 making is you do those six common programs, then you
 19 make the decision on the storage and conveyance. And
 20 so it's being called phase decision making or it's
 21 being called the onramp approach. So if that comes up
 22 in the discussion, that's what I meant about that is
 23 my preference.
 24 CHAIRMAN MADIGAN: Sunne. Ann.
 25 COUNCIL MEMBER NOTTOFF: I think the

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1 potential for storage.
 2 A great way to trim off the backside of
 3 that hydrograph, I guess, refer to it as, that would
 4 provide water throughout the season in a more timely
 5 way, that's definitely storage, conjunctive use, the
 6 groundwater storage. None of those things have been
 7 precluded. And if surface storage is necessary, then
 8 those are still things that need to be evaluated but
 9 nobody said zero.
 10 CHAIRMAN MADIGAN: Stu.
 11 COUNCIL MEMBER PYLE: In terms of the
 12 water supply reliability, it has to be recognized that
 13 the major projects, State and Federal projects, have
 14 lost significant amounts of water through actions
 15 relating to water quality, endangered species areas,
 16 Endangered Species Act, and so forth, in the Delta.
 17 That the capability for supplying those major State
 18 and Federal projects has been reduced.
 19 I don't have the numbers, but you know
 20 there is 800,000 acre feet in the Central Valley
 21 project converted from export use to environmental
 22 use. The State and Federal projects, again, lost a
 23 million or so in the accord that we're now working to
 24 extend, and there has been additional losses under the
 25 ESA. So some of that water has to be made up, and

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1 supervisor from Siskiyou County said it very well.
 2 There is huge amounts of documentation that has come
 3 out of CALFED, and I think if you dig to the bottom of
 4 the pile, you'll see that in the objectives is water
 5 supply reliability. And I think that everybody's here
 6 at the table to improve water supply reliability. An
 7 objective is not increase supply.
 8 Not everybody is here at the table to do
 9 increase supply but to improve water supply
 10 reliability which can be achieved through a variety of
 11 means is what people are here at the table for.
 12 COUNCIL MEMBER HILDEBRAND: Reliability
 13 for whom though?
 14 CHAIRMAN MADIGAN: Richard.
 15 COUNCIL MEMBER IZMIRIAN: I just couldn't
 16 let Alex get away with what he said. I didn't hear
 17 anyone representing the environmental community saying
 18 that they were for zero storage. They were just
 19 trying to keep the range open and not say that we're
 20 for storage no matter what.
 21 One very positive way, win, win, win
 22 solution for storage that I think everybody at this
 23 table would support would be watershed actions that
 24 would improve the storage in the headwater mountain
 25 meadows, for instance, where there is a tremendous

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1 storage is the only way to make up that water. And
 2 that is part of the water supply reliability. That is
 3 not increasing the water supply.
 4 Whatever happens in here with the entire
 5 amounts of water that could be developed, we will
 6 never bring back the State and Federal projects to
 7 their full planned capability.
 8 So I think, as Alex said, we need to
 9 relax a little bit on this storage process because
 10 certain of these plans can go ahead. They will meet
 11 the environmental requirements. They'll meet the
 12 financial requirements. Certain of them will not meet
 13 financial and environmental requirements, and they
 14 won't go ahead, but there has to be some increase of
 15 storage to maintain both the environment and the water
 16 supply capability of the State.
 17 CHAIRMAN MADIGAN: Thank you. Sunne?
 18 COUNCIL MEMBER McPEAK: Richard, you
 19 asked the question. Would you answer your own
 20 question about the linkages that you would see between
 21 efficient water use and the variable components of the
 22 program as it's laid up there?
 23 COUNCIL MEMBER IZMIRIAN: I said that
 24 when I thought about them, I came up with a lot of
 25 conundrum, so I don't have the answer. I would like

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1 some help on that. For instance, what would you
2 link -- if we were setting a target for a particular
3 reduction in exports from the Delta, for instance, how
4 would you link that to a future conveyance scheme or
5 storage or anything else? I don't know. I don't see
6 how that would work.

7 And you wouldn't set a target, for
8 instance, if you did not achieve a certain reduction
9 in demand, then, therefore, you would build so much
10 storage. That would be kind of counter-intuitive. Am
11 I losing you?

12 COUNCIL MEMBER McPEAK: I think I'm
13 following. I'm just lost in your same conundrum, but
14 asking you to answer the question is helping me
15 understand what your statement was about. That's why
16 I was asking for people to start trying to answer the
17 questions they're posing, because you just stated an
18 objective that isn't explicit. I'm not sure it's
19 embraced by everyone around the table. I heard you
20 say that reduction in exports from the Delta was an
21 objective.

22 COUNCIL MEMBER IZMIRIAN: One would hope
23 it could be.

24 COUNCIL MEMBER McPEAK: What I have as
25 an objective is restoration of the Bay-Delta estuary.

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1 ecosystem, differences in levy restoration depending
2 on the storage and the conveyance. But the objectives
3 of the common programs pretty much need to be carried
4 out and optimized.

5 When I think about, for example,
6 efficient water management, demand management, which
7 is not land retirement, let me just state for the
8 record, that has been clearly separated out from
9 CALFED. When we say demand management, efficient
10 water use, that does not include land retirement.
11 There are those who might want to advocate that.
12 That's not the definition in CALFED.

13 When I think about efficient water use, I
14 am hard-pressed to think about how that would get
15 varied depending on what the decision is on storage
16 and conveyance. For me, it's not a big mental leap,
17 if I were answering the question you posed, how do we
18 do the linkages? If there happens to be any storage
19 in the system that is created, that we decide that
20 that's needed, that's appropriate, I would link it in
21 terms of, okay, whatever, whoever is going to use the
22 new water created by storage has to also have
23 optimized all the water efficiency majors.

24 That's an example of the linkage that we
25 think is pretty straightforward and very possible out

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1 That might sound like semantics to some. It's quite
2 different in my opinion about what we're really trying
3 to achieve.

4 And I'm trying to identify where do we
5 have objectives that maybe individuals hold that we
6 can either get resolved or clarified. Because part of
7 the problem I see, although these are very good
8 principles laid up here, that they still mean nothing
9 in the absence of some substance, and examples of real
10 programs, real linkages.

11 I ask to be put on the list when I heard
12 the discussion that got sparked over here with David
13 and Roberta. David Guy saying all of the programs are
14 common. Well, not quite. I would just like to
15 respond with my own misinterpretation perhaps, David.

16 I look at the six programs as variable in
17 that we haven't yet identified the full specifics of
18 each of them we're trying to define, flush them out.
19 But in theory, they would be essentially the same
20 regardless of what storage and conveyance option were
21 selected by CALFED.

22 And I'll stipulate to the fact that
23 depending on what storage and what conveyance, that
24 some of those need to get modified. That there are
25 impacts on the ecosystem or differences in the

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1 there.

2 One last comment on Roberta's -- I'm not
3 sure I heard Roberta correctly. Maybe I should ask a
4 question as I'm stating my interpretation up here.
5 When you talk about staging, I do not expect that
6 we're going to implement just the common programs and
7 not have made decisions about the other two
8 components.

9 If we don't make fundamental decisions
10 about the other two components by the end of this year
11 for the draft, for the recirculation, then we have
12 lost the momentum. That's what we have to drive
13 towards.

14 COUNCIL MEMBER BORGONOVO: Do you want
15 me to answer that?

16 COUNCIL MEMBER McPEAK: Yeah, staging,
17 what you meant by staging.

18 COUNCIL MEMBER BORGONOVO: It is possible
19 to do that. In fact, it is possible to have that kind
20 of decision that you would decide that you would
21 implement the common, a portion of the common
22 programs. You would meet milestones before you choose
23 the preferred alternative. So I won't take it any
24 further than that. Perhaps that will come up in the
25 discussion that Lester has.

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1 COUNCIL MEMBER McPEAK: Before you would
2 choose or before you would implement?

3 COUNCIL MEMBER BORGONOVO: Before you
4 would choose.

5 COUNCIL MEMBER McPEAK: Really? Okay,
6 so then you and I have a real difference of opinion on
7 that.

8 CHAIRMAN MADIGAN: Byron, then Hap, then
9 Alex.

10 COUNCIL MEMBER BUCK: Thank you, Mr.
11 Chairman. I'm listening to a debate here, and I see
12 kind of an either/or debate being posed, and more of a
13 polarization. And I think that's kind of a false
14 dichotomy between all conservation on one side and
15 storage facilities on another.

16 We don't really have a choice with 15
17 million more people coming to the State, we're going
18 to do probably a lot of both to get there. We are
19 indeed doing the conservation, but it's not going to
20 solve all the problems.

21 Roberta, you seem to think that we need
22 to move forward all the common programs to a certain
23 stage before we can decide on some of the other
24 elements, but we know today that some of the common
25 programs are not going to solve a lot of the problems.

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1 headwater storage or groundwater storage, conjunctive
2 use programs so forth or surface, and yet this other
3 humanitorial initiative is happening. I'm not sure
4 whether the Governor sees this as part of CALFED or in
5 addition to CALFED, but it seems to be jumping ahead
6 to the project level where we're trying to work at the
7 programmatic level.

8 I wonder if Mike or somebody can explain
9 to me what's happening here.

10 CHAIRMAN MADIGAN: Would you like us to
11 ask the Governor?

12 COUNCIL MEMBER DUNNING: No, I'd like to
13 understand really Lester's interpretation. I guess
14 Lester's not in the room.

15 CHAIRMAN MADIGAN: I think the better
16 thing to do would be if you're making inquiry about
17 something the Governor said, we should ask the
18 Governor's office what his intentions are and you can
19 do that.

20 COUNCIL MEMBER DUNNING: That's not what
21 I'm asking. I'm asking for people's interpretation
22 here. Has the decision really been made elsewhere to
23 go ahead with project level surface storage on an
24 off-stream basis?

25 CHAIRMAN MADIGAN: Has the decision been

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1 Particularly the water quality common program. There
2 is nothing in it that can deal with the bromide
3 problem and the treatment problems for the urban
4 areas. So we have to be prepared to deal with those
5 issues as they come. And facilities and storage are
6 the only things that can deal with those kinds of
7 problems.

8 CHAIRMAN MADIGAN: Thank you. Hap.

9 COUNCIL MEMBER DUNNING: I've been
10 listening to this discussion about storage, and, at
11 the same time, looking at some of the material in the
12 Governor's recent press release, and I don't know if
13 Lester's the one to ask about this or who but --

14 CHAIRMAN MADIGAN: Not at the moment.

15 COUNCIL MEMBER DUNNING: It's
16 interesting the way it's worded. The press release
17 talks about the Governor's plans to have additional
18 support for several things in the CALFED process, like
19 general support, money for the vamp water purchases
20 and water transfers. Then it says, in addition, the
21 Governor is proposing ten million for DWR to begin
22 project level environmental studies and permitting for
23 two new off-stream reservoirs.

24 We're sitting around here talking about
25 what storage there should be. Richard's talking about

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1 made elsewhere to build surface level storage that
2 would be a fundamental piece of the CALFED process?
3 Has that decision been made elsewhere? No.

4 COUNCIL MEMBER DUNNING: Well, then why
5 is the ten million being proposed?

6 CHAIRMAN MADIGAN: That's what you want
7 to ask the Governor.

8 Alex and then Tom.

9 COUNCIL MEMBER HILDEBRAND: During the
10 30-year time frame of our CALFED program, you're going
11 to have at least 20 million more people in California,
12 at least 90 million more in the United States and
13 about two billion more worldwide. All those people
14 are going to have to be clothed and fed and housed and
15 provided with jobs.

16 It is beyond my understanding how anybody
17 thinks that we're going to do all those things with a
18 reduced water demand. Somebody needs to explain that
19 to me. It hasn't gotten through my skull as to how
20 that could possibly be realistic.

21 I apologize for keeping Stein standing on
22 his feet so long. Have a chair, Stein.

23 COUNCIL MEMBER McPEAK: Sit down, Stein.

24 CHAIRMAN MADIGAN: Before you sit down,
25 Tom may have something that he wants to ask you and so

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1 night Bob.
 2 COUNCIL MEMBER GRAFF: You can sit down.
 3 I'll give a 20-minute dissertation response to Alex.
 4 I was going to follow up on the dialoge that you, the
 5 chairman and Hap just had.

6 I think we have on the agenda for right
 7 after lunch a discussion of the water bond, and I had
 8 a related question to what Hap brought up about the
 9 ten million, and that is that it was reported the day
 10 after the Governor's announcement that the Governor's
 11 intention was to take, in exchange, I guess, for
 12 putting that ten million proposal into the revised
 13 budget, he was proposing to take out funding for
 14 storage in the proposed bond.

15 And I immediately called his office and
 16 congratulated the Governor for that initiative. But
 17 have since heard that perhaps I was premature in
 18 offering that congratulations in that, in fact, the
 19 Governor's office was reconsidering that decision and
 20 might begin advocate storage in the bond.

21 So it seems to be quite important that we
 22 do get clarification particularly in this kind of a
 23 public context as to what is going on.

24 CHAIRMAN MADIGAN: Bob.

25 COUNCIL MEMBER RAAB: I wanted to go

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1 towns in Northern California because there aren't as
 2 many trout in the streams as there used to be, at
 3 least wild trout.

4 So there are -- there is more to it than
 5 just the farmers in the San Joaquin Valley losing some
 6 of their water, five or six percent in the last year
 7 or two and maybe going up a little higher in the dry
 8 years, but it hasn't been that bad. But that kind of
 9 water, if you can keep it up in the north here, is
 10 going to mean a lot in the way of more income for
 11 people up here.

12 CHAIRMAN MADIGAN: Good morning, Judith.

13 COUNCIL MEMBER REDMOND: Hi, sorry I'm
 14 late. Part of what this discussion is about is the
 15 sort of sense of frustration that a number of
 16 different elements are conspiring to sort of make an
 17 end run around this process, sort of get results, like
 18 the Governor's announcement about storage and that
 19 kind of thing, maybe before this process has completed
 20 analysis and made decisions.

21 And I just want, for the record, to find
 22 point out that there is one other way in which that is
 23 happening and that is in terms of water transfers.

24 This body has been trying to come up with
 25 ways to address third party impacts of water

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1 back a little bit to several comments that were made
 2 that I think our friends here from Northern
 3 California, from Superior California, might appreciate
 4 hearing some amplification about.

5 The thought was expressed that the San
 6 Joaquin Valley, for example, has had a lot of water
 7 taken back through the law that was passed, the
 8 Federal law that was passed six years ago, that
 9 required restoration of some -- taking back of some of
 10 the water that, in the CVP, that was going to San
 11 Joaquin Valley.

12 The other side of that coin is that when
 13 that water was delivered, when the CVP was completed
 14 and then when the State Water Project was completed,
 15 there was economic damage done to other parties.

16 For example, commercial fishermen,
 17 particularly salmon fishermen, took quite a hit. Most
 18 of them are out of business because of the loss of
 19 salmon. That was not entirely due to the water
 20 transfers but it was a part of it.

21 The Trinity River was just about dried up
 22 and destroyed as a result of the diversions that were
 23 made. And the recreational fishing, sport fishing,
 24 trout fishing especially, has been done economic
 25 impacts to all the infrastructure in all these small

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1 transfers, and we're seeing the Model Water Transfer
 2 Act surfacing as a proposal in the state legislature
 3 and also a lot of money being announced by the
 4 Governor going towards water purchases even though the
 5 issues of third party impacts haven't been addressed
 6 and resolved in any way.

7 And that was something that the water
 8 transfer work group was set up to deal with. And I
 9 think the members of that group probably feel a little
 10 stymie about the purpose of that group now that a
 11 bill, for example, the Model Water Transfer Act, which
 12 has even been acknowledged by its author not to deal
 13 with third party impacts, has been introduced.

14 So just for the record, I want to point
 15 out that there is a lot of frustration around this
 16 table that those kinds of things are taking place
 17 before this body is really ready for them.

18 CHAIRMAN MADIGAN: Thank you for that.

19 COUNCIL MEMBER McPEAK: Just point of
 20 information. I actually think you're talking about
 21 Senator Costa's bill. To my knowledge right now,
 22 SB11, SB1011 is still one or two paragraphs. In the
 23 interest of disclosure, we have submitted to his
 24 staff, as has many other people, language for
 25 facilitating voluntary short-term transfers. We have

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1 no idea what is finally going to get dropped into that
2 bill.

3 If it is similar to what we submitted,
4 which is not the Model Water Transfer Act, it is
5 indeed not. It is stripped down. It is as much as I
6 could get everyone to agree to as indication of good
7 faith effort. They have jettisoned, the "they" being
8 out of the business interests that I represent sitting
9 here, not only trying to be co-chair or vice chair but
10 the business interests very much want to see as a
11 component of CALFED, water, voluntary water transfers.

12 We're delighted at the progress that Tib
13 and Roger are making, but sometimes it seems
14 interminable. Everybody is using every avenue of
15 advocacy that they possibly can and no one is a
16 shrinking violet here, and everyone is trying to jam
17 each other. At the same time, we're all trying to
18 stay at the table. But I just want to say for the
19 record, I cannot get from Senator Costa whether or not
20 he's introducing anything we've submitted. And,
21 therefore, have said publicly I am not sure we're
22 sponsoring that bill.

23 If it is similar to what we submitted, be
24 sure that we are sponsoring that bill, and I will
25 lobby the hell out of it.

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1 way I responded. We're all probably pretty
2 short-tempered and getting frustrated with the
3 process.

4 CHAIRMAN MADIGAN: Before we go on, let
5 me ask Ryan Brodrick. Ryan, have you had any
6 conversations with the Governor's office on the
7 question of both the bond issue and the studies on the
8 off-stream storage.

9 MR. BRODRICK: Mr. Chairman, directly
10 with the Governor, no, I have not. My understanding,
11 however, the ten million dollar that is proposed in
12 the May revise was to conduct more specific
13 environmental studies. I think in the process of
14 reviewing the sites north and south, it's been
15 identified that there is still additional information
16 in environmental review work, basic field research to
17 establish what type of resources, what type of
18 trade-offs we're going to have environmentally with
19 the proposed surface reservoirs, both in respect to
20 habitats that would be dislocated and ability to
21 operate any surface storage and its impacts of
22 off-stream diversion and the schedule in which it will
23 be operated for resource benefits as well as surface
24 supply.

25 So my understanding is that that ten

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1 CHAIRMAN MADIGAN: Is there any other
2 questions? Probably not, Sunne. David.

3 COUNCIL MEMBER GUY: I just want to echo
4 Sunne's comments. Judith, it is not the Model Water
5 Transfer Act at all that's being floated around. It's
6 a much different creature. And granted, some of it
7 looks very similar, but be careful, please, in saying
8 that it's not the Model Water Transfer Act.

9 COUNCIL MEMBER McPEAK: May I apologize
10 for the way I responded to Judith. I think there are
11 very, very legitimate short third party impacts. And
12 part of -- what I have not heard from the Governor's
13 office the same questions that Tom raised. I thought
14 might be a very good sign of what the Governor did
15 this week, so I tried to leave a message too. Maybe
16 it's the fact, Tom, you and I left messages that
17 they're reconsidering.

18 In any event, part of what I'm
19 understanding was the intent from both the Federal
20 Government and the State Government as to have some
21 resources to study impacts. And one of the reasons
22 that we have not pushed the Model Transfer Act is to
23 back off to see in just the short-term transfers if we
24 can really better understand third party impacts.

25 So I want to publicly apologize for the

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1 million dollars is specifically to get more detail and
2 to develop the environmental review that we would
3 typically have to do if we were to propose a major
4 surface reservoir. It is not for acquisition. It is
5 not for survey work other than from a biological
6 standpoint, as I understand it.

7 CHAIRMAN MADIGAN: Thank you, Ryan.
8 Tom.

9 COUNCIL MEMBER GRAFF: Can I also follow
10 up and ask about whether the Governor does intend to
11 continue to promote surface storage funding in the
12 bond?

13 MR. BRODRICK: I have no idea.

14 COUNCIL MEMBER DUNNING: Are there
15 particular sites attached to these two sets of
16 studies, and if so, what are they?

17 MR. BRODRICK: Well, Lester, I'm getting
18 ahead of his staff in predisposing the evaluation of
19 surface storage sites at this point.

20 My understanding, and this is from the
21 Department of Fish and Game standpoint in terms of how
22 we have been requested in the process, not
23 specifically to this ten million, but certainly in the
24 last six months to a year, specifically the Sikes
25 Reservoir, what are the resources there.

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1 We've already done a lot of background in
2 reviewing material and environmental assessment on Los
3 Banos Grande site, so I don't know specifically on the
4 south of delta surface storage areas locations where
5 it would be focused.

6 And once again, Kap, I'm giving you my
7 understanding of where we have had requests for such
8 things as natural resource data base dumps and the
9 general discussions that have happened during the
10 course of the public hearings as well where Sikes
11 continues to come up. So I'm giving you my best
12 professional estimate, but not on the basis of hearing
13 it from the Governor's office.

14 CHAIRMAN MADIGAN: Thank you. Hi,
15 Stein. How are the knees? You're on again.

16 MR. BUER: Okay. Well, let me just talk
17 for a couple minutes about this last slide and then
18 defer to Lester.

19 I've listened to Sunne's description of
20 the decision and Roberta's, and I think they do a good
21 job of kind of describing the range that we show up
22 here.

23 In the one end, you make a single
24 programmatic decision as to what you may go forward
25 with. At the other end of the range, we agree on the

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1 have a pretty good idea of what we're agreeing to and
2 hopefully a comfort level that we're all moving
3 forward together.

4 And this is the portion where I would
5 defer to Lester who would provide additional details
6 on that component. Thank you very much.

7 CHAIRMAN MADIGAN: Thank you very much,
8 Stein. Lester.

9 EXECUTIVE DIRECTOR SNOW: Okay, I
10 hesitate to get up after the questioning that Stein
11 got because I get into more specifics. However, let
12 me make a couple of observations. The first one is
13 technical and the second one will be related but
14 political.

15 And the technical issue is that when we
16 started out with this program and we're doing some of
17 the things that are required to comply with NEPA and
18 CEQA, you have to do something called develop a
19 project purpose and needs statement. And you file
20 that with the corps, and you work with EPA, and you
21 come up with that.

22 And in this program, because of the
23 difference of it, we have a purpose and needs
24 statement that's different than anything else they've
25 ever looked at. And we basically have four co-equal

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1 decision process and the criteria for making the
2 decision, maybe timelines for making those decisions.
3 And there is an infinite range in between.

4 In the packet that you have before you,
5 we laid out three examples. I think this Council is
6 quite capable of cooking up its own set of examples,
7 so I won't take the time to go through those this
8 morning. I just want to make the following point, and
9 that is that the way the decision is described in the
10 environmental documentation has to describe the
11 envelope of potential actions, whether it be staged
12 decision making over a period of time.

13 The programmatic document, in order to
14 have the utility for the program, has to define the
15 outer boundary of those potential actions and
16 potential impacts thereof, regardless of whether you
17 operate at one end of the range or the other.

18 The other comment I'd like to respond to
19 is that Sunne said earlier that the discussion of
20 linkages and program elements doesn't make a whole lot
21 of sense in the abstract. It's tough to gain
22 confidence about abstract concepts, therefore, the
23 thrust of our program over the next few months is to
24 put flesh on the bones to get more specific so that,
25 particularly, for the first five to seven years, we

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1 purpose and needs in this. And that is water quality,
2 ecosystem, levies and water supply reliability. Very
3 much changes the landscape on a regulatory approach.
4 Because typically, what you would do in a program,
5 you've got a single purpose and need and then you
6 evaluate all the pieces.

7 You look at this and say is that
8 improving water supply reliability. If the answer is
9 no, then you don't need it in the program, and you
10 can't get permitted to proceed with it.

11 What we've interjected into this is
12 that's not how we're testing it. You got to look at
13 all four pieces of the program, and you have to
14 evaluate how they fit in. So no one piece rises or
15 falls on how it fits one of the objectives. You have
16 to look at it on a balanced basis. So that's just a
17 technical fact, and it's a regulatory issue, and
18 that's a legal way that we're looking at the program.

19 The political implications of that is
20 there is not a stakeholder group represented at this
21 table or in this room or in the State of California
22 that will be able to look at this package and say,
23 perfect, it's exactly what I would have done for my
24 interest because we're trying to balance all those
25 pieces.

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1 And invariably, we get into those
2 discussions where people think they're going to get
3 every single one of their desires met, and it's not
4 going to happen. It will not happen.

5 We've said this to ourselves quite a
6 number of times. We have to look at the balance. We
7 have four project purposes, and we need to achieve all
8 of them.

9 Now, on with the -- off the paid
10 political announcement and on what I was suppose to
11 do.

12 A key concept in staging is managing
13 uncertainty. It's a recognition that you
14 cannot -- well, you can do 20 and 30-year projections,
15 you just will never be right about them. So the issue
16 is how do you manage uncertainty.

17 The other part of that is maintaining
18 options as you're managing that uncertainty. So the
19 worst thing that you can do early on is foreclose on
20 an option that may turn out to be vital if things
21 change in the future. And you cannot accomplish what
22 you thought with your original course of action.

23 And what that comes down to is some
24 discussion of making a decision that has built into it
25 onramps and offramps. And I'll try to illustrate that

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1 issues, that you're coordinating the elements within a
2 stage. And a third one is triggers. And there is a
3 variety of terms for that, milestones, triggers,
4 performance measures, but what are you trying to set,
5 what are you trying to set up before you start moving
6 in a major way into a subsequent stage. So there is
7 really three pieces of it.

8 I want to try to illustrate some of this,
9 and I'll try to do it quickly. Back to this one.

10 There is a couple things that this
11 shows. But one of the things that's real prominent on
12 this is what I call the celebrity issues of CALFED.
13 It's the issues we have the most fun talking about, a
14 new reservoir or something called an isolated facility
15 that we all prefer to call a peripheral canal. And we
16 love to talk about those. And those have become the
17 celebrity issues. They dominate a lot of discussion,
18 a lot of debate, a lot of high-powered thought
19 process, and they're only a small part of the program.

20 So recognizing that, recognizing two
21 things, that they're celebrity issues, they're pulling
22 off a lot of creative energy to argue about these
23 things in an esoteric way, and recognizing that even
24 if you wanted to do then, they're out in the future
25 somewhere. We started looking at specific staging and

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1 a little more as we go here, but the concept of an
2 offramp is that you're pretty much set the direction
3 for the program, but if certain things occur, then
4 you'll take an option off the table.

5 The onramp is you sort of set a course of
6 action but you're depending on a variety of things to
7 happen to bring an option back onto the table. And
8 that may seem like it's the same thing, but I think it
9 gets a real important subtlety as we start talking
10 about a preferred alternative when we move forward.

11 When we talk about staging, there is
12 three important points here. Actually, I think what
13 we need to start doing is probably deleting "Common."
14 That doesn't show up very well. It's really an issue
15 of linking the program elements, all of them, common
16 and variable.

17 And there is three things we need to look
18 at when we start talking about staging, breaking it up
19 into pieces. The actual technical content of each
20 stage, what happens in a seven or ten-year period of
21 time, the coordination between the program elements
22 within that stage. For example, making sure you're
23 doing demonstration projects that show levy work and
24 ecosystem restoration working together. Or water use
25 efficiency and consideration in evaluation of storage

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1 stage one, and it related to that phenomenon.

2 Maybe I should go back here a little bit.
3 There are people in the room that haven't followed
4 this before. This is really looking at a compilation
5 of all the alternatives. So in conveyance, for
6 example, you can look at this as the conveyance
7 associated with alternative one, two and three. So
8 you lay out kind of the natural time lines.

9 And even if you made a decision on day
10 one that you wanted an isolated facility, it may take
11 you ten to 12 years to get the final permits in order
12 to start construction. It may be 15 years before you
13 are operational.

14 On a new major off-stream reservoir, same
15 thing. It could be seven years before you are at
16 final permitting, and it could be 12, ten to 15 years
17 before you are operational in something like that.

18 So everybody agrees this is a necessary
19 element and will solve a lot of problems, it's down
20 line. So no matter what you think, you have to start
21 talking about staging and what you do in the interim
22 period.

23 What that has led us to is when we
24 contemplate staging, we start looking at a stage one
25 that is absent those kinds of major facilities. That

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1 is in that period that's clearly prior to making a
2 final decision on a major off-stream reservoir or an
3 isolated facility.

4 It does two things. It sets up kind of
5 an interesting realization that you have to deal with
6 this period to try to make sure you're meeting the
7 program objectives. It tends to push off the
8 celebrity issues and make you think about them in
9 terms of potential performance triggers or onramps and
10 offramps.

11 Now, I want to try to walk through some
12 examples of the kinds of things that we're starting to
13 see that need to happen during this period in each of
14 the elements. I'll try to do this quickly.

15 Of course, assurances is critical in
16 this. We can go on with long lists on assurances,
17 exactly what needs to happen during that period of
18 time. Let me see if I've got a pointer. A couple
19 things that clearly seem to be on the table.

20 Let me kind of go to this one. One of
21 the things that seems to be clear is that during this
22 period, probably early on, there needs to be a more
23 formal form for stakeholder involvement and
24 evaluation, participation and decision making.
25 Particularly when you start looking at staging and the

1 there, one of them ends up being perhaps as important
2 as anything is the issue of finalizing cost share
3 agreements. And within that, the principle of
4 beneficiaries pay, how you're going to allocate costs
5 and establishing user fees.

6 The reason this ends up being important
7 in this first stage is a lot of concern about some of
8 these facilities is that they're improperly financed,
9 resulting in subsidized water, resulting in people
10 moving away from other aspects of the program. So
11 it's going to be real important that you nail some
12 very specific financial principles that allow people
13 to make a judgment about other aspects of the program
14 without having to be concerned that somebody's going
15 to get something without paying for it. It will lead
16 to bad resource management decisions.

17 Now, in this last discussion we had this
18 morning, we talked about storage from zero to six
19 million acre feet. My assessment of listening to all
20 the different stakeholder communities is actually
21 that's not accurate. It seems like there is a lot of
22 consensus that the State needs to proceed quickly with
23 good quality conjunctive management projects,
24 groundwater banking such as Madera Ranch or expansion
25 of the Kern County water bank, different projects like

1 whole concept of adaptive management being applied to
2 the entire program.

3 Not a slam against government, I've
4 worked in government for a long time, but a
5 realization that there is few stakeholders that want
6 to trust a single or a couple of agencies to make
7 these kinds of decisions and want to have assurance
8 that there is a very open process that's collaborative
9 with the stakeholders themselves.

10 This refers to completion of the
11 conservation strategy under ESA so that you're getting
12 the ESA protections for the species as well as getting
13 some ability to implement the program without having
14 to shut down because of ESA.

15 And defining the interim operational
16 assumptions, how you operate while you're waiting for
17 these things to come on line. You can think of that
18 as son of the accord. You have the Bay-Delta Accord
19 that's given us a bit of peace during this period of
20 time.

21 So there is increasing discussion that
22 during this period of time, you need to have something
23 that's similar to the accord in agreement to operate
24 the system and provide protections.

25 Finance. There is a number of issues

1 that. And I think we need to discuss it.

2 I'm not saying a decision has been made,
3 but as I listen to the different interests, I hear
4 very little disagreement on that point.

5 What this would be showing is that during
6 that first period, roughly seven years, we're doing
7 more to identify the local cooperating entities, and
8 this goes to our findings, working in our conjunctive
9 management program that local communities are very
10 concerned about what happens to them when somebody
11 comes in from outside developing a groundwater banking
12 program and does, in fact, that lead to groundwater
13 overdraft.

14 And so a major portion of this is
15 finding the local entities that want to get engaged in
16 conjunctive management programs. Helping to develop
17 baseline monitoring and modeling to make sure it is a
18 banking program and not an overdraft program. Do
19 field and pilot studies so it's real data that's being
20 used. That's a problem in a lot of these programs.
21 Some pilot programs and then because in some of the
22 activity that's been going on, actually be able to
23 design and construct several actual groundwater
24 programs, such as Madera Ranch or expansion of the
25 Kern bank or the San Joaquin project that has been

1 discussed for a long time, Matomas Groundwater
2 Program.
3 There is a number that are out there that
4 have been under development for a number of years, and
5 we would look at identifying them as first stage type
6 of projects.

7 Now, on to an area where there is less
8 consensus and discussion. Surface storage, what
9 potentially could be in a stage one, of course, it's
10 no construction, but the issue of proceeding with
11 additional analysis to look at field and pilot
12 studies, that could be related to what Ryan described
13 for the Governor's budget proposal, doing 484 analysis
14 so that you're screening to make sure that you have
15 sites that are available.

16 It could be a moot point to decide you
17 need storage, and then after you get into the
18 evaluation, there are no acceptable cost-effective
19 sites. So this would contemplate doing some of that
20 additional analysis and trying to move through site
21 selection, potentially making some improvements in the
22 system that could be beneficial to decisions on
23 surface storage but have their own intrinsic value
24 such as improving Red Bluff diversion so it's more
25 efficient with less fish impact.

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1 should be in the mix or should continue to be
2 considered in the mix, in your model here, get done
3 on, if you will, day one or in our timetable sort of
4 by the end of this year. But that decision's about
5 the physical facilities continue to be made
6 subsequently such that they may or may not all get
7 constructed depending on, in the case of storage, this
8 kind of analysis. In the case of conveyance, the kind
9 of performance of the estuary, perhaps some other
10 issues that are threshold or performance objectives
11 that get evaluated. That's true as you're saying it.

12 Now, the question, I guess, back to
13 Roberta that the reason that I was asking for a
14 clarification is it does seem to me that what we have
15 clearly in this model is the implementation of the six
16 common program elements and the decisions by CALFED
17 with input from the public and BDAC on whether or not
18 there is included for continued work, evaluation,
19 consideration, decisions based on thresholds, the
20 components of storage and conveyance. But that all
21 gets done.

22 We have to make sort of a fundamental
23 decision about components in a package altogether at a
24 given time which we're sort of targeting at the end of
25 this year as opposed to moving ahead only with

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1 COUNCIL MEMBER McPEAK: Byron.
2 COUNCIL MEMBER BUCK: Lester, would you
3 see, in the programmatic phase, having an amount of
4 storage defined so that you had a purpose and needs
5 statement to move forward on the specific site
6 studies, that there would be some narrowing of the
7 range of what you were looking for so that you could,
8 indeed, do the screening process. It still wouldn't
9 be a zero to six million number?

10 EXECUTIVE DIRECTOR SNOW: That's our
11 objective, and I think how far we get on that is
12 actually a subject that CALFED policy group has
13 identified for future discussion. How far we can go
14 on 484-B1 at a programmatic level.

15 We've always identified that ideally we
16 could finish up the programmatic and have narrowed a
17 potential range and narrowed potential sites if, in
18 fact, storage is part of the mix.

19 CHAIRMAN MADIGAN: Sunne.

20 COUNCIL MEMBER McPEAK: May I just
21 follow up on Byron's question and, Lester, your
22 response to I think return to the issue about staging
23 that Roberta and I were having a discussion about.

24 As I am looking at your approach here on
25 staging, the basic decision about components that

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1 decisions on the common programs.

2 COUNCIL MEMBER BORGONOVO: The way I look
3 at the potential range of the decision and I see that
4 black line, am I correct in saying that it's not that
5 you take anything off the table. It's agreed that you
6 have staged decision making. Everything is still on
7 the table. It's when you select the preferred
8 alternative.

9 So when I look at that black line,
10 whether that takes place in a year or two years, what
11 you're really saying, according to the diagram over on
12 the right, you agree on the decision process with
13 information input. So that's when you begin
14 to -- that's when you come up with your preferred
15 alternative. Is that correct? And that could be one
16 year, two years, five years.

17 EXECUTIVE DIRECTOR SNOW: I understand
18 your point, but let me respond technically, and then I
19 think I can lay out the options here. At the end of
20 the program, you have to select a preferred
21 alternative. You have one. That's the nature of the
22 decision process. It can exclude a lot of things, so
23 it doesn't have to include things in it, but you have
24 a preferred alternative. You say what you're going to
25 do.

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1 The options that we've laid out, and then
2 I'll try to narrow where I think that most of the
3 debate is, is at this end of the spectrum, you've made
4 the 30-year decision, this whole thing. You've made a
5 decision exactly what you're going to do and all
6 you're doing now is staging the implementation of it.

7 At the other end of the spectrum is all
8 you do is you decide this, and you don't have a clue
9 what the rest of the program is. So you have to do
10 supplemental analysis when you get to the end of the
11 first phase.

12 In between is some level of
13 identification of the vision, where you're headed with
14 it, that you say we think for water quality and
15 fisheries purposes, for example, that an isolated
16 facility is necessary. But we're going to do
17 additional analysis so that maybe it comes off on an
18 offramp. Or to state it the other way, with the
19 onramp, there is a lot of issues that need to be
20 addressed for fisheries and water quality standpoint.
21 We're going to try south Delta improvements and north
22 Delta improvements first. And if we fail to meet our
23 objectives with fisheries and with bromides, then we
24 want to bring on an isolated facility as an option to
25 deal with those things.

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1 choose the preferred alternative or can you, in your
2 preferred alternative, say we're leaving all three on
3 the table. We will do this analysis. We will, as you
4 said, look at north Delta improvements, south Delta
5 improvements and then we will evaluate?

6 EXECUTIVE DIRECTOR SNOW: I think that's
7 an open question there, how you structure that. And I
8 think I'll show a couple more examples that tend to
9 sharpen that about whether it's an onramp.

10 COUNCIL MEMBER McPEAK: Or an offramp.

11 EXECUTIVE DIRECTOR SNOW: I'm not
12 indicating here we're going to give the program over
13 to Caltrans. That's not what we're talking about.

14 CHAIRMAN MADIGAN: Let's try to move it
15 along because we need to bring this item to a closure.

16 EXECUTIVE DIRECTOR SNOW: Moving into
17 conveyance, what we were just talking about. What you
18 would try to do in the first period is look at the
19 south Delta improvements that there is general
20 agreement you need to do something down there in terms
21 of fish screen and the staging, the issue of joint
22 diversion, operations, even the potential of inertie,
23 if we have that on there, yes, where you actually
24 physically inertie them for better operation.
25 Looking at south Delta screening demonstration. You

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1 Those are things that tend to be in the
2 middle here, but there is some vision. And the point
3 of there being some vision where you're headed is so
4 you don't spend money in a counter-productive way in
5 that first period without having a clue where you're
6 headed in the second and third stages of the program.

7 Where we seem to be is, and in even
8 CALFED discussions, is that probably neither end of
9 this spectrum is very reasonable. That you know today
10 everything exactly you want to do for 30 years. Or at
11 the other end of the spectrum, you only know what you
12 want to do for about five years and then you need to
13 reevaluate everything. We're somewhere in the middle
14 of trying to figure out these onramps and offramps,
15 proper vision without overcommitting when there is
16 insufficient information.

17 Did that help?

18 COUNCIL MEMBER BORGONOVO: Just to follow
19 up on Sunne's point, when I listen to Stein, it does
20 sound like the isolated facility is on the road, it's
21 on the track, it's moving. And my understanding was
22 that if you have an onramp, offramp, that's not quite
23 the way the decision comes down. So let me be very
24 specific.

25 Is that the way in which you have to

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1 know in our Alternative One we're talking about 15,000
2 CFS screen, very large screen. Nothing's ever been
3 done like that anywhere in the country.

4 So you look at this first period of
5 getting an effective screening project going and
6 making some modifications to south Delta to increase
7 flexibility which should lead to both environmental
8 and water supply benefits.

9 What you can do also during that period
10 is pursue the planning and potentially additional land
11 acquisition necessary for the north Delta portion of
12 this, more pilot studies, design some of the
13 improvements, and specifically look at the issue of
14 using dredge materials. That's important in the
15 Delta. You can integrate that into part of north
16 Delta strategy.

17 On to perhaps the more controversial part
18 and gets to or raises Roberta's question, depending on
19 the nature of the decision that you've made in the
20 long run with an isolated facility, you can proceed
21 with your planning and field studies, environmental
22 documentation, even land acquisition. So you have
23 that as an option in the future.

24 Feasibility studies and the permitting
25 kinds of work that will be necessary, so when you got

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1 out here where that green line was on the other chart,
2 you can then proceed with it. Because, remember, the
3 reason that there is a green line way out here is all
4 the work that needs to be done to be able to get to
5 that final decision point.

6 Now, the way that these get tied together
7 in terms of performance, you have a monitoring program
8 that's comprehensive monitoring and research program
9 that's doing a lot of things. It's doing fish
10 counts. It's keeping track of the habitat that's
11 being restored, keeping track of water quality,
12 monitoring the benefits of mine drainage programs, one
13 of the issues you'll actually tour tomorrow. It's
14 looking at some specific issues like drinking water in
15 fisheries that we've identified.

16 And you get feedback that you need to
17 further reduce diversion effects because the fisheries
18 are not responding in a way that you wanted or that
19 you've got more research that's been done to indicate
20 the diversion effects is not as big a deal as we
21 thought in 98, when you take a look at this issue in
22 five, seven, ten years from now.

23 Same with drinking water. You take a
24 look at what's happened with the EPA process to look
25 at bromides as a health risk issue. You look at

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1 you're dealing with a flow issue during this period of
2 time.

3 Continue the independent science
4 evaluation to try to make sure we're on the right
5 path. Issues of water supply and what's going on in
6 the water supply components related to ecosystem.

7 During that first seven-year period of
8 time, getting the environmental documentation and
9 permitting for specific projects. Looking at the high
10 priority actions, copper, mercury, selenium,
11 pesticides, some of the big things that we've looked
12 at. Do some studies and testing and implement
13 projects, probably some specific demonstration
14 projects to get going in a cooperative fashion
15 particularly on pesticides.

16 Levies, we threw in here the concept of
17 specifying dollars. We have different options. When
18 you're filling in this first period, you can specify
19 certain actions need to take place. You can specify
20 certain funding levels that you want to achieve before
21 you move forward, specific performances that you want
22 to have achieved.

23 Like in water use efficiency. That's a
24 big issue. How do you define where you want to be in
25 seven years. You can look at how many acres you have

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1 current drinking water treatment methods, and you get
2 a feedback that then help inform some of these
3 decisions up here as well as on storage.

4 And so this doesn't answer the question
5 of whether these are onramps or offramps. In the one
6 case, you'd say you're proceeding with this unless you
7 find out from the program that something is happening
8 and you don't need to. The other way is you don't
9 have an isolated facility on the table unless
10 something is not happening the way they want, so you
11 bring it back onto the table.

12 I didn't say that quite right. That
13 wasn't quite clear, but I think the presumption of
14 whether you do it on the table at first or whether you
15 bring it on because something else hasn't worked.

16 Okay, I know I'm way over on time. Let
17 me try to hit some of the common programs because this
18 is very relevant because here's where you get into a
19 lot of triggers and relationship issues.

20 Ecosystem program, you're proceeding with
21 because of the restoration coordination efforts we
22 have now, we have a program that's able to move money
23 into projects so you can keep moving on that. Looking
24 at high priority, particularly ESA kinds of issues.
25 Try to move in a bigger way into water purchases so

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1 signed up under 3616, how many plans you have
2 endorsed, same under urban program, the level of
3 technical and planning assistance that's available,
4 demonstrations that need to be achieved, even water
5 usage rates.

6 These are the critical issues, as we go
7 down this path of staging the program, we need to
8 start getting specific as to what happens in that
9 first stage. Specific performance measures and
10 specific actions.

11 I'll do these last ones here real quick.
12 Although quickness should not indicate statement on
13 their importance.

14 Transfers we've already talked about.
15 We're seeing the work group talked about
16 clearinghouses a way of full disclosure. Work
17 continues on that. You would expect if that continues
18 to be a major course of action, you want it fully
19 implemented early on in this period.

20 The issue of technical, operational and
21 administrative rules really related to the third
22 bullet. Definitions of transferable water, refill
23 criteria, those need to happen, again, early on during
24 the period. And the potential for legislation to make
25 sure you're getting these things codified in a way you

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1 have a more efficient market, but at the same time, a
2 more protective market.

3 The key issue here is figuring out what
4 it is you want to see happen to give you an indication
5 that we are improving, in this case, transfers. We're
6 improving water use efficiency and then defining it in
7 a way so that you can materially see it happen during
8 that period.

9 Same with watershed management, to lay
10 out specifically what you want to have happen,
11 whether it's a watershed management clearinghouse to
12 be established to exchange information. In this case,
13 you also could identify the level of investment. You
14 want to see a level of investment that's happening on
15 an annual basis. Identifying priorities.
16 Facilitating creation of more local watershed groups
17 for implementation. Those all need to be specified in
18 fairly clear terms if we are to move into this staged
19 approach because we're leaving some things more
20 speculative in the second stage, so its going to be
21 more important to have greater specificity during this
22 first stage of implementation.

23 Quickly, maybe too quickly, that's kind
24 of the concept we have on staging, Mr. Chairman.

25 CHAIRMAN MADIGAN: Alex.

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1 have a lot of down sides and which is questionable as
2 to whether it's the best way to solve a problem.
3 Depends on just what the problem is, and we don't know
4 yet.

5 Then you try number two and make it the
6 best you can just what remaining problems there will
7 be and whether the canal is, indeed, the best way to
8 solve them. I personally doubt very much that it will
9 be, but I agree that it still could be put back in the
10 mix of what do you do when you don't succeed with
11 number two.

12 It's a big step that you take, you cannot
13 take incrementally, so I feel that what Lester's
14 outlined works pretty well for everything else, but I
15 just don't see it on the canal.

16 CHAIRMAN MADIGAN: Thank you. All
17 right. Are there members of the audience who would
18 like to say something on this specific item, and we
19 will provide opportunities for public comment on
20 regular occasions during the course of the day. And I
21 suspect there are cards around here or something like
22 that that we would ask you to fill out so that we have
23 your name and your phone numbers, so we can call you
24 late at night if you've annoyed us.

25 If not, then we are going to take a break

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1 COUNCIL MEMBER HILDEBRAND: I think
2 Lester's given us a very lucid explanation of a good
3 approach and process in general. I see a difficulty
4 in applying that approach, however, to the canal.
5 Almost all these other things you can feel your way
6 into. You do a little at a time to see how it works.
7 But once you build a canal, it's an all or nothing
8 thing.

9 You've got all the seepage problems, the
10 severance problems and so forth that you know you're
11 going to have in the Delta. You have potential for
12 flood problems and major floods from waters coming
13 from the east and south sides of the canal. And you
14 put all your eggs in one basket, you can't just feel
15 your way into it.

16 It seems to me that therein lies a
17 problem in the canal as distinct from these other
18 things. Your ability to assure how it would be
19 operated, to forecast how it will work. If you go to
20 number two first and feel your way along as to how
21 good you can make that, you still haven't foreclosed
22 physically the option of going to the canal. Once you
23 decide that that is an ultimate part of the plan,
24 you're committing yourself to something that you
25 cannot do incrementally, which you know is going to

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1 for about ten minutes. We will be back.

2 Thank you all very much.

3 (Brief discussion off the record.)

4 CHAIRMAN MADIGAN: All right. Thank you
5 very much. We are reconvened. The next item on the
6 agenda is our watershed management strategy. And
7 Judy Heath is going to take us through that.

8 Judy, do you want to start us off here?

9 MS. HEATH: Thank you. My name is
10 Judy Heath. I'm with the Water Quality Management
11 Program. Currently, I'm heading up that activity.
12 Watershed Management Program is considered a critical
13 component of CALFED Bay-Delta program.

14 Watershed management has been recognized
15 as an important part. It's been elevated to the
16 status of a common program with the advent of the
17 phase two document that came out in the programmatic
18 EIR/EIS.

19 As a common program watershed management
20 will be an integral part to providing solutions to
21 solving the problems of the Bay-Delta. It is planned
22 that the watershed management component will be
23 operated as a bottoms-up management program. That is,
24 the emphasis will be on local implementation. CALFED,
25 along with its agencies, will partner with each other

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1 and with watershed groups to provide support to enable
2 watersheds, watershed programs, to maintain and
3 develop projects which are linked to the CALFED
4 objectives and goals.

5 The types of support that we're talking
6 about that will come from CALFED include technical
7 assistance and funding.

8 We have sent out a document, a draft
9 document entitled, "Watershed Management Strategy,"
10 and many of you have seen that document at our two
11 stakeholder meetings that we just got through
12 conducting on April 23rd and 30th. And the BDAC
13 members have that document in their packet.

14 We are asking for comments on that draft
15 document. The purpose behind that strategy is to help
16 guide the watershed management program.

17 The purpose and the goal of that
18 watershed management program is to partner in a
19 comprehensive, integrated, basin-wide approach to help
20 solve the problems of the Bay-Delta system. The
21 strategy emphasizes the local participation in
22 government cooperation at all levels.

23 Our vision in the watershed management
24 program is to reduce the stressors which reduce
25 beneficial uses in the Bay-Delta system. Mechanisms

1 aren't by any means cast in stone. We appreciate your
2 input on approaches that we could use.

3 Some of the examples of attaining our
4 goals are to coordinate with government programs and
5 with local projects and landowners to ensure maximum
6 benefits from restoration efforts. We hope to foster
7 local watershed efforts to help achieve the CALFED
8 goals. And we want to provide a process through which
9 partnerships with key agencies and local watershed
10 groups will be formed. We want to work with CALFED
11 agencies, and we started that, and stakeholders, and
12 we started that, to identify priority watershed
13 projects in terms of solutions to critical problems in
14 the Bay-Delta estuary.

15 And we're intending on providing
16 technical assistance and financial information and
17 support to assist the local watershed groups
18 conducting projects which are linked to the goals.

19 CALFED can support these watershed
20 activities in a variety of ways and these are just
21 some examples. We're thinking about developing an
22 information clearinghouse process. This is as a
23 result of some of the information we've received from
24 our CALFED agencies and stakeholder groups. There is
25 a need to exchange information on watershed

1 to attain our goals will be identified through
2 stakeholder involvement to support watershed efforts
3 that are linked to the CALFED goals and objectives.

4 CALFED is not intending to replace or
5 direct watershed activities. Rather, we hope to
6 facilitate communication on watershed activities which
7 are linked to the CALFED goals and objectives.

8 The strategy document is in draft form,
9 and we would love to have your input on that
10 document. There is ample opportunity for that as
11 well.

12 For purposes of the watershed management
13 program, we have defined the watershed area.
14 Bay-Delta watershed is the area that drains to San
15 Francisco, San Joaquin, Bay-Delta estuary. This
16 includes all the streams, the lakes, reservoirs, the
17 aquifers that are connected to surface waters and the
18 estuary.

19 We have separated out the Bay-Delta
20 watershed area into an upper and a lower watershed
21 based upon some physical characteristics. In the
22 upper includes the upper tributary watershed above the
23 reservoirs and above major fish obstructions. And the
24 lower is generally below those obstructions. We have
25 set out some ways to accomplish our goals. These

1 activities, not just CALFED activities but also
2 non-CALFED activities.

3 This information would be readily
4 exchanged amongst watershed groups, made accessible
5 through CALFED. Doesn't mean that CALFED will
6 have -- will actually be a clearinghouse function. It
7 means that we would support it. And we recognize
8 ongoing clearinghouse functions already in existence,
9 and that includes those from UCD and Chico State.

10 The other types of activities that we may
11 conduct to achieve our goals is facilitating the
12 watershed planning processes. We've already started
13 doing a little bit of this in terms of having some
14 money in category three for watershed stewardship
15 projects. I think I already mentioned that in our
16 last meeting on April 30th.

17 It is a solicitation proposal process
18 that began last week, and I urge you to get those
19 packages so that you can be -- you can submit your
20 proposals for watershed stewardship planning.

21 Another idea that we have is to provide
22 for project implementation, and this means through
23 funding of watershed projects, and to help to
24 implement assessment and adaptive management
25 processes.

1 Lester talked a little bit about
2 performance measures and how important it is to apply
3 the principles of adaptive management. Watershed
4 projects need to be assessed to determine if the
5 performance measures are being met, and then adaptive
6 management is a tool that we use where if different
7 procedures are necessary, we'll put those in place.

8 And finally, educational and technical
9 assistance. There is a pool of information, technical
10 expertise, we have amongst CALFED agencies. And those
11 agencies are there ready to support and assist the
12 local watershed groups. CALFED supports watershed
13 projects that result in, for example, improved water
14 quality.

15 For example, a watershed project that
16 would improve water quality may be one that reduces
17 the pollutant loads in streams, lakes and reservoirs
18 to enhance the downstream uses. Projects that improve
19 riparian habitat along streams or restored stream
20 morphology can result in benefits to the ecosystem
21 quality. Watershed projects that minimize soil
22 erosion can help with downstream reservoir capacity. I
23 think Steve Fitch kind of approached that idea too.

24 Also riparian shifting of accretion and
25 runoff. By moving the timing and duration of flood

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1 operating -- the CALFED agencies are operating in a
2 support capacity but will not direct its stakeholders.

3 This is not intended to be a
4 regulatory-driven process but rather an
5 incentive-driven approach. Our desire is to develop a
6 structure which provides effective stakeholder-driven
7 processes.

8 I wanted to mention that at the April
9 23rd and 30th stakeholder meetings, we got
10 overwhelming support for the work group concept.

11 At those two meetings, we asked people to
12 sign up. We were recruiting for that work group, and
13 we got over 82 people from both the Sacramento and the
14 Redding area. We are planning now to have our
15 organizational meetings. You might mark your calendar
16 and note that the first organizational meeting of this
17 work group will be June 10th in the Redding area, the
18 Shasta Community College from 6:00 to 9:00. The next
19 meeting will be June 11th down in the Stockton area.
20 And the location is yet to be determined. We're
21 working with one of the community colleges there. The
22 time will be 6:00 to 9:00. We're getting our
23 announcements out this week about these two work group
24 meetings.

25 Now, everyone who signed up on our work

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1 plain inundation, we can reduce the risk of levy
2 failure. So you can see the types of watershed
3 projects that can be linked to the CALFED goals and
4 objectives.

5 This diagram shows the interagency
6 watershed advisory team which is composed of key
7 CALFED agencies that are involved in watershed
8 activities. There is nine of them.

9 That team was put together March 10th in
10 a meeting, one of our kick-off meetings. The purpose
11 of that advisory team is to provide support, technical
12 assistance, guidance and to otherwise advise on how
13 the CALFED watershed program is being designed. The
14 work group has been formed in parallel with that.

15 Our CALFED agencies decided that to be a
16 true stakeholder-driven process, we need to have a
17 work group that is stakeholder driven, and so we
18 formed a work group. The purpose of this work group
19 is to help CALFED design the watershed management
20 strategy as well as to help develop its implementation
21 framework.

22 There is -- I wanted to emphasize the
23 reason why these two boxes are on the same line is to
24 drive home a point. There is no reporting structure
25 to the CALFED agencies of the stakeholders. CALFED is

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1 group and who signed in for the stakeholder meetings
2 will be getting those announcements. The work group
3 membership is still open. There is an opportunity for
4 you to join that membership, to be part of this whole
5 process.

6 If you'll give me your name and contact
7 information, I'll make sure that you get on that list
8 and get meeting notices. The information that this
9 work group is intended to help us out with are these
10 types of tasks that are listed underneath this box
11 right here. These are some of the key components we
12 think are desirable to address in the newly formed
13 watershed management program. This list is not set in
14 concrete. We want the stakeholders to try to help us
15 define how that list should look like, what that list
16 should look like.

17 Our intent is that the work group would
18 divide into subgroups and tackle each one of these
19 tasks. And they would self-organize. The CALFED
20 agencies would be there for support, technical
21 assistance, dispute resolution or whatever you want
22 them to operate, in whatever capacity you want them to
23 operate in.

24 I wanted to end this discussion by
25 talking about some of the key issues that were raised,

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1 the watershed, the last watershed stakeholder meeting
2 on April 30th. And I wanted to emphasize the Northern
3 California issues that were raised. Stakeholders want
4 to see off-stream storage and upper watersheds as a
5 component of CALFED's storage options. They have also
6 asked for consideration to fire fuel reduction,
7 prevention of forest fires, vegetation management
8 projects, flood control, area of origin water rights.

9 They want to have endorsement of that as
10 stewards of the upper watershed. Preservation of high
11 quality source water, they want to be recognized that
12 the upper watershed groups are stewards of the
13 resources that serve the lower watersheds. They
14 wanted to have projects which help to reduce the soil
15 and silt.

16 And lastly, they want to have
17 reinvestment into the upper watershed communities. In
18 addition, many have asked for assurances that clean
19 water -- assurances for clean water and a sustainable
20 source. There seems to be consensus on the part of
21 the stakeholders that the watershed program needs to
22 use existing watershed groups to help design the
23 program. And that the watershed program should have a
24 clearinghouse function to provide for an exchange of
25 information.

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1 terrible loss for all of us, and I convey that message
2 from all of us in the Northstate.

3 My name is Lynn Barris. I'm an almond
4 farmer and chair Butte Environmental Council.

5 Butte Environmental Council is the oldest
6 and largest independent environmental group in
7 Northern California. For 23 years, we have cared for
8 and nurtured the environment in the north valley. We
9 have been advocates for public participation and have
10 participated in all facets of habitat conservation,
11 resource management and land planning.

12 Why should CALFED and BDAC care about
13 watershed management when their mission is to fix the
14 Delta? Watershed management is the only way to
15 develop a constituency for long-term solutions to our
16 water problems. Watershed management is doing things
17 the right way, not using a quick fix with possible
18 long-term consequences.

19 Watershed management is a way to keep
20 communities sustainable environmentally and
21 economically.

22 Watershed restoration is repairing the
23 fish runs. Upper watershed and flood plain
24 restorations have proven that their meadows and flood
25 plains can, once again, hold water to be released into

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1 That the watershed program should provide
2 funding and foster support for implementation of
3 watershed projects at the local level. And that the
4 watershed programs should provide a coordination role
5 that integrates multi-organizational levels with the
6 local watershed groups.

7 The next thing, Mr. Chairman, I would
8 like to do is ask that the panel members be
9 introduced. These people are both stakeholders in the
10 CALFED agencies, and they will embellish what I have
11 talked about and also add to the issues.

12 CHAIRMAN MADIGAN: Please. Do I have
13 the list? You have the list.

14 MS. HEATH: It's on the last page of the
15 agenda. I think it starts out with Lynn Barris.

16 CHAIRMAN MADIGAN: Lynn Barris of the
17 Butte Environmental Council. Then we ask Laurel Ames
18 from the Sierra Nevada Alliance and John Mills of
19 RCRC. Why don't you have a seat at the tables here and
20 we'll use the microphones.

21 Good morning.

22 MS. BARRIS: Good morning. As the first
23 public member to speak today, I would like to tell you
24 how much we in the Northstate will all miss Nat. No
25 one knew our watersheds like Nat did, and it's been a

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1 the streams later in the year when needed preventing
2 the massive winter runoffs and siltation behind our
3 dams.

4 Watershed restoration enables nature to
5 filter out pollution, making rivers healthier for
6 people and wildlife. Watershed management is the only
7 venue to offer a high level of involvement from the
8 stakeholders. It's the bottom-up approach as used by
9 the Sacramento River Watershed Program.

10 Watershed management is not the only tool
11 to repair the Delta, but it is the one tool that will
12 guarantee Northern Californians that they will not be
13 harmed by the decisions BDAC and CALFED make.

14 Since BDAC was first formed, I have tried
15 to engage the environmentalists and the staff in
16 discussions that would lead to protections of the
17 Northern California environment to no avail.

18 The environmentalists on BDAC are experts
19 on the Bay-Delta. They are not experts on our
20 Northern California environment. And as the scope of
21 their decisions have broadened, I believe they're no
22 longer operating in the spirit of fact and principles.

23 I can tell you right now, we in the
24 Northstate will not allow our environment to go into a
25 spiraling decline to shift water to other areas. We

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1 already have all of your examples of poor water
2 management to draw upon. And when it comes to water
3 transfers from the Northstate, our environment, though
4 having older than pre-1914 water rights, is not a
5 willing seller.

6 Now, what can make us more comfortable
7 with you and your decisions? Assure us that watershed
8 management and conservation are implemented
9 immediately, in the first phase. And I am asking also
10 that BDAC add a Northern California watershed
11 representative to your council. I would like this
12 representative to be chosen by us that work on
13 watershed projects. I would like you to deliberate on
14 this matter, and if you choose not to follow this
15 suggestion, I would like the reasons written and
16 publicly distributed.

17 Thank you.

18 CHAIRMAN MADIGAN: Thank you. Good
19 morning.

20 MS. AMES: Good morning. And thank you
21 for this opportunity to talk.

22 I'm Laurel Ames. I am the Executive
23 Director of the Sierra Nevada Alliance. We're a
24 regional coalition of 43 grassroots groups of Sierra.
25 And I'm pleased that we're meeting in the Sierra Room.

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1 want to be assured that we will have stakeholder-based
2 government structures to manage the watersheds, and we
3 want all to agree that we get watershed assessments
4 first.

5 We cannot go into the watersheds and
6 start doing people's favorite projects and not know
7 how that affects all of the components, the functions
8 and the structures.

9 We need stakeholder involvement in three
10 different ways. We need stakeholders as the
11 organizing force. We need leadership at the ground
12 level. And we need agencies that listen and don't
13 dominate. And you heard Judy Heath's presentation
14 with a certain intent. I want to tell you that those
15 of us who live in the upper watersheds know that this
16 is a daily struggle. What you get for stakeholder
17 involvement in the watersheds is you get buy-in, you
18 get the best projects, and you get the best long-term
19 maintenance, and you get the best monitoring, and you
20 get the best public accountability because you have
21 public involvement and you have public disclosure at
22 all times.

23 To BDAC, we recommend that you strongly
24 support the watershed management element. It's a new
25 element of the common program. You need to beef up

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1 I was told I have three minutes, so in
2 the version that we had from the Smothers Brothers
3 years ago the world history in 30 seconds, I would say
4 stakeholders, ecosystems, stakeholders, money,
5 stakeholders, restoration, stakeholders.

6 California wants water from the Sierra.
7 We want clean water, and to get that, you need healthy
8 ecosystems. And to get that, you need watershed
9 restoration. And to get that, we need money.

10 Let me tell you that SNEP, the Sierra
11 Nevada Ecosystem Project Report, the seven-million
12 report done by the Forest Service and by UC Davis,
13 found that the aquatic riparian systems are the most
14 altered and impaired habitat of the Sierra, and that
15 existing standards still do not adequately provide for
16 sufficient land or describe appropriate management for
17 maintenance of all the vital functions of aquatic
18 habitats in the Sierra. So we have a problem.

19 As you know about ecosystems, any changes
20 in components or structure or function change the
21 ecosystem, and that is why it's very important that we
22 do watershed restoration and watershed management from
23 a very informed point of view. It's important to do
24 this right. We think that fostering multi-party low
25 interest stakeholder process is critical to this. We

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1 your staff, especially if you expect that you will
2 have the substantial efforts that are required to run
3 stakeholder process in the rural areas.

4 Two work group meetings don't hack it.
5 This is the very beginning. It's going to take a lot
6 more staff to do that. I will note that of the two
7 work group meetings, none are in the Sierra.

8 In the next six months, you need to
9 assure that this process is fully underway and in most
10 of the significant, if not all of the significant
11 watersheds, and that's a lot.

12 You need to direct staff to develop
13 performance standards for watershed restoration. This
14 is going to be very important.

15 The watershed assessments will tell you
16 what's wrong. We will not tell you what your
17 performance standards need to be. And I would also
18 say that with our RCRC, the Regional Council of Rural
19 Counties, the Sierra Nevada Alliance reached out. We
20 built this very odd coalition between the local
21 government and the rabid environmentalists, and we
22 were able to develop a set of watershed restoration
23 principles that have been partly included in your
24 package. We're very pleased with that.

25 We think that that's critical to the

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1 beginning of watershed assessments and watershed
2 management. And then I would briefly respond to the
3 staging purposes mentioned earlier. That may be
4 (inaudible) of all time, but we can begin with the
5 first two stages which are begin at the source, work
6 down. And another part of all that is recalculate
7 demand before taking any more of our water. Thank
8 you.

9 CHAIRMAN MADIGAN: Thank you.

10 MR. MILLS: Chairman Madigan, members of
11 the BDAC, thank you for having us here today and my
12 name's John Mills. I represent the Regional Council
13 of Rural Counties which are 27 rural Northern
14 California counties from Mono lake, the east side of
15 the Sierras to Northern California, back down through
16 the Sacramento Valley into the San Joaquin and
17 collectively supply over 80 percent of the water that
18 comes in the Delta. We are the source counties.

19 We're one of the early folks in this
20 process. We started advocating a watershed component
21 for the CALFED process, and we are happy to see that
22 CALFED is now moving in that direction.

23 Our membership includes both upper
24 watersheds and lower watersheds. We also include
25 membership on the Trinity, which, although it's not

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1 the Sierra are captured in what can best be described
2 as medieval budgetary processes in the State and
3 Federal Government that defy logic in terms of getting
4 the financial reinvestment back to the resource from
5 whence the revenues are gleaned.

6 So as CALFED looks at their watershed
7 strategy, and there is a tendency for folks, when we
8 talk about watershed strategy, to want to go jump in
9 thier pickups and go tactical. We need to stay at the
10 strategic level, and the first thing we need to do is
11 understand that we agree entirely with the Sierra
12 Nevada Alliance and this issue, but the stakeholders
13 need to be a key in overriding part of this, and that
14 it cannot start with an agency-driven vision because
15 the institutional arrangements between the agencies
16 are the primary obstacles to reinvestment right now.
17 So unless we want to predetermine the outcome based
18 upon where we are now, we don't want to go down that
19 road again.

20 I think Lester said it once best, he
21 said, "Why do we want to get on the same bus that
22 brought us to this wreck." He was talking about a
23 different issue, but the same thing applies here. We
24 need to look at that report and go back to the
25 institutional arrangements and reevaluate those.

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1 directly connected to the Delta naturally, now it is,
2 and, therefore, parts of actions on the Trinity can
3 ultimately benefit the Delta by the health of the
4 Trinity River itself and the actions to be taken
5 there.

6 I'd like to point out that we have been
7 having lots of meetings with Laurel's group, and
8 evidently, they're working because now she recognizes
9 local government is not rabid. I couldn't resist.
10 You can hit me later.

11 Given the time frame I was given and they
12 said you have three minutes to talk about
13 reinvestment, I was going to do the Seinfeld thing and
14 say yada, yada, yada, give us the money or just come
15 up and be Kramer and fall under the table and then you
16 would feel sorry for us.

17 If we look at the Sierra Nevada Ecosystem
18 Project Report which only deals with the Sierra but
19 talks about the need for reinvestment, it also points
20 out what the main obstacle is to reinvestment in the
21 watersheds, and that's the institutional fabric that
22 overlays the resource. It is the relationship and
23 interrelationships of various Federal and State and
24 local bureaucracies that are the primary obstacle.

25 Some of the most valuable resources in

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1 I think Betsy Reaky did an excellent
2 analysis of alternate solutions. And one of the
3 things she came up with in her analysis for CALFED
4 about a post-CALFED governance entity would be that
5 form needs to follow function.

6 So CALFED first needs to focus on what
7 the function of its watershed would need to be. And I
8 would argue that the first thing it needs to do, since
9 we are going to be rewriting everything but the Ten
10 Commandments as part of this CALFED solution, is that
11 we need to look at the institutional arrangements
12 between agencies.

13 If we are looking at Federal and State
14 legislation, that's one of the first things we need to
15 examine is a way to breakdown those obstacles to
16 reinvestment and to also create a post-CALFED
17 environment in which the reinvestment revenues flow
18 back to the actual watersheds and not somewhere else.

19 We also agree there needs to be a
20 locally driven process. We have seen the equivalent
21 of resource management that reminded me back in the
22 Vietnam days when LBJ was calling in air strikes in
23 the Whitehouse. We've had the same thing on resource
24 management in the rural counties when we've had
25 Federal directives managing our resources for us from

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1 a long ways away.

2 And that has spawned things like the
3 Quincy Library Group which has, in itself, become
4 controversial simply from the point, and you should
5 learn from this, what's controversial about the Quincy
6 Library Group is they actually reached a decision, and
7 that's dangerous, so you want to think about that.

8 The easiest thing you can do is just keep
9 pondering this for the next decade or so. But if you
10 actually make up your mind to do something, you too
11 will be put up against the wall and have things thrown
12 at you. So be prepared for that. Then go to Plumas
13 County and look at the dead pike and think about some
14 other lessons. We won't go there, Lester.

15 I would like to cap it off by saying
16 that I agree with both of the comments made by the two
17 previous speakers in terms of staffing needs at
18 CALFED, in terms of the stakeholder-driven process and
19 also the active involvement in BDAC. This cannot be
20 left simply to the agencies to work out without BDAC's
21 involvement.

22 You need to give this as much attention
23 that you do to the other common program elements. And
24 failure to do so will end up with some significant
25 outfall. I don't say that as a threat. It's just a

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1 to do whatever we can to move this along in a
2 productive and efficient manner.

3 Thank you.

4 CHAIRMAN MADIGAN: Thank you, John.
5 Thank you all three. Let me ask Joan Hemsted from the
6 Deer Creek Conservancy, Val Connor from the Sacramento
7 River Watershed Program. In the notes that I have
8 here say either Melinda Brown or Bob Allen from the
9 Shasta-Tehama Regional Council.

10 Good morning.

11 MS. HEMSTED: Good morning. I'm
12 Joan Hemsted with the Deer Creek Watershed
13 Conservancy. It was formed four years ago in Tehama
14 County. I'm the education outreach director for phase
15 two of our watershed conservancy. I'm a local ag
16 producer here in Northern California. I raise cattle
17 and so on.

18 Our board of directors for Deer Creek
19 Watershed Conservancy would like to thank you for
20 designing and implementing the watershed management
21 program for CALFED. We would like for you to respect
22 the processes that have been diligently developed in
23 the upper watersheds here in Northern California.
24 Great efforts have been given to bringing landowners,
25 local, State and Federal agencies together with other

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1 reality.

2 Many of us in rural California,
3 especially rural Northern California, when we look at
4 the CALFED solution, want to see equity. We want to
5 see a difference between the previous discussions of
6 ways to solve the Delta, and we also want to see new
7 assurances.

8 And recognition by CALFED and by BDAC
9 that this upper watershed and lower watershed program
10 is a major component of the solution would be the
11 first step.

12 I think we also have to look at learning
13 from other areas. Let's look at what happened in the
14 Everglades, and let's see what happened there in terms
15 of where they eventually ended up following a
16 litigation and how they were sharing the pain in the
17 Everglades. And I think that's a lesson we should
18 learn from someone else who has just recently gone
19 down the road.

20 And I look forward to BDAC's active
21 involvement in this. We are engaged in this and RCRC
22 will do whatever we can, in our 27 member counties, to
23 help you on this, but you have to understand that you
24 have more resources than we do, and so we're looking
25 to you folks for some leadership on this and be happy

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1 interested groups to work hard together in land use
2 issues and habitat maintenance and enhancements.

3 As each watershed group develops a hub
4 for communication and planning, we sincerely ask that
5 you find management time and management staff to reach
6 out from Sacramento by coming to each area to work on
7 the ground with these processes.

8 Each group will be at a different phase
9 of growth and development, and we ask that you provide
10 time and policy management to assist these efforts,
11 and we look forward to hearing from Judy Heath and
12 working with your watershed strategy and working on
13 linking our programs together for a balanced
14 participation.

15 Thank you again from our board of
16 directors.

17 CHAIRMAN MADIGAN: Thank you. Good
18 morning.

19 MS. CONNOR: My name is Val Connor. I'm
20 an environmental specialist with the Regional Water
21 Quality Control Board, but I'm here today to tell you
22 some of the philosophy that's represented in the
23 Sacramento River Watershed Program.

24 The program has been in existence since
25 February of 1996, and it is a stakeholder group made

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1 up of agencies, conservancies and different interests
2 within the watershed.

3 Just to sort of give you a feel for the
4 number of people that are involved, we have about 800
5 members that participate in our information exchange
6 via receiving newsletters, calendars, invitations to
7 stakeholder meetings and education workshops. We have
8 five active subcommittees and over 200 people that
9 actively participate in those subcommittees. They
10 focus on public outreach and education for the
11 watershed, biological and habitat assessment, a
12 broader monitoring program, a program that focuses on
13 control of toxic contaminants.

14 The basis for our group is that it's a
15 stewardship based and an interest based consensus
16 organization. After being in existence for six
17 months, we were able to adopt the following mission
18 statement, and that is that we are here to ensure that
19 current and potential users of the watershed's
20 resources are sustained, restored and, where possible,
21 enhanced while promoting the long-term social and
22 economic vitality of the region.

23 What I'd like to do now is give you a
24 summary of the comments that were made by participants
25 in the program at the two workshops that were held on

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1 Strategies should fund monitoring
2 programs of all kind including water quality. It
3 should focus on resolving Federal issues necessary to
4 implement water quality management. For example, Good
5 Samaritan legislation allowing the clean up of
6 abandoned and orphaned mines. It should be a
7 supporting resource and a networking resource, a hub
8 not a regulator.

9 It should help all interests in the
10 watersheds with the challenges that are faced by all
11 of us. That is information exchange and sustaining
12 stewardship programs.

13 And finally, it should facilitate the
14 discussions that are necessary to solve existing water
15 quality issues, for example, potential conflicts
16 between landowner rights and the public trust and the
17 challenges associated with encouraging local watershed
18 assessments in light of the fear of potential
19 repercussions i.e. regulations.

20 Thank you.

21 CHAIRMAN MADIGAN: Thank you very much.
22 Good morning or afternoon I guess I
23 should say now.

24 MR. ALLEN: Good afternoon, my name is
25 Bob Allen, and I'm here representing the Shasta-Tehama

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1 watershed management. And these are all in relation
2 to CALFED's proposed strategy. Most of what I'm doing
3 is repeating what you've already heard, but I think
4 some of these points bear repeating.

5 First is that the management strategy
6 should be based on a bottoms-up grassroots approach
7 instead of a top-down approach. The strategy appears
8 to have potential benefits for local groups, but must
9 avoid dominating them with State and Federal
10 decisions. This strategy should make understanding of
11 and communication with local groups its primary
12 approach. This would include continued attendance by
13 State, Federal and Regency staff at local meetings,
14 not attendance by local groups at CALFED meetings.

15 This strategy should support successful
16 existing watershed programs with funding and resources
17 without changing these programs themselves. It should
18 encourage local stakeholders with funding and
19 resources to initiate watershed programs where no
20 programs now exist. It should provide funding
21 information on sources of funds other than CALFED to
22 local groups as a resource service.

23 This information should especially be
24 given to groups that unsuccessfully apply to CALFED
25 for funding.

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1 Bioregional Council. The Council has drafted a
2 position statement on the draft EIS/EIR, and I'd like
3 to read from that.

4 The Shasta-Tehama Bioregional Council is
5 a grassroots community organization. Comprised of
6 members from State, Federal and local agencies,
7 business and industry, environmentalists, local
8 elected officials in the academic community. The
9 Council serves as a forum and clearinghouse for
10 information regarding natural resource management
11 issues and projects in our region.

12 The emerging CALFED solution is of the
13 utmost importance to our organization. Shasta-Tehama
14 Bioregional Council recognizes that this will forge a
15 blueprint which will affect the Northstate region for
16 decades. As such, our comments are intended to
17 pro-actively engage CALFED in implementing a solution
18 which will recognize an environment and the economic
19 importance of the upper watersheds where California
20 water originates.

21 The Sacramento River provides two-thirds
22 of the fresh water flow into the Bay-Delta. What
23 takes place in the forests and wild lands far above
24 the dams and conveyance structures that most people
25 associate with the water supply, the upper watersheds

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1 has long been ignored and been taken for granted.
 2 The CALFED solution represents a
 3 wholistic opportunity to shift, focus from water
 4 policy, from storage and conveyance projects towards a
 5 comprehensive solution which ensures reinvestment in
 6 the health and stability of the upper watershed, the
 7 source of California water.

8 The Shasta-Tehama Bioregional Group
 9 supports a wholistic solution which incorporates and
 10 expands efforts to restore and properly manage our
 11 upper watersheds equitable to area of origin
 12 stakeholders as well as downstream users.

13 Many of the Sierra-Cascade forests are
 14 unnaturally overstocked due in large part to the
 15 decades of intensive fire exclusions and suppression.
 16 Dense thickets of stag undestroyed trees now pose an
 17 unacceptable risk to forest destroying fire.

18 The on-site and downstream impacts of
 19 catastrophic fire tragedy and include accelerated
 20 erosion and sedimentation, loss of critical wildlife
 21 habitat, increased flooding danger. The efforts to
 22 improve watershed health should, therefore, include
 23 considerations for fire hazard factors at a landscape
 24 level.

25 The STBC has long advocated the benefits

1 supply, Delta function.
 2 There is a link between improving the
 3 environmental conditions in the source watersheds and
 4 improving water yield quality, timing of delivery and
 5 storage capacity.

6 The STBC believes a comprehensive water
 7 conservation effort coupled with proactive watershed
 8 projects, such as forest thinning and upland meadow
 9 restorations, are the first logical steps in any
 10 CALFED solution.

11 CALFED should provide a secure funding
 12 and implementation of upper watershed projects well in
 13 advance of construction of dual conveyance systems and
 14 off-stream storage facilities. This more incremental
 15 environmental-friendly sort of engineering, managing
 16 the upper watersheds rather than simply engineering
 17 its outflow holds promise for real immediate benefits
 18 to the Bay-Delta ecosystem.

19 It is evident that the strategy, upper
 20 watershed strategy, got a late start and hasn't been
 21 integrated entirely into an entire CALFED program.
 22 The watershed strategy simply needs more time to be
 23 developed so that it is a strategy. Two stakeholder
 24 meetings are not nearly sufficient to form a plan of
 25 this magnitude.

1 of forest thinning for improving forest health and
 2 lessening risk of catastrophic fire. In addition to
 3 thinning and often as a secondary treatment, after
 4 fuel loads have been reduced to safe level, prescribed
 5 fire is a proven tool in maintaining the ecological
 6 conditions over time.

7 There is considerable evidence to
 8 collaborate the length between timing and other
 9 watershed -- thinning and other watershed vegetation
 10 management activities and increased water yield.
 11 Thinning reduces absorption, transpiration,
 12 evaporation of water by vegetation while also reducing
 13 hazards for forest destruction by uncontrolled
 14 wildfires and insect attack.

15 In addition to the potential increase of
 16 water yield, managing vegetation, water release timing
 17 can also be improved. For example, thinning spaces
 18 tree crowns allowing winter snow to accumulate at
 19 ground level.

20 Snow-packed water storage is obviously
 21 many times less expensive than reservoir storage.
 22 Stressors on the watershed such as unusually high fuel
 23 loads, degradation of riparian systems negatively
 24 impact each of CALFED's major primary objectives as we
 25 see them, water quality, ecosystem quality, water

1 Your watershed management strategy
 2 document is not a strategy for managing watersheds.
 3 There is not a strategy to comment on. The document
 4 does identify stressors of the upper water shed but
 5 poses no solution to that problem.

6 The STBC believes that the real cost of
 7 watershed delivered south includes environmental and
 8 economic consequences of stressors affecting the
 9 health and sustainability of our own watershed
 10 sources. The CALFED solution must embody these
 11 fundamentals.

12 To summarize, the STBC believes and will
 13 support a CALFED solution with provides official
 14 recognition of Northern California, the source region
 15 where water originates, as a partner in the three-way
 16 brokering process comprised of agricultural,
 17 environmental and urban interests. Takes care of the
 18 basic resource first.

19 In-users of water derive numerous
 20 benefits, and must reinvest in source watersheds. A
 21 program of commensurate financial reassessment in the
 22 upper watersheds must be implemented, honors and
 23 reaffirms area of origin and county of origin water
 24 rights, attempts to create a sustainable water supply
 25 for upper watershed areas. The CALFED draft EIR/EIS

1 watershed strategy addresses California wildfire as a
2 stressor, but does not adequately promote remedial
3 practices such as vegetation management through
4 thinning and prescribed burning.

5 Preserve and enhance environmental values
6 such as water quality, fisheries, wildlife habitat,
7 esthetics, ecological sustainability within any
8 watershed reinvestment strategy, closes the research
9 and information gap on a link between watershed
10 management practices and improve water yield in
11 timing and release. Implements phase conservation of
12 upper watershed management and restoration measures
13 well in advance of construction of massive new storage
14 and conveyance structures.

15 Thank you for this opportunity.

16 CHAIRMAN MADIGAN: Thank you, sir.

17 Thank all three of you.

18 Let me invite up Mr. Bert Bundy from the
19 Sacramento Landowners Association, John Lowrie from
20 the Natural Resources Conservation Service and
21 Julie Tupper from the US Forest Service.

22 Mr. Bundy, I understand that you're also
23 a member of the recovering supervisors' association?

24 MR. BUNDY: Yes, I am. I'm also a past
25 president of Superior California Water Association,

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1 Association and have been involved with SB1086 for
2 about 11 years now.

3 First, though, I want to speak to my
4 position that I'm the president of the Mill Creek
5 Conservancy, and this has been in place for about four
6 years. And we really organized because we wanted to
7 protect natural resources within our watershed and
8 also the private property rights.

9 We recognize that private property rights
10 also come with the responsibilities that we need to
11 address those needs for those resources and protect
12 them.

13 In our watershed, we have several
14 endangered species, spring run Chinook salmon, of
15 course, being proposed, fall run being proposed. We
16 have steelhead. We have bald eagles. We have
17 paragrin falcons. We have tadpole shrimp. So we have
18 a full range of endangered species, and we deal with
19 those.

20 We feel that the reason we have a healthy
21 watershed and a very pristine natural area is because
22 of the private ownership that we've had. Our
23 watershed is about 50 percent publicly owned and about
24 50 percent privately owned.

25 As we try to get landowners involved in

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1 and I think that's where Sunne got the reference along
2 that line.

3 Thank you for allowing us to be here
4 today. I enjoyed your discussion on storage today. I
5 think it's a very good discussion and a healthy one.
6 Too bad you weren't here a few years ago when storage
7 out here was about half empty and we were in fire
8 season about two or three months and we had been
9 irrigating for several months. It's a lot different
10 story.

11 It's very easy to talk about sharing
12 water when it's raining outside, and you have to
13 remember it's not always this way. So those of us
14 here in the north are always concerned as far as who
15 we're sharing the water with. It's kind of like, and
16 no reference to anybody here, but it kind of crosses
17 my mind, it's kind of like putting candy in front of a
18 baby, you come up here when it's raining. You kind of
19 wonder about that a little bit.

20 First off, I'm a farmer. I raise catfish
21 and cattle. It's kind of a Northern California surf
22 and turf operation, and I'm also on the board of
23 directors of the California Farm Bureau. I represent
24 Shasta, Trinity, Siskiyou, and Tehama Counties, and
25 I'm executive director of Sacramento Valley Landowners

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1 the process, and sometimes we struggle with that, as
2 everybody does, because there is a natural concern and
3 fear out there of government, but the process that we
4 need to use is incentive and education really. Work
5 with farmers to talk to them and to try to understand
6 their concerns and listen to some of the problems and
7 how they feel about them and look at solutions from
8 their perspective.

9 I run cows along about three miles of
10 Mill Creek, and I hear people continually say we need
11 riparian fencing. Well, if you've ever been up Mill
12 Creek, the canyon is like this. And I don't put cows
13 up there unless I have reservoirs full of water. They
14 need a straw to get a drink out of the creek, and
15 riparian fencing isn't going to do me a bit of good.

16 What I need is incentives that will help
17 me be able to put some of those off stream reservoirs
18 or stock ponds really in place and maybe do some
19 fencing for managing the grazing as far as keeping
20 them in certain areas and helping doing the rotational
21 grazing system.

22 So you need to talk to the landowners and
23 the farmers about their specific needs and what their
24 problems are. It's got to be a partnership.

25 We've had a pretty good relationship with

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1 most of the agencies that we've dealt with. I say
2 most of them, and I have to be honest with you, I have
3 one caveat to that and that one is CDF. I really
4 think that maybe we ought to look at a whole different
5 agency to look at doing pre-fire management and
6 prescribed burning than CDF. They really have one
7 thing in mind and that is fighting fires. And fire
8 can be a tool, but CDF has kind of used it as an
9 unlimited credit card, and that's about all they've
10 ever used it for.

11 So pre-fire management can help quite a
12 bit as far as solving some of the problems within our
13 watershed.

14 We have a historic situation of about a
15 five-year sequence of fires coming through our eastern
16 part of Tehama County, and those can be very
17 devastating. They need -- we need to be able to sit
18 down and look at the different vegetation zones and
19 determine what type of management needs to be done,
20 where fuel breaks need to be done and where prescribed
21 burning needs to be done.

22 That would really help us as far as the
23 fishery is concerned because sometimes that sediment
24 from high fuel load fires comes down through our
25 watershed in armons Moore's that's spawning gravel.

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1 great potential. There is always the assurances that
2 need to complete it but we think that there is some
3 real positive things that can occur on it.

4 Some of the positive things are -- part
5 of the process is that the landowners are part of the
6 management regime and part of the process. And as
7 long as we're invested in it, I'll guarantee you we'll
8 try very hard to make it work. The incentives on it
9 are voluntary. It's a voluntary program, so there is
10 some real benefits to that.

11 One of the things we can foresee in the
12 future is permit streamlining. The permitting process
13 is in chaos. I had a landowner this last spring come
14 to me, and he was just thrilled about doing something.
15 He had about 500 feet along the river that he needed
16 to do some work on, and he said I want a greenbelt
17 sitting back into my orchard. I'll irrigate it, and
18 we'll have habitat here and everything else. And by
19 the time he went through 12 different permitting
20 agencies and was struggling in November working 24
21 hours a day to get the project accomplished, he was so
22 bitter about trying to get anything done, I'll
23 guarantee you, he won't do it again. And we need
24 directive for that type of a situation. And I think
25 through SB1086, we can do that.

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1 that we need for the fish.

2 It creates several other problems too.
3 If it's a real hot fire, it will sterilize that soil
4 and create other problems as far as natural resources
5 are concerned.

6 For our watersheds, we need not -- and
7 I'll be a little different than a lot of people are on
8 this. Certainly, we need money, but we need money for
9 specific programs, but then we also need a small block
10 grant that takes care of the volunteer needs that we
11 spend all the time for administration, just simple
12 things like copying and travel and paper and mailing
13 and stamps and things like this. That would help us
14 substantially in trying to get across the needs, goals
15 and needs that we have within our watersheds.

16 Monitoring has been mentioned before.
17 Monitoring is certainly a big part of what we need
18 within our watersheds.

19 As I said, pre-fire planning is important
20 to us. I wanted to speak very briefly about SB1086
21 because I've been involved in that program since I was
22 a supervisor when former Senator Jim Nielsen put
23 together SB1086 on the Sacramento River. And speaking
24 for Sacramento Valley Landowners Association, SB1086,
25 we're cautiously optimistic about it. We think it has

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1 I tell you even BWR had some problems
2 this last year in trying to do a palisades removal
3 down there at Woodson Bridge. And frankly, with all
4 these staff and everything, they were very concerned
5 about the permitting process they had to go through.

6 What we need for 1086 is a few other
7 things and one of them is a better definition of hard
8 points. I'm sorry, I may have got off here a little
9 bit because I've talked about 1086 because it is part
10 of the CALFED program. I'm not sure if everyone
11 recognizes that, but it is part of the CALFED program.

12 We need a better definition of hard
13 points, bridges, pumping plants, cities and things
14 like this that will constrain some of the meander of
15 the river.

16 It is a limited meander, and we have to
17 recognize that. We need balanced funding for, not
18 only for restoration work but for long-term protection
19 on various areas where the bank, where the river does
20 get out of its banks beyond where we anticipated.

21 And then one of the things we need is a
22 very strong agency commitment to the whole process.
23 For example, we have even agencies that some of their
24 own departments don't know what's going on. You'll
25 talk to one element of the Fish and Wildlife Service

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1 and then talk to another and sometimes they don't have
2 a clue what's going on within their own agency.

3 Another example would be the listing
4 proposal from NMF, that really set back some of the
5 landowner progress that we've been making as far as
6 being able to work with them.

7 We just have to recognize that landowners
8 like natural resources too, and, you know, if you
9 don't try to regulate us, we will really try to do the
10 best we can for those particular resources, provide
11 education, provide incentives, encouragement and
12 assistance, and I think you'll get a lot of support
13 from farmers and landowners alike.

14 One thing you might just kind of leave a
15 little bit in your own mind as you leave, I've drank
16 water out of the Sacramento River and a lot of places,
17 but I probably wouldn't do it below Sacramento. And,
18 you know, I think we're putting out some pretty good
19 water out here or everybody wouldn't be wanting that
20 high quality water.

21 We really need to look at the Delta and
22 find out what the problem is there. I've got
23 landowners up here that say why aren't the fish coming
24 back up here. Well, they can't get here and that's
25 part of the problem.

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1 private party rights. As you move into the upper
2 watersheds, you're dealing with public lands,
3 primarily managed by the Forest Service and Bureau of
4 Land Management, and then you're dealing with
5 scattered private lands.

6 I think we also have to clearly recognize
7 the inherent relationship between local economies and
8 their dependence on the natural resources which
9 surrounds those communities.

10 As we move towards implementation, we
11 have to recognize that implementation of the program
12 is going to be locally led and community based
13 involving those same groups of stakeholders. It's a
14 linear process that goes from start to finish.

15 Agencies and government cannot address
16 broad-based watershed restoration or watershed
17 management. It's simply going to take local
18 communities and individual landowners within those
19 watersheds to do the job.

20 Implementation is going to require a
21 substantial commitment of both technical assistance on
22 the part of agencies to assist private landowners in
23 the development of assessments of plans and how to
24 implement those plans. And it's also going to require
25 a substantial and reliable stream of financial

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1 Thank you.

2 CHAIRMAN MADIGAN: Thank you very much.
3 Good afternoon.

4 MR. LOWRIE: Chairman Madigan, members of
5 the Advisory Council, my name is John Lowrie, and I'm
6 a representative of the Natural Resources Conservation
7 Services. It's an agency within the Department of
8 Agriculture. We're one of the agencies that is
9 assisting CALFED with the development of their
10 watershed management strategy.

11 I'm going to be very brief, and I'm going
12 to simply reinforce several key points that I feel
13 have been made during the presentation.

14 First of all, the essential nature of the
15 watershed management strategy as a tool for helping
16 CALFED achieve its broad goals and objectives.

17 As you well know, the goals of the CALFED
18 Bay-Delta program are extremely ambitious and you're
19 going to need every possible tool available to you in
20 order to achieve those goals. The watershed management
21 program will ultimately be one of those key tools.

22 As far as refining the current program,
23 there are some things that cannot be denied. One is
24 obviously that it needs to be stakeholder driven. I
25 think it's needs to be particularly respectful of

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1 assistance over the long term if those communities
2 ultimately responsible for implementing the program
3 are to be successful.

4 That said, I'll pass the mic to Julie.
5 CHAIRMAN MADIGAN: Julie, good
6 afternoon.

7 MS. TUPPER: Good afternoon. Thank you
8 for inviting me. My name is Julie Tupper. I serve as
9 the Forest Service Liaison to the CALFED process and
10 as a member also of the Interagency Watershed Advisory
11 Team working on the watershed management strategy.

12 I think you've heard quite a bit from the
13 different stakeholders and interested parties here,
14 and I'm going to focus my comments on the Forest
15 Service's agenda as one of the other primary upper
16 watershed landowners.

17 The Forest Service joined CALFED as a
18 cooperating agency a little later than some of the
19 other agencies, but the Forest Service joined CALFED
20 because we recognized that the keystone focus of the
21 Forest Service today is watershed management and
22 restoration and that also is the keystone focus of the
23 Bay-Delta process.

24 The National Forests have been described
25 as the headwaters of the nation. Nationally over 90%

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1 municipal watersheds are located within National
 2 Forests.

3 In California, the majority of water
 4 supplied for agriculture, urban and environmental use
 5 not only passes through the Bay-Delta, it originates
 6 on National Forest lands. To borrow some words from
 7 the Chief of the Forest Service, Mike Donbeck, when he
 8 revealed the Forest Service Natural Resource Agenda
 9 for the 21st century which will be the guiding
 10 document for Forest Service management, watershed
 11 maintenance and restoration are the oldest and highest
 12 callings of the Forest Service. The agency is and
 13 always will be bound to watershed maintenance and
 14 restoration by tradition, law and science. Our
 15 natural resources agenda places a renewed emphasis on
 16 assuring that our watersheds are protected and
 17 restored for the use and benefit of your citizens.

18 Over 100 years ago, through the 1897
 19 Organic Act, Congress directed that no National Forest
 20 shall be established except to improve and protect the
 21 forest within the boundaries or for the purpose of
 22 securing favorable condition of water flows, and to
 23 furnish a continuous supply of timber for the use of
 24 necessity of citizens of the United States.

25 The Forest Service natural resource

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1 Sprague has created what's known as the Sierra Nevada
 2 Conservation framework to address broadscale
 3 Sierra-wide issues.

4 Mr. Sprague has directed forest services
 5 employees to more actively work with the tribes
 6 communities, scientists, resource specialists and
 7 interest groups in a more open and collaborative way.
 8 We're convinced that collaboration will help to better
 9 define issues and concerns in California and Sierras.
 10 and will lead to more effective improvements in
 11 ecosystem health.

12 The Forest Service has been a strong
 13 supporter of elevating the water management strategy
 14 to the common program of CALFED. We're extremely
 15 pleased that the emphasis and recognition of the
 16 concept that watershed management must also be focused
 17 on a watershed scale.

18 The Forest Service would like to use our
 19 participation in CALFED as a springboard to enhance
 20 our collaboration with the many agencies and groups
 21 represented by BDAC and to further our common goal of
 22 providing quality water for the citizens of
 23 California.

24 The CALFED Watershed Management Strategy
 25 provides a unique opportunity for the Forest Service

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1 agenda for the 21st century focuses on four key
 2 areas. Watershed health and restoration, forest road
 3 policy reform, sustainable forest management and
 4 recreation.

5 You've heard most of the people today
 6 discuss one of those emphasis areas to some extent.
 7 Watershed health and restoration has been identified
 8 as the first priority for management for the National
 9 Forests.

10 In California, the CALFED program, and
 11 especially the watershed management strategy, provides
 12 an excellent mechanism to move this priority of the
 13 Forest Service forward.

14 The goal of this agenda is to help people
 15 to live in productive harmony with the watersheds that
 16 sustain us all. The Forest Service cannot do this
 17 alone. The issues are too broad. The land base is
 18 too large, and Forest Service resources are too
 19 scarce.

20 We need to engage our communities,
 21 colleagues, friends and neighbors. The Forest Service
 22 can only redeem its role as a conservation leader by
 23 working with and learning from others, by being a
 24 partner. We don't plan on being an obstacle.

25 In California, Regional Forester Lynn

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1 to participate with a broad spectrum of citizens in a
 2 collaborative effort to develop strategies that can
 3 help restoration and maintenance of our watersheds.

4 CHAIRMAN MADIGAN: Thank you very much.
 5 Those of us around the table really appreciate the
 6 time that each of you has taken to come share your
 7 thoughts with us today. It's very, very helpful, and
 8 it is, in fact, fundamental to the reason that BDAC
 9 came to Redding for this meeting. So we're most
 10 appreciative of your efforts.

11 If there are a couple of immediate
 12 questions, I'd take them right now, otherwise, I'd
 13 like to hold the BDAC questions until after lunch.
 14 Sunne?

15 COUNCIL MEMBER McPEAK: I too wanted to
 16 add my thanks to all of you and to say I think the
 17 comments regarding the stakeholder base process is
 18 very important working with landowners, doing it in
 19 partnership, as Bert says. While it's maybe more
 20 difficult to staff a stakeholder based process on
 21 watershed management probably should take part or take
 22 place in the Sierras. So trying to strike that
 23 balance, Lester, if we can, in terms of where the
 24 meetings happen would be, I think, important.

25 The critique that was given about the

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1 status of the watershed management component in the
2 common program in CALFED I think is pretty accurate
3 because we're just coming up to the curve. And I
4 heard something very important said about performance
5 standards of the watershed.

6 And so to Lynn and Laurel and John and
7 Val and Diane and Bob and Bert and also John and Julie
8 who have testified, I would really want to encourage
9 getting definition on the outcomes or the performance
10 of the watershed as soon as you can. And that might
11 depend on what I think Laurel said in terms of doing
12 some additional analysis. But as much as we can
13 describe what we are hoping to work towards and have
14 that in the program by the end of this year, even if
15 it's not done, we can say it's not done, but let's get
16 as far a long as possible, I think that would be quite
17 helpful.

18 CHAIRMAN MADIGAN: Steve.

19 COUNCIL MEMBER HALL: I appreciate very
20 much the presentations this morning, and it reminded
21 me, I've been at this, like a lot of people, for quite
22 a while. And though I have been fortunate enough to
23 be involved in some efforts where the stakeholders
24 were successfully brought together and reached a
25 decision, given the amount of hair I've shed over

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1 landowners have been directly involved.
2 Maybe, and we ought to discuss this more
3 some other time perhaps, but maybe we ought to have a
4 group convened on that subject of how do you work
5 successfully with landowner groups to ease their
6 concerns, respond to their suggestions about how we
7 should move forward so that we're not in the position
8 of being perceived as preaching to local landowners as
9 to how they should be stewarding their resource but
10 learning from them.

11 If you look at the examples from 1986 to
12 the Quincy Library Group to the rice industry working
13 with the environmental community to develop
14 sustainable farming practices and improve habitat, it
15 really is very admirable, and it's all been landowner
16 driven along with the other stakeholder groups, and I
17 think we ought to decide soon that we could use that
18 kind of expertise in CALFED and convene a group to
19 help us do that.

20 CHAIRMAN MADIGAN: All right. I trust
21 the comments are going to be short from BDAC, because,
22 otherwise, we're not going to go to lunch because
23 Senator Johannessen is here at 1:30 to speak to us.
24 So let's do our best. Stu and I have you, Judith,
25 Byron.

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1 these things, there have been too few and too far
2 between.

3 And it reminded me, hearing the
4 presentations, what a remarkable record the Sacramento
5 Valley and its watershed have had in bringing
6 stakeholders together and successfully implementing
7 actions and plans on very complicated contentious
8 resource issues.

9 I think we should not only commend them,
10 I think maybe we can learn something from them. So I
11 would encourage CALFED, and, Lester, I know your staff
12 is already stretched too thin, but I particularly
13 liked Ms. Connors' suggestion that maybe we ought to
14 attend a few of their meetings instead of inviting
15 them to ours, and maybe we can compromise and meet in
16 Chico, I don't know, but it ought to be done.

17 And the other thing that strikes me is
18 that we have a very ambitious program laid out here
19 that is focused on water, but there will be a lot of
20 interaction with landowners.

21 Lester, you and I had the good fortune to
22 testify before Congress this week, and there were a
23 few questions and concerns raised by landowner
24 issues. And it seems to me that's been one of the
25 cornerstones of the success up here is that the

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1 COUNCIL MEMBER PYLE: I just wanted to
2 call attention to some of the efforts that have gone
3 on, are going on. I had the privilege of going on a
4 field trip to review work done in Plumas County on Red
5 Clover Creek, meadow restoration up there, where the
6 work is done strictly by the local people with
7 whatever resources they could scrape together. And
8 the objective of this was to bring the water levels in
9 the meadows back up through rocks, brush, increase
10 sedimentation, restore productivity of the land and
11 base flow of the stream. I think there is a lot of
12 things that could be done. And the people should be
13 commended for the hard work they do to do that.

14 The question is does anybody give any
15 attention or would it fit in here of weather
16 modification and seeding to increase the snowfall in
17 precipitation in some of these mountainous areas. I'm
18 familiar with some work the Department of Water
19 Resources has done. I just wonder if that's on the
20 screen for any of this watershed management?

21 CHAIRMAN MADIGAN: We will get back to
22 you on that one.

23 COUNCIL MEMBER HILDEBRAND: Not this
24 year.

25 CHAIRMAN MADIGAN: Judith.

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1 COUNCIL MEMBER REDMOND: I wanted to
2 Just mention that there have been watershed management
3 initiatives all around the country that have been
4 very, very effective in dealing with some of the
5 issues that CALFED is addressing, water quality
6 improvement, water quantity improvement and habitat
7 restoration.

8 One of them that I hope that the folks
9 working on this are all aware of is the one that was
10 in the watershed of New York City where basically New
11 York City had adopted a regulatory approach to the
12 very severe water quality problems they were dealing
13 with and it wasn't working.

14 In fact, they were seeing the farms in
15 their watershed replaced by urban development and
16 finding that the urban development was creating -- was
17 going to create a much worse water quality problem
18 than they had already. So they, instead, abandoned
19 their regulatory approach and decided to adopt a
20 cooperative approach with the farms in their watershed
21 providing -- agreeing upon best management practices
22 and providing incentives, as Bert had mentioned, for
23 those landowners and farmers to work with them to
24 totally turn around the problem that they were having
25 with water quality in New York City.

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1 We need to quantify both the benefits of
2 improvements of where we are today but also quantify
3 the benefits from avoiding costs of the catastrophic
4 fires that were well spoken to by Bob Allen because
5 while some of my constituents, when they hear
6 watershed management, might reach for their wallets
7 and be a little paranoid, the reality is we're
8 spending money today because of the impacts of these
9 devastating fires that affect sedimentation rates,
10 affect water quality, denude habitat for very long
11 periods of time. So if we don't deal with this, we
12 will have costs, and we just need to recognize that
13 upfront.

14 We need to go about quantifying it for
15 the program so we can make the business case for
16 investment.

17 CHAIRMAN MADIGAN: Thank you. Howard.
18 COUNCIL MEMBER FRICK: I'll be short. I
19 think this was the most informative public session
20 I've attended. I have a question while there are this
21 many people in the room. We tend to lose them after
22 lunch.

23 One of these keeps resurfacing, I guess,
24 amounts to converting chaparral back to grass. Is
25 there a general consensus that that's a good item? If

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1 It's a wonderful success story and we can
2 learn a lot from it. And I can provide some of the
3 information on it for folks if they're interested.

4 I think one comment about the materials
5 that we were sent would be that, in our packets, would
6 be that it didn't seem that there was a lot of
7 attention to the need to change farming and grazing
8 practices in the watersheds. And the potential to do
9 that, using these incentives and stakeholder-based
10 processes, so I think there should be more attention
11 to that. And wanted to thank again the panelists for
12 being here. I thought it was a great presentation.

13 CHAIRMAN MADIGAN: Byron.

14 COUNCIL MEMBER BUCK: Thanks, Mike. As
15 a representative of the 22 million rate payers
16 downstream, I think we recognize that the quantity and
17 quality of water we get out of the system is directly
18 related to the health of the upstream watersheds. And
19 one thing that I try to counsel to our people is that
20 we can make a business case for investment in these
21 watersheds. And this is something CALFED can help us
22 do, I think, in the phase-one efforts is to help
23 quantify the benefits in the costs of the watershed
24 management to improve such things as water quality and
25 water supply and a timely flow and so forth.

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1 it is, I think that CALFED should really focus on one
2 area? Does there seem to be a general consensus on
3 that?

4 CHAIRMAN MADIGAN: I would say, Howard,
5 there is not a general consensus, but it was a good
6 try. It really was. We try to take those little
7 straw polls every once in a while. Thank you.

8 Martha.

9 COUNCIL MEMBER DAVIS: Very briefly, I
10 think today's panel is an affirmation that CALFED made
11 the right decision to elevate watershed management to
12 a co-equal program. I think what's impressive here
13 are the resources that everybody here brings to the
14 table. I don't think we have another program element
15 that has 82 people signing up to participate in
16 helping to develop it. I suspect those numbers will
17 continue to grow because of the intensity of concern
18 as well as caring about the land.

19 And I think that it is a lesson to be
20 learned from the mountain counties in terms of how
21 they are trying, we all are trying, to address these
22 issues. I do not underestimate the complexity of the
23 task in front of us. The watersheds are complex.

24 We have a lot of different groups. We
25 have excellent efforts going forward in a lot of

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1 different conservancies and trying to weave this
2 together is going to require a lot of technical
3 assistance from CALFED.

4 I am concerned about the timeline. I
5 think that we need to do this right, at the same time,
6 we're trying to fit it in within the planning context
7 of the decisions that are in front of us. And we are
8 playing catch up here.

9 I know that CALFED has made a substantial
10 commitment of resources to help move this along, but
11 to do the level of stakeholder involvement that we're
12 talking about is not going to be easy. It's going to
13 take a concerted commitment by everybody involved.

14 I'm very optimistic about the outcome,
15 but I don't have any illusions about how much work
16 this is going to be, and I think it is an important
17 priority for the CALFED process.

18 CHAIRMAN MADIGAN: Thank you. Roberta.

19 COUNCIL MEMBER BORGONOVO: I wanted to
20 make the announcement that the ecosystem work group
21 meeting has been moved from the 19th to the 26th, and
22 I was afraid everybody would leave after lunch, but I
23 am reminded that several of the people that are
24 involved in the conservancy efforts come to that
25 meeting. I think that's very important because the

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1 idea that you're not going to redirect impacts. I
2 want to remind you that the hydrology of different
3 areas are significantly different, and CALFED, in
4 taking a landscape approach, may be counting on too
5 much water from some of these water transfer areas.

6 Also the idea that the security and the
7 quality of the water that you may be getting may be
8 deceptive in the Cherokee watershed area. We have a
9 nuclear waste train that goes right along the upper
10 edge of the recharged area. So there are so many
11 things that are going on within these watersheds that
12 local groups are aware of, that BDAC and CALFED is not
13 aware of, that are going to impact the potential
14 quality and availability of water, and I just want to
15 thank you for elevating watershed groups into the plan
16 because local insights and local management will be
17 the sustainable solution. Thank you.

18 CHAIRMAN MADIGAN: Yes, ma'am.

19 MS. CARTER: I'll make this as quickly as
20 possible. I'm Kristin Carter.

21 CHAIRMAN MADIGAN: It's all right. Take
22 your time.

23 MS. CARTER: I'm with the Environmental
24 Resource Program at Chico State. And I think that
25 probably one of the main questions that came out of

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1 watershed program is very much integrated with what's
2 going on in the ecosystem programs.

3 CHAIRMAN MADIGAN: Thank you. Actually,
4 I don't think the problem is people leaving after
5 lunch as passing out before lunch. However, we do
6 have one other item that we need to deal with and that
7 is that it is not only appropriate but legally
8 required that members of the audience be given the
9 opportunity to comment on the issue of watershed
10 management as you've seen it presented this morning.

11 I have no cards on that specific issue,
12 but it would be appropriate if there are members of
13 the audience who would like to speak to BDAC on that
14 subject, to do it now.

15 Yes, ma'am, come forward, please.

16 MS. COLE: I'm Linda Cole. And I'm here
17 to speak to you from Cherokee watershed group.
18 Cherokee watershed group would be considered part of
19 the lower watershed area. And I'm particularly
20 pleased that when you talk about water transfers,
21 you're also talking about the fact that you're not
22 intending to mine water, that you're going to do some
23 studies to see that this is real water, not just
24 reallocation.

25 The idea that you're going to respect the

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1 this public hearing session is that most of these
2 individuals here would like to see this process be a
3 bottom-up process. Is there an agreement on that?

4 I think where we're in disagreement is
5 how is the best way to do that, make this a true
6 bottom-up process. And if you look at the last round
7 of funding that went to watershed management, majority
8 of that funding went to implementation of the
9 projects. And if you look at the percentage of that
10 funding that was available in that last RFP, I believe
11 it was 2.6 percent of that funding went to the
12 watersheds. And I think what we're looking at is a
13 situation here where if you want stakeholder input, if
14 you want these landowners to be at the table with you,
15 more funding has to go to the coordination of those
16 efforts and not tied to the outcome of implementation.

17 More money has to go to identifying those
18 landowners on the watersheds, to hiring a coordinator
19 to send out mailings, to educate those people as to
20 what these issues are, not handing them a document
21 that's two inches thick and expecting them to have the
22 ability and the time to go through and understand how
23 does this apply to me.

24 So what we would like to see is more
25 funding going towards the actual coordination of those

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1 landowners and funding towards meetings with those
2 landowners in which CALFED staff can come to their
3 meetings and explain to them how does this impact me
4 as a landowner? How does this impact my watershed?
5 How is this relevant to me? So that they can have a
6 better understanding of what it is that they're buying
7 into here.

8 You can take that another step further
9 and look at your own subcommittees and committees and
10 recognize that there are very few people from the
11 Northstate on those committees. Those committees read
12 like the who is who of water interests from Bay-Delta
13 in Southern California. Very few of those people are
14 from the Northstate area, and I think that I would
15 have support in saying that that should change. There
16 should be more representation at those meetings where
17 policies and decisions are being made.

18 So if there is one thing that you leave
19 from here today with is that I would like to see more
20 funding go towards those direct landowner efforts, and
21 I think through that process, you will get the buy-in
22 that you need for your process. Thanks.

23 CHAIRMAN MADIGAN: Thank you. Could you
24 give us your name again?

25 MS. CARTER: Kristin Carter,

1 necessary or usable, and I consider that to be a
2 environmental atrocity.

3 CHAIRMAN MADIGAN: Yes, sir.

4 MR. JOHNSON: Richard Johnson, Redding,
5 California. While you're here, I hope you take a
6 little bit of time to go down and look at the river in
7 town, to go up and look at the dam. The dam is about
8 eight feet from the top right now. Had the storm they
9 predicted come in these days, we would have had a
10 chance for an overtopping.

11 In January of 97, we came within one foot
12 of a overtopping. It's managed the 100-year storm.
13 With the responsibility, with the success of getting
14 more yield out of the watersheds, there is also the
15 responsibility of the flood protection.

16 When Shasta Dam was built, there was
17 flood protection built into it. More and more, it's
18 managed to try and maximize the amount of storage, the
19 amount of water going south.

20 In January 79, we sought 79,000 cubic
21 feet per second. If you go there today, you see
22 12,000 cubic feet per second. Had it overtopped,
23 you're looking at flows getting up to 200,000 cubic
24 feet per second.

25 In your environmental impact report and

1 Environmental Resource Program Chico State.

2 MR. JACKSON: My name is Michael Jackson.
3 I'm appearing here, at this point, as a private
4 citizen. I live in Plumas County which is part of the
5 95 percent of the RCRC area which is within the
6 extirpated habitat of the spring run salmon, the
7 steelhead, the winter run salmon, all of the critical
8 species that you're dealing with in the Bay-Delta.

9 What I would like to point out to you is
10 that the division of the watershed management program
11 into an upper watershed and a lower watershed is only
12 a concrete decision. The idea is that what you tell
13 us, if we're interested in storage and conveyance, is
14 that once you build a project, everything above it is
15 second class. I don't think that's an ecosystem
16 approach. So I would ask my environmental compatriots
17 whether they truly want to take part in a program in
18 which the dam becomes the boundary of the ecosystem,
19 and how can I explain that to Senator Craig and
20 Senator Macowski and Senator Stevens when the folks in
21 Idaho and Alaska and Montana are behind seven or eight
22 dams in which there are bypass programs to attempt to
23 re-establish the salmon in the extirpated habitat.

24 Here, we've made a decision at the Club
25 Fed policy level that extirpated habitat is not

1 your studies, I see nothing that talks about what
2 would be the damage or what the implication is of an
3 overtopping of the dam, and I think that has to be an
4 integral part because all this money you're talking
5 about spending, all these things you're talking about
6 doing, as I talked to a person in the National Marine
7 Fishery Service, my question was if in January 97, we
8 would it have added another 100,000 cubic feet per
9 second coming down the river, if all these levies that
10 you're going to spend a lot of money on in the
11 Bay-Delta had blown out, how are you going to get that
12 winter run salmon back out of that guy's garage in
13 Sacramento. And it's realistic.

14 We see damage occurring on the upper
15 river here, through Redding, through Shasta County,
16 down to Red Bluff. Levies are eroding, land's being
17 lost, but as the Corps of Engineers tells us, they
18 stopped their work at Red Bluff.

19 You basically forget about, because we're
20 small in numbers, the work that needs to be done, the
21 needs that are there and the problems that occur. So
22 I really, really request that you look at flooding
23 implications.

24 I grew up in Southern California and saw
25 the Big Tahonga as it came out of there. And Hanson

1 Dam used to have water in the summer, water skiing on
2 Hanson Dam. That was stopped because people living
3 below the dam could not be expected to take a flooding
4 situation. So they drain it every year.

5 Sepulveda Dam has to be drained because
6 it has to have flood consideration. We're not getting
7 that same consideration in the far Northstate because
8 of extreme parts of flooding.

9 I would like to reiterate performance
10 standards are very important. Funding standards are
11 also very important. We never see funding standards.
12 If you look at the process, typically at the end of
13 the day, we've not had either the ability or the time
14 to get adequate funding out of the same deal.

15 Trinity County is the absolute best
16 example, putting millions of acre feet into there and
17 billions of dollars into the economy but receive
18 nothing back in the local areas. So local areas need
19 performance standards for funding first.

20 We know what needs to be done, then help
21 us, but also look at funding and flooding. Thank you.

22 CHAIRMAN MADIGAN: Yes, sir.

23 MR. WIDERT: Carl Widert, another FAC
24 panel member for the Sacramento Provincial Advisory
25 Council.

1 alarm with a lot of conservation groups involved with
2 National Forest management.

3 I'm passing around a summary, one-page
4 summary, of a report that will soon be published by
5 the Pacific Rivers Council. It's essentially review
6 of all the scientific literature on how you can manage
7 watersheds to increase water yield, and, indeed, you
8 can, but to have any quantitative effect, you need to
9 remove as much as one-third of the vegetation of the
10 watershed to really produce usable yields. And that,
11 of course, has a lot of impacts on water quality,
12 fisheries, wildlife, recreation and what have you.

13 That report will be out soon and what you
14 have is a summary, and I also put out the rest of
15 these out on the table for the rest of the public.
16 Thank you, sir.

17 CHAIRMAN MADIGAN: Yes, ma'am.

18 SUPERVISOR HEPRIN: Yes. Coming from a
19 county that is 75 percent state and federally owned,
20 the point I'd like to make is that those watersheds
21 need improvement, and the Forest Service is cutting
22 back all the time, so what I'd like to mention is the
23 fact that there needs to be some kind of stewardship
24 agreements with the local people. If those watersheds
25 are improved, it has to be done by people that live in

1 I'd like to invite the members to
2 participate and maybe interact in some of the
3 Provincial Advisory Councils on projects on landscape
4 management, habitat restoration.

5 Our PAC has chosen Clear Creek as a
6 demonstration project to try to put together all
7 the -- identify the barriers and try to fully define
8 how to do landscape management across multiple
9 ownerships. And I invite you to work with us.

10 CHAIRMAN MADIGAN: Thank you, sir.

11 COUNCIL MEMBER SELKIRK: I wanted to
12 thank you. For those BDAC members, I need to know
13 who you are who are going on the tour of Iron Mountain
14 Mine in the morning, that there will also be a stop
15 over at the Whiskeytown Lake overlook with a
16 presentation hosted by Dave Pugh of the National
17 Recreation Area with members of the Provincial
18 Advisory Council who will be there to talk to you
19 about the Clear Creek efforts. So if you're going
20 tomorrow, you'll be able to have that opportunity.

21 CHAIRMAN MADIGAN: Thank you.

22 MR. EVANS: My name is Steve Evans. I
23 work for Friends of the River. There has been a lot
24 of discussion about managing upper watersheds to
25 increase water yield which has become an issue of

1 the watersheds, not some contractor that comes in from
2 who knows where and does it and leaves.

3 It needs to provide the jobs for the
4 local people because they don't have the timber jobs
5 that they used to have, so it needs to be done by
6 people that have the local interest and really want to
7 do a good job because they know they're going to live
8 in the area.

9 And at this point, the Forest Service
10 does have a problem with going with local contractors
11 simply because of the rules that they have to go by,
12 so that's something else we're going to have to look
13 at, how the Forest Service can create stewardship and
14 partnership agreements so that the local people could
15 take part in the improvement of the watershed. Thank
16 you.

17 CHAIRMAN MADIGAN: Thank you very much.
18 Yes, sir.

19 MR. STOKELY: Thank you members of BDAC.
20 My name is Tom Stokely. I come from the watershed
21 which is the tributary to Clear Creek, the Trinity
22 River. And the Trinity River is essentially the
23 forgotten basin of CALFED. We don't see the Trinity
24 River on your geographic scope of problems and
25 solutions. We do have coho listed up there. We also,

1 as you heard earlier, provide a million acre feet a
 2 year to the Central Valley system through the Bureau
 3 of Reclamation Central Valley Project.
 4 We believe that the Trinity River basin
 5 needs to be on your watershed management strategy
 6 map. We have problems up there. As you go to
 7 Whiskeytown tomorrow, you'll see that Whiskeytown is
 8 very turbid right now. We have very high levels of
 9 turbidity that have been coming out of the Trinity
 10 River for the past 16 months as a result of the 1997
 11 New Years flood. We lost about five to ten percent of
 12 the fish in the Trinity River hatchery. And I'm sure
 13 you're similar problems on the Sacramento River.
 14 Leaving the Trinity River basin out of
 15 your watershed management area map is, in our opinion,
 16 a violation of Prop 204 which lists the Trinity River
 17 basin as the Delta tributary watershed in recognition
 18 of the artificial hydrologic connection, and it also
 19 goes against the ecosystems round table's March 13th
 20 vote to include funding for projects within the
 21 Trinity River basin.
 22 Anyway, we need some assistance for work
 23 in the Trinity River basin. We want to be part of the
 24 solution and we also do have our problems too. Thank
 25 you.

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1 Compliance may be checked. It needs to be checked.
 2 If you're doing the watershed thing and fencing, and
 3 fencing comes out three years later, that should be
 4 noted. You'll have educational efforts. Every
 5 project has to have an educational effort. Keeps the
 6 plywood side of the business going.
 7 And sometimes I think it's for points and
 8 approval and not for the water itself.
 9 Perhaps they can be withheld, but there
 10 has to be an independent review with some clout to
 11 feed back not only to CALFED, maybe to the general
 12 accounting office, maybe to the public. And for
 13 example, some projects, perhaps we just love watershed
 14 projects. It's gotten to be a way of saying they
 15 we're just talking about overtopping of the dam. If
 16 you had a spillway on there, you can increase the
 17 level of that dam by a couple hundred thousand acre
 18 feet.
 19 They want water to flush that river, when
 20 it went over, if it ran down the spillway, you'd have
 21 natural flushing flows.
 22 We just talked about Clear Creek. Heard
 23 about Clear Creek. They want to remove a dam there.
 24 Maybe even have Babbott come out, he wants to get one,
 25 let him knock that one down. But get it out of his

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1 CHAIRMAN MADIGAN: Yes, sir.
 2 MR. LOCKS: Yes, I'm Dennis Locks, Mr.
 3 Chairman and members of BDAC. I'd like to propose you
 4 come up with an independent, totally independent
 5 project review.
 6 Quite often, the projects are not
 7 reviewed or their put out by -- I hope you can hear
 8 me, you know what comes after El Nino, it's El
 9 Sneezo. The problem is there is a lot of, several
 10 contributing problems. One is that academia, the
 11 training is now for process and not for definite
 12 results.
 13 If you self-review, it's kind of like the
 14 fox guarding the henhouse or it appears that way.
 15 Caesar's wife problem. Then you get the strife.
 16 (Inaudible) We've all had that in the offices. Quite
 17 often, you go on to the next project and you forgot
 18 what happened to the last. You need to really see
 19 what happened to it. That project may fail two,
 20 three, four years from now. It should be kind of an
 21 inspector General or IG, something to check out, make
 22 sure it works.
 23 Adaptive management, another way of
 24 looking at it is just trial and error, sounds nicer,
 25 but you definitely need feedback for it to work.

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1 system. They want to take the dam down. They took it
 2 down high enough, so high, so fill it with gravel.
 3 It's in the middle of a gravel quarry, then you'd have
 4 to have a No-Tell Motel for the fish, and you can put
 5 up, instead of this huge expensive fish screen that
 6 they want to put in there, get a pipe, a riser, a
 7 debris collar with a screen on the bottom. You can
 8 pick them up at a regular supply and perhaps then you
 9 get feedback like that, you might -- I think it will
 10 be cost effective in the end. Thank you.
 11 CHAIRMAN MADIGAN: Thank you, sir. All
 12 right. I see nobody else on their feet. Maybe a
 13 clue. It is ten minutes after 1:00. Senator
 14 Johannessen is here at 1:30. I would like to ask
 15 members of the BDAC to be back as near to 1:30 as
 16 possible so we don't delay any further. Lunch is in
 17 here for members of the BDAC. And we are recessed.
 18 (Lunch break taken from 1:13 to 1:50 p.m.)
 19 THE COURT: Good afternoon, ladies and
 20 gentlemen. Thank you so much for being back here. In
 21 the interest of truth in advertising, I lied. Senator
 22 Johannessen is not here. He is going to, instead, be
 23 here somewhere between 3:00 and 3:30. He has a
 24 commitment at a local college, as I understand it.
 25 We're going to do a very brief chairs report here.

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1 No, I'll tell you what, there were some
2 questions by members of the BDAC on the presentations
3 just before lunch, and let's do that, especially those
4 of you who held your questions until after lunch and
5 I'll start.

6 Roger, do you want to go ahead and lead
7 off.

8 COUNCIL MEMBER FONTES: Specifically to
9 the staff, when I looked over the phase two report --
10 when I looked over the phase two report, I noticed
11 that we were using terms like coordinate, integrate,
12 become a clearinghouse, be a coordination point.
13 Today when I heard the staff briefing, I heard words
14 like define, help develop, pay for.

15 There is kind of a pro-active emphasis,
16 and I think it's important, and I kind of like it, but
17 it seems like what we're offering is kind of
18 organizational assistance when watershed interests are
19 asking for a little more pro-active help. So I'd like
20 to get a little comment on that. Has there been
21 a -- and the second part of that question, has there
22 been a change in our philosophy from a less active,
23 kind of a clearinghouse function to a more pro-active
24 and the definition help develop, fund, technical
25 expertise activity.

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1 COUNCIL MEMBER FONTES: Lester, we had
2 some discussion and a couple specific recommendations
3 today about including Trinity in the upper watershed.
4 Would you comment on the desirability of doing that
5 and how we might respond to those requests?

6 EXECUTIVE DIRECTOR SNOW: On the
7 Trinity, I think the first thing that's happened to
8 move in that direction is I think somebody made a
9 reference to the ecosystem round table taking an
10 action, recommending an action, specifically adding
11 the Trinity to the eligibility area for moneys that
12 come through the restoration coordination program. So
13 I think that has started to make that change. So what
14 remains is evaluating how we integrate the Trinity
15 issues into the ecosystem program, and we have not
16 done that yet.

17 But obviously, with the arguments
18 particularly made here today, the action of the
19 restoration round table, I think we're headed in that
20 direction, is the bottom line.

21 CHAIRMAN MADIGAN: Howard.

22 COUNCIL MEMBER FRICK: Just a
23 correction, I noticed on the map of the watershed of
24 the Bay-Delta includes the San Joaquin Valley, and
25 really the Kern River and the basin is a separate

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1 CHAIRMAN MADIGAN: Lester.

2 EXECUTIVE DIRECTOR SNOW: I think, in
3 general, on the watershed management activity, what is
4 necessary is all of those. I think what we hear from
5 the local watersheds is they need assistance. They
6 need funding. They need coordination. They don't
7 necessarily need to be told what to do. I think both
8 things are valid where CALFED and the agencies that we
9 represent need to do a better job of coordinating
10 those activities, providing assistance so that local
11 areas, local conservancies can organize and plan and
12 then also be able to provide sustained, adequate,
13 coordinated funding to get things done. So I think we
14 need to do both things.

15 And the pro-active part, in my mind,
16 needs to be to more formalize coordination between the
17 agencies and to more formalize the investment
18 strategy, investment in watershed management
19 activities and secure funding to do that.

20 So I think we do both things, some which
21 is the softer stuff that I think you're referring to,
22 the coordination facilitation, but on the harder
23 pro-active side is securing funding sources and making
24 sure we've got the kind of agency coordination to
25 facilitate local projects will moving forward

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1 closed system. And what we do to mess up ourselves,
2 we suffer our own consequences. I don't think we hurt
3 the Bay-Delta with that anyway. We don't want a
4 divorce though.

5 COUNCIL MEMBER HALL: While we're at it,
6 why don't we add the Colorado because there is that
7 neck.

8 CHAIRMAN MADIGAN: There is. Mr.
9 Meacher.

10 COUNCIL MEMBER MEACHER: I'm just going
11 to relay to BDAC my surprise and delight to sit back
12 and look at the fruits of our labors. When we hear
13 comments from Steve, Byron and Martha and others, it
14 shows that our staff and our efforts, whereas we came
15 into this process you all said, "What the hell are
16 they doing here?" And now we've made some pretty
17 strong points, and I think that BDAC is hearing it
18 overall, and I will reserve the balance of my comments
19 for the end of the day and encourage BDAC members to
20 stick around for tomorrow's breakfast meeting where I
21 think we can digest this and sleep on all this
22 overnight, if you will, and after hearing the comments
23 in the hearing and discuss this further. But at this
24 juncture, I'd like to move on with the panelists.

25 CHAIRMAN MADIGAN: Ton.

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1 COUNCIL MEMBER GRAFF: One quick note,
2 during lunch, I put in front of everybody here and
3 also copies for the public outside a three-page
4 document that I'd like to give Steve Evans credit
5 for. It's entitled, "CALFED Concrete Price List." It
6 should be useful, as hopefully will be the testimony
7 of my colleague, David Yardis, that I distributed at
8 the beginning of the day for our later discussion on
9 finance.

10 CHAIRMAN MADIGAN: Thank you. Good.
11 Thank you for that. All right. Then we will move
12 on. And, again, thanks to all of the participants in
13 this morning's panel. It was very helpful and very
14 well received.

15 Under Chairs report, you have copies of a
16 conflict of interest report and a memorandum labeled
17 conflicts of interest from the AG's office, another
18 one. And you have a memorandum to members of BDAC
19 from Mary Schoonover in that regard, another one.

20 I would commend them to you as we
21 continue to move forward through the process for your
22 reading enjoyment and questions that you might
23 subsequently have. Let's see here, restoration
24 coordination movement. I have a note here.

25 COUNCIL MEMBER HALL: I was just

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1 Environmental Reform Power is holding their annual
2 conference on October 21, 22. So we've rescheduled
3 the October BDAC meeting for the 29th, and we may
4 think about scheduling a meeting in the Sierra, so
5 that might work out.

6 Regarding the tour tomorrow, I need to
7 know those of you who are planning to be at the
8 morning breakfast with Sunne. Mike won't be here, but
9 Sunne will be hosting that, and also how many of you
10 are planning to go on the tour tomorrow. So if you
11 could tell me now. We need to know how many vehicles
12 we need. Anybody who hasn't already RSVP'd, let me
13 know. I'm assuming if you're not saying anything now,
14 you're not going to be there tomorrow. If you've
15 already told me, fine. But if you haven't yet --

16 CHAIRMAN MADIGAN: If you've not yet
17 told Mary that you're going to be going on the tour
18 tomorrow or the breakfast tomorrow but you would like
19 to do one or the other, this would be a good time to
20 say so. And the answer is everybody has previously
21 spoken, okay.

22 Update on the water bond discussion.
23 Lester, do you want to say anything about what's going
24 on with those or Ryan, I don't know.

25 EXECUTIVE DIRECTOR SNOW: Short answer

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1 wondering, Mr. Chairman, if you were planning to
2 synopsise this.

3 CHAIRMAN MADIGAN: In general, if in
4 doubt, don't do it.

5 COUNCIL MEMBER HALL: Thank you.

6 CHAIRMAN MADIGAN: Each BDAC member will
7 have a copy of the proposed solicitation package at
8 their seats. This is the restoration coordination
9 proposal solicitation package. The package includes
10 instructions for asking questions, boy, that should be
11 useful in any number of forms. In short, questions
12 must be submitted in writing by June 1. Public may
13 ask questions at a pre-submittal workshop on June 2nd
14 in Sacramento. Staff's ability to answer questions on
15 the substance of the package at the BDAC meeting will
16 be quite limited due to legal limitations. Ron Silva
17 will be available for questions which do arise.

18 Anything you want to add to that, Lester?

19 EXECUTIVE DIRECTOR SNOW: No.

20 CHAIRMAN MADIGAN: Mary, you had an item
21 you wanted to bring up.

22 COUNCIL MEMBER SELKIRK: Just two
23 housekeeping matters. There is a change in the
24 meeting schedule for the October meeting. It came to
25 our attention that the Public Officials for Water

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1 is I know very little about it, although, I believe
2 particularly with the announcement, is today the 14th,
3 today the Governor submits what's called the May
4 Budget Revised which does make some changes on the way
5 they're approaching certain things. That's expected
6 to have some impact on the bond discussions, and there
7 is expected to be additional bond discussions that
8 follow. Beyond that, I know none of the details on
9 how that that will unfold.

10 COUNCIL MEMBER SELKIRK: Just one other
11 housekeeping matter to remind you. We're meeting next
12 month in Fresno. It's planned so far to be a one-day
13 public meeting but preceded by a tour on the 17th, the
14 afternoon on the 17th of a series of tours of farms on
15 the west side of the valley. So you'll be hearing
16 from us about details about that soon. So mark on
17 your calendars to keep the 17th, 18th, open.

18 CHAIRMAN MADIGAN: All right.

19 COUNCIL MEMBER HILDEBRAND: The actual
20 BDAC meeting then will be on the 18th.

21 COUNCIL MEMBER SELKIRK: Yes.

22 CHAIRMAN MADIGAN: Tom

23 COUNCIL MEMBER GRAFF: My understanding
24 is one or both of the budget subcommittees that will
25 hear the May Budget Revised have their initial

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1 hearings on Tuesday. Is CALFED ready to make a
2 presentation as to where it stands on that?

3 EXECUTIVE DIRECTOR SNOW: No, no, we've
4 not been asked to testify, and it has not occurred to
5 us that we would testify.

6 CHAIRMAN MADIGAN: All right. Moving on
7 to the scheduled 1:30 item on our agenda which is a
8 panel discussion on Northern California issues and
9 concerns. I previously indicated to you that, for
10 those of you who just arrived back, Senator
11 Johannessen, in fact, will be here a little later this
12 afternoon, and we will certainly be pleased to hear
13 from him when he arrives.

14 This panel, as you can see, forming up,
15 is Tib Belza, who is a member of our little group
16 here, and chair of the Northern California Water
17 Association, Don Bransford, who is also a member of
18 our little club and president of the Glenn-Colusa
19 Irrigation District, Stu Somach, who is an attorney,
20 with DeCuir and Somach, Bill Gaines from the
21 California Waterfowl Association, Rich Golb. Did I
22 blow it?

23 Lester, do you want to introduce the
24 subject?

25 EXECUTIVE DIRECTOR SNOW: Only to make a

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1 address them.

2 Thanks.

3 CHAIRMAN MADIGAN: Thank you. How are we
4 going to do this? Tib.

5 COUNCIL MEMBER BELZA: Chairman
6 Madigan, thank you. For a few moments here this
7 afternoon, I'll take my BDAC hat off and put on my hat
8 as Chairman of the Northern California Water
9 Association, and we're made up of 66 agricultural
10 water districts and water purveyors in the Sacramento
11 Valley, irrigating almost a million acres of
12 agriculture farmland.

13 If you haven't figured out
14 already -- Redding's located in the northern end of
15 the Sacramento Valley and really enjoy this
16 opportunity to be able to share this with you. I love
17 this part of the region and the State, and I told
18 Mike Madigan I feel like a southerner when I come up
19 here. But anyway, nonetheless, and as you heard other
20 speakers say today also, the Bay-Delta ecosystem also
21 includes the watersheds upstream in the Sacramento
22 Valley, and as many speakers have said today, and we
23 can't focus solely on problems of the Delta without
24 looking at upstream and what goes on up here.

25 Geographically, we have the Sierra Nevada

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1 few comments. I don't want to spend much time on
2 this. Just to remind BDAC members and others, that as
3 we have proceeded through this process, we've
4 identified a number of issues that are important in
5 this region of the state, in the Sacramento Valley and
6 its watershed.

7 Early on, the issue of area of origin
8 which is not just an issue of protecting water rights
9 but also protecting future economic development in the
10 region, concerns over groundwater and concerns
11 specifically that transfers in conjunctive management
12 may result in groundwater overdraft if not done
13 right. Issues that aren't as apparent like water
14 supply reliability. I think there is other areas of
15 the State we focus on and know they've got a problem,
16 and maybe it's more subtle up here, but nonetheless,
17 those kinds of issues. Storage, not just for its
18 water supply features but also in terms of providing
19 assurances in protecting against some of these area of
20 origin and third party impact issues. Transfers,
21 watershed investment, and we've had those kind of
22 identified for some time, and I think this is an
23 opportunity for us to hear up here in the region what
24 some of the concerns are, some of the issues and
25 perhaps some of the opportunities in this program to

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1 mountain range to the southeast and the coastal range
2 to the west, and we've got these large maps here for
3 those who can't follow along with the little maps in
4 the handouts. The Cascade Range includes Mt. Shasta
5 and Mt. Lassen to the east and northeast. As also was
6 spoken earlier, mountain ranges are the home of the
7 watershed for much of the water that us down in the
8 valley use to irrigate which then goes on downstream
9 and out to the Delta. And that's a very important
10 part of Northern California and the ecosystem that's
11 up here and also we feel a very important part of
12 CALFED.

13 And many of you know this, and may be
14 redundant, but for those of you who are not, that's
15 why we want to explain a little bit about the
16 geography and the hydrology up here.

17 Roughly two million people live in the
18 Sacramento Valley. And many of these communities, in
19 large part, are dependent upon agriculture for their
20 economies. Up to 20 percent of many of the rural
21 counties is made up of the agricultural economy. And
22 actually, that was it.

23 Farmers irrigate roughly a million and a
24 half acres of land with rice being the predominant
25 crop. There is also much more of pasture, alfalfa,

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1 nuts, fruits, tomatoes, just about everything that's
2 grown. Not a lot of citrus up here, but that makes up
3 the balance of the million and a half acres.

4 The region's economy and the culture are
5 tied to farming, and, of course, water is the life
6 blood of that. If Sacramento Valley agriculture is
7 affected by CALFED, the communities could suffer in
8 counties that are already economically depressed and
9 in some instances, have unemployment as high as 18
10 percent.

11 The history of the Sacramento Valley,
12 the farmers who settled here directly after the
13 California gold rush, established some of the first
14 water rights for irrigation farming in California.
15 They built some of the first water infrastructures in
16 the State and decades higher to the Central Valley
17 Project and the State Water Project.

18 Byron Buck and I were talking at lunch
19 that some of the first environmental wars and laws
20 were fought between the farmers and the miners, and
21 then the folks in the surrounding city urban areas
22 from the flooding also that was caused from that.

23 75 percent of the State's water comes
24 from the watersheds north of Sacramento. And there
25 are four major rivers that flow through the valley;

1 within a few miles. So as groundwater is considered
2 by many the life blood of the Sacramento Valley, it is
3 also being considered by many outside interests as a
4 perceived limitless supply of water.

5 However, much has remained to be learned
6 about this, and we must be careful as we move ahead
7 with baseline numbers and a good statistical and
8 scientific data that we'll have to proceed with.

9 Altogether, these water supplies
10 generally provide all the needs for farming,
11 environmental and recreational needs on the average
12 rainfall year.

13 However, during the years of the drought,
14 as one of the speakers said before, when we saw the
15 reservoirs at a real lower level, many of us in this
16 area are concerned that during those drought years, we
17 too can maintain our water supplies.

18 Many of the public and private water
19 suppliers in the Sacramento Valley, they hold senior
20 water rights. Glenn-Colusa Irrigation District water
21 rights predate the 1900s.

22 Over 130 water right settlement
23 contractors on the Sacramento River have rights that
24 predate the construction of CVP and hold contracts of
25 over two-million acre feet with the Bureau of

1 the Sacramento, which has an annual flow of about 22
2 million acre feet, and it's fed by three Sierra
3 rivers, the Yuba, the Feather and the American. There
4 is several smaller tributaries, in streams from both
5 east and west side of the valley that contribute to
6 the Sacramento.

7 The cornerstone of the Central Valley
8 project, of course, is Shasta Dam which is located
9 just north of here. It was constructed in the 1930s
10 and has a capacity of four and a half million acre
11 feet.

12 On the Feather River is the foundation of
13 the State Water Project which is Oroville Dam, and
14 that has a capacity of about three and a half million
15 acre feet and was built in the 1960s.

16 There is several smaller reservoirs and
17 dams on both sides east and west of the valley that
18 also contribute. And a majority of them along the
19 Sierra-Nevada mountain range.

20 While much of the Sacramento Valley
21 underlying groundwater basin is interconnected, the
22 aquifers can be quite -- the structure is far from
23 uniform and it can be quite different. Even within
24 local areas, groundwater resources can range from
25 abundance to scarcity or poor quality as well, even

1 Reclamation. These contracts are up for renewal in
2 the year 2004.

3 On the Feather River, six districts hold
4 senior water rights, pre-1914 water rights that
5 pre-date construction of State Water Project as well,
6 and they have a contract with the Department of Water
7 Resources.

8 The Tehama-Colusa Canal was constructed
9 in the 1960s, and this serves farmers on the west side
10 of the Sacramento Valley and has a CVP contract with
11 the Bureau of Reclamation.

12 Yuba County Water Agency was formed in
13 1959 to provide flood protection on the Yuba River and
14 also for irrigation and recreational and environmental
15 needs.

16 Placer County Water Agency was developed
17 in 1957 to develop water projects in Placer County for
18 multiple benefits of flood control, irrigation and
19 power generation. Many of these districts deliver
20 water to State and Federal wildlife refuges and also
21 private wildlife refuges as well. Area of farmers
22 flood their fields in the winter months to provide
23 habitat for wintering waterfowl and wildlife. And
24 Bill Gaines is going to describe these issues further
25 in detail.

1 Right now, I'd like to turn it over to
2 Don Bransford, who is also on the Board of Directors
3 for Northern California Water Association, a BDAC
4 member, and president of the Glenn-Colusa Irrigation
5 District.

6 MR. BRANSFORD: Thanks, Tib. There are
7 four subjects that I want to cover only briefly, and a
8 fifth that I'll touch on just for a second, and those
9 are the Endangered Species Act, groundwater, flood
10 control, water transfers and area of origin
11 protections.

12 I'll deal with the Endangered Species Act
13 first. And that is one of the main issues that
14 Sacramento Valley water suppliers and farmers face
15 today. There are over 20 listed species including the
16 winter run Chinook salmon which is listed as
17 threatened under the ESA in 1989 and endangered in 92
18 and the steelhead which was listed this year.

19 National Marine Fisheries has recently
20 proposed to list the fall run as threatened and a
21 spring run as endangered under the Federal ESA. These
22 listings can have serious impact on agricultural water
23 users. For example, as most of you know, two
24 Sacramento Valley Irrigation Districts,
25 Anderson-Cottonwood Irrigation District and

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1 diversions, and although it's important, I think we
2 need to look at the economic return on that as we go
3 on.

4 Granted, the resources are tremendously
5 important, but when you look at a diversion like GCID
6 which is 3,000 CFS of water versus a 25 CFS or a ten
7 CFS diversion, I think you can pretty much point to
8 where some of the major problems have been in the
9 past.

10 On the east side of the river, Butte
11 Creek, Western Canal has recently completed an 11
12 million dollar project, removed three dams and
13 restored their stream channel for migration of
14 salmon. The M&T pump relocation provided 40 CFS of
15 new flow on Butte Creek. And in 98, there will be new
16 fish screen ladders in three other dams upstream
17 mitigated for.

18 These projects are becoming more critical
19 with the proposed listing of the spring, fall and late
20 runs of Chinook salmon all of which migrate up the
21 Sacramento, Feather River, Yuba River systems.

22 Also the screening is not new. I have an
23 article that I brough today, 1930 GCID was in court
24 with the California Department of Fish and Game on who
25 was going to build a \$10,000 fish screen. So I think

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1 Glenn-Colusa Irrigation District were both shut down
2 due to impacts on winter run.

3 I think the lawsuit against Glenn-Colusa
4 Irrigation District was the signal to diverters in the
5 river that they needed to respond to the protection of
6 the resources. And since that lawsuit, there have
7 been a tremendous number of projects moving forward to
8 protect the anadromous fishermen in the valley.

9 On the Sacramento Valley alone, there are
10 12 projects that are either in feasibility or design
11 stage, under construction or completed. These 12
12 represent approximately 75 percent of the total water
13 supply that's diverted from the Sacramento River.
14 Cost for these projects are approaching 100 million
15 dollars of which ten to 25 percent of the cost has
16 been borne by local agencies.

17 Slight editorial comment on this. 100
18 million dollars for about screening 75 percent of the
19 water diversions. I know the goal has been to screen
20 100 percent of the diversions, but I believe, at some
21 point in time, there is diminishing returns. And I
22 think, at some point, we need to stop and evaluate
23 what effect this has had, the screening, the current
24 screening has had on the resources. We're spending
25 50, 60, \$75,000 or 100,000 on screening some small

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1 the technology is finally moving to a point where
2 hopefully we can protect the resources with these new
3 screening.

4 COUNCIL MEMBER BELZA: Did you find that
5 contractor that did that last project.

6 MR. BRANSFORD: Another interesting point
7 on that is in this article, it points out that salmon
8 runs were at an all-time low, at that point in time,
9 and they used Trinity fish to utilize a fish hatchery
10 on the Sacramento to help meet their shortfall.

11 I'd like to touch briefly on
12 groundwater. Groundwater is a very touchy and sacred
13 topic. In the north, you probably find more reaction
14 to this. And county governments are getting involved
15 in this as our water districts, many districts now
16 have implemented AB 3030 plans to better manage their
17 groundwater, and some counties have been working with
18 their water districts to properly manage and monitor
19 the groundwater, Glenn and Tehama County in
20 particular.

21 However, there are fears of groundwater
22 mining. And some counties, Tehama County, one in
23 particular, they are leading a movement to create
24 county ordinances which give local control of the
25 groundwater.

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1 There are a number of reasons for this.
2 One is CALFED. There is a very great fear in the
3 north of what is the intent of CALFED. And when you
4 talk about conjunctive use, people wonder is that at
5 our expense or are we actually going to protect the
6 safe yield of the resource.

7 Colusa County, for instance, we have an
8 ordinance that's being proposed, it's an urgency
9 ordinance, which basically that the county is
10 considering adopting prohibiting the extraction and
11 exportation of groundwater from the County of Colusa.

12 These are real concerns, and county
13 governments are charged with protecting not only their
14 people but the resources, and they are reacting. The
15 DWR Supplemental Water Purchase Program, that was not
16 communicated. It appeared, and the reaction was an
17 ordinance like this. And so it behooves not only BDAC
18 but State and Federal Government to communicate to the
19 north.

20 We don't like to read about things in the
21 Federal Register. I live in Colusa County. We don't
22 even have the Internet up there. Our resources are
23 different. I know I'm going long.

24 Flood control, as you know, 1997 there
25 was billions of dollars of damage, lives lost and

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1 Next issue would be water transfers. And
2 from the Northern California Water Association's
3 perspective and irrigation districts, we believe that
4 the water rights, or, excuse me, the water rights are
5 vested with the irrigation districts, not with
6 individuals, landowners within the district. And that
7 is a very important distinction. And for that reason,
8 we do not support user initiated transfers.

9 I know in the CALFED document, it says
10 irrigation districts should have a strong voice in
11 transfers. We believe the districts should have
12 control. Water is being transferred. Districts are
13 not the problem in the transfer process. The process
14 needs to be streamlined.

15 When it takes Glenn-Colusa Irrigation
16 District one year to get an approval to transfer water
17 to a landowner who borders the district, there is
18 something wrong with the process. We need to
19 streamline the process to allow the transfers to
20 occur. And I might add that the same people that
21 improve the transfer, as you've heard, are the very
22 ones that want to use the water. If they don't
23 transfer it, they use it for free. So that conflict
24 needs to be resolved.

25 There are benefits of transfers not only

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1 hundreds of square miles inundated by flood water.
2 Again, in 98, we had localized flooding throughout the
3 Sacramento Valley and caused millions of dollars in
4 damage.

5 There has been a lot of discussion about
6 the conflict between traditional flood control
7 measures and flood control maintenance activities that
8 are subject to the constraints of ESA. As an example,
9 on the Feather River, there was an area of the levy
10 that was recommended to be repaired by the Army Corps
11 of Engineers that indicated that life was in danger,
12 but before they could move forward with the
13 maintenance on the levy, they were required to
14 mitigate.

15 They had to put an 80-acre plot of
16 elderberry bushes inside a levy with a drip system.
17 They had to complete that project before they could do
18 the maintenance on the levy.

19 Now, I think mitigation is important, but
20 I think they can go together concurrently. I think
21 you can mitigate and maintain at the same time. But
22 there has to be some balance to protect the lives of
23 people and property. Levy repairs continue to be
24 delayed, and we continue to have difficulty getting
25 funds for flood control repairs.

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1 to the people that are buying the water but there are
2 direct local impacts that are beneficial. Yuba County
3 Water Agency has spent a considerable amount of money
4 on flood control improvements. Western Canal built
5 their siphon on water transfer moneys. And Sutter
6 extension has been able to hold their water rates flat
7 by the sale of the water.

8 Now, third party impacts are important.
9 We believe that water can be transferred, and third
10 party impacts minimized to benefit the economy. But,
11 again, I want to emphasize that the transfers have to
12 be controlled by the water right holder.
13 User-initiated transfers will lead to tremendous legal
14 political and economic problems.

15 All right. The last topic, which I'll
16 just mention briefly, and that's area of origin.

17 Andy Hitchings, who is here in place of
18 Stuart Somack, will discuss this in more detail, but
19 we believe that California's water rights law based on
20 the priority system, first in time, first in right,
21 should be maintained and recognized. This system was
22 developed to ensure the certainty of water supplies to
23 those investing in water projects.

24 When both the Central Valley Project and
25 the State Water Project were planned and built, the

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1 Federal and State Government enacted area of origin
2 laws to ensure Sacramento Valley's opportunity to grow
3 with adequate water supplies. Increasingly State and
4 Federal Agencies and water users from around the State
5 failed to recognize these laws and commitments. It
6 frustrates our ability to transfer water to
7 communities in the north and to meet instream flows
8 for fish in the north. Thank you. Andy.

9 CHAIRMAN MADIGAN: Thank you. Welcome

10 MR. HITCHINGS: Thank you. Chairman
11 Madigan, members of the advisory council, my name is
12 Andy Hitchings, and I'm an attorney with DeCuir and
13 Sonach. Our firm serves as general counsel to
14 Glenn-Colusa Irrigation District.

15 I was asked to come here today to give a
16 brief discussion on water rights priority system and
17 area of origin, because you'll hear those
18 terms thrown about constantly, you have in the past
19 and are today and will in the future.

20 Most of the time, I'm going to spend on
21 is area of origin. I will touch briefly on the water
22 rights priority system because that's important to us
23 as well. Most of the water right holders in the
24 Northern Sacramento Valley and in the Sacramento
25 Valley are pre-1914 water right holders or senior

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1 they cannot be infringed by others or taken by
2 government without due process and, in certain
3 circumstances, just compensation.

4 In addition, allocations that ignore the
5 water rights priority system and the vested property
6 rights obtained thereunder also undercuts the
7 certainty that the system creates. This will
8 discourage the voluntary water transfers which many
9 point to as an integral part of the solution to
10 solving California's water supply problems.

11 Area of origin is a doctrine of law that
12 was put in place during the formative years of the
13 State Water Project and the Central Valley Project,
14 in many cases, to alleviate the fears of Northern
15 California interests that local water supplies will
16 become depleted by the construction and operation of
17 those projects.

18 As a result, these laws serve to provide
19 a separate water right priority to those areas of the
20 State in which water originates. Generally, this
21 water right priority provides that only water that is
22 surplus to the needs of the areas origin may be
23 exported.

24 In other words, area of origin needs
25 prevail over export needs. The CVP and the SWP,

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1 water right holders for appropriative water rights.

2 This water right priority system for
3 appropriative rights has been in place for more than a
4 century and it was developed to ensure certainty of
5 water supplies to those that are investing in water
6 projects. Stated succinctly, as many have in the
7 past, the water right priority system for
8 appropriation is first in time, first in right. That
9 requires that a senior appropriator have a first call
10 on all available water claimed by him with subsequent
11 junior appropriators being able to make appropriate
12 decisions based on the knowledge that others have
13 prior rights.

14 These rights are not unfettered. There
15 is constitutional limitations against unreasonable use
16 or waste. So to the extent that a senior
17 appropriator's use of water is wasteful, the junior
18 appropriator can come in and stop that wasteful use.

19 What we are asking for is that the CALFED
20 program make sure that any solution it chooses is
21 consistent with the water rights priority system and
22 the area of origin.

23 Valid water rights are vested property
24 rights. That is a recognized doctrine of law which
25 are subject to constitutional protection which means

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1 Central Valley Project, State Water Project, acquired
2 their rights knowing that they were subject to these
3 limitations which are area of origin needs and also
4 limitations of drought.

5 Increasingly, however, State and Federal
6 Agencies and water users from around the State fail to
7 recognize these laws and commitments.

8 I'm going to briefly go through some of
9 the statutory, California statutory authority in
10 California.

11 In 1931, the legislature enacted Water
12 Code Section 10505 which, at that time, prohibited the
13 Department of Water Resources from assigning
14 appropriative water rights which would deprive the
15 county of origin of the water necessary for its
16 development.

17 In 1969, the legislature enacted section
18 10505.5, and that expanded that same concept to
19 include any appropriation application, permit or
20 license.

21 In 1933, contemporaneous with the
22 legislation authorizing construction of the Central
23 Valley Project, the legislature enacted the Watershed
24 Protection Act which is codified at Water Code
25 Sections 11460 through 11463.

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1 Section 11468 prohibits the Department of
2 Water Resources from either directly or indirectly
3 depriving a watershed or area of origin of the, quote,
4 prior right to all of the water reasonably required to
5 adequately supply the beneficial needs of the
6 watershed area or any of the inhabitants or property
7 owners therein.

8 Section 11128 was enacted in 1951 to
9 impose the same limitations of 11468 on Federal
10 agencies, in particular, on the United States
11 development of the CVP.

12 In 1959, when the State Water Project was
13 authorized, the legislature enacted the Delta
14 Protection Act which is codified at Water Code
15 Sections 12200. This act prohibits project exports
16 from the Delta of water needed for selenity control in
17 the Delta and an adequate supply for Delta users.
18 This places the burden of meeting selenity control
19 standards on the projects.

20 In 1894, the legislature enacted Water
21 Code Section 1215 and the sections thereafter. This
22 imposes certain limitations on the export of water
23 from certain protected areas as they're defined, which
24 included many of the areas of origin upstream of the
25 Delta.

1 of Appeal reviewed the area of origin statutes but
2 made no direct holding regarding how area of origin
3 protections may be invoked.

4 Then there is a whole body of Federal law
5 and policy. I'll go through some of those, and I will
6 quote directly from some of the Federal statutes as
7 well as the Interior Secretary as to what was promised
8 during the time that the projects were authorized and
9 put into construction and operation.

10 Statements by United States officials
11 during the CVP's planning and contracting included
12 commitments to communities within the areas of origin.

13 In 1948, as the reclamation was beginning
14 to organize meetings of the Sacramento farmers to seal
15 their commitments to buy CVP water, Interior Secretary
16 Julia Krube visited the Sacramento Valley and stated,
17 quote, "Let me state clearly and finally, the Interior
18 Department is fully and completely committed to the
19 policy that no water which is needed in the Sacramento
20 Valley will be sent out of it. There is no intent on
21 the part of the Bureau of Reclamation ever to divert
22 from the Sacramento Valley a single acre foot of water
23 which might be used in the valley now or later."

24 Specific references are also included in
25 the authorizing language for various units of the

1 In addition to these statutory
2 protections, there is State Water Resources Control
3 Board permit terms and condition that are actually
4 within the permit terms for the projects.

5 Initially, the State's assignment of the
6 water rights applications necessary for the United
7 States to construct the CVP were made with specific
8 recognition of area of origin protections.

9 D-990 which authorized the primary
10 permits for construction and operation of key CVP
11 facilities and D-1100 which authorized a permit for
12 Black Butte Dam and Reservoir on the Stoney Creek
13 watershed contained provisions for area of origin
14 protections.

15 D-1275 which approved the permits for the
16 State of California to operate the State Water Project
17 contained similar provisions.

18 In the Supreme Court case, California
19 versus United States, 1978, the Supreme Court held
20 that the United States, in the construction and
21 operation of the projects, was bound by State law
22 unless it conflicted with clear congressional
23 directives.

24 In the Racanelli decision, United States
25 versus State Water Resources Control Board, the Court

1 CVP. For instance, in authorizing construction of the
2 Sacramento Valley canals which ultimately is the
3 Tehama-Colusa Canal, Congress made specific reference
4 to the State's area of origins statutes and made the
5 following finding. "The authorization and
6 construction of these irrigation canals is a
7 desirable step to implement the intent of the
8 legislation of the State of California which preserves
9 the water supply that will be required to meet the
10 present and future beneficial uses in the various
11 watersheds of origin."

12 Clearly Congress specifically determined
13 that not only is there a body of California law which
14 protects area of origin but, more importantly, that a
15 specific Federal project is to be operated to carry
16 out that legislative intent. Congressman Clare Angle
17 held a field hearing in Sacramento in 1951 on this
18 subject and referring to the Interior Secretary's
19 Krube's prior quote, Congressman Angle stated, "To me
20 that plainly says that the Sacramento Valley has first
21 claims on both the natural flow of the Sacramento
22 River and the stored water behind Shasta Dam."

23 That's probably more detail than you
24 wanted to hear, but it's important to get a broad
25 context of these phrases that you'll hear throughout

1 this process, area of origin, water rights priority
2 system. Some policy considerations that come up as a
3 result of this.

4 First of all, in the past, area of origin
5 users would never have agreed to the projects going
6 forward without these protections put in place. In
7 addition, future water storage or conveyance projects
8 within the area of origins will not be supported if
9 these protections are ignored.

10 Lastly, these aren't just words to
11 communities in Northern California, area of origin.
12 They're not words just to be interpreted by attorneys
13 or bureaucrats or by politicians. They mean something
14 to the people up here, and the people up here expect
15 those promises and commitments to be kept.

16 I'm going to pass the microphone now to
17 Bill Gaines who is with California Waterfowl
18 Association.

19 MR. GAINES: Actually, I brought my own,
20 Andy, but I appreciate that.

21 Mr. Chairman, members of BDAC, my name is
22 Bill Gaines. I'm the Director of Government Affairs
23 for the California Waterfowl Association. California
24 Waterfowl is a nonprofit 501-C3 organization created
25 in 1945, over 50 years ago, to conserve California's

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1 about 50 percent, an estimated 50 percent of
2 California's threatened and endangered species are
3 somehow dependent upon wetlands during their annual
4 lifecycle.

5 Due to significant changes in the natural
6 hydrology of our Central Valley, much of what remains
7 as waterfowl habitat here today, the 350,000 acres
8 that I just mentioned, must now be managed. In other
9 words, it must be formed just like a rice field or
10 corn field or anything else would be to provide
11 waterfowl habitat.

12 As a result of this unique situation,
13 every single year the quantity as well as the quality
14 of waterfowl habitat available for those huge amounts
15 of birds must depend upon this area for watering
16 habitat as well as nesting habitat is largely
17 dependent upon the availability of water to provide
18 for waterfowl habitat.

19 Now, recognizing tremendous losses or
20 tremendous reductions in waterfowl populations
21 continentally, the Federal governments of the United
22 States, Canada and Mexico came together in the
23 mid-1990s or 1980s, rather, and signed what became
24 known as the North American Waterfowl Management
25 Plan. What that did was recognize that most species

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1 waterfowl wetlands and our sporting heritage.

2 Today I'm here to talk a little bit about
3 the importance of waterfowl in the Bay-Delta ecosystem
4 and the importance of that ecosystem to the waterfowl
5 as well.

6 California's Central Valley provides
7 critical nesting and wintering habitat for nearly 60
8 percent of our Pacific Flyaway waterfowl population.
9 That is roughly 25 percent of the waterfowl throughout
10 the entire North American Continent. Historically,
11 California's Central Valley provided about four
12 million acres of naturally occurring wetlands and
13 associated uplands to help meet the needs of these
14 waterfowl populations. But over the course of the
15 last century plus, we've destroyed over 90 percent of
16 that historical habitat.

17 Today we have roughly about 300 to
18 350,000 acres of waterfowl habitat remaining in our
19 Central Valley. And as you might imagine, with the
20 tremendous loss of habitat as we've seen here,
21 populations have suffered significantly. And I'm not
22 just talking about populations of the Pacific Flyaway
23 waterfowl, but populations of a whole other variety of
24 wetland species as well.

25 It should come as no surprise that today,

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1 of waterfowl are migratory. In other words,
2 regardless of the good things going on in the United
3 States, for example, good things also need to be going
4 on up in Canada as well as Mexico. And depending on
5 what type of species they are, some species depend
6 upon all three countries sometime during their annual
7 lifecycle, others may be here in the Central Valley
8 all year long.

9 Mallards is a good example of that. The
10 Mallard duck, which many of you are familiar with,
11 most of those, not all of them, spend year around here
12 nesting as well as in the winter. Pintail, for
13 example, which is another popular waterfowl species
14 here in the Central Valley, nests almost completely
15 north of California's border. Although we do see a
16 little bit of their nesting down here, primarily we
17 depend upon Canada and the wetland conditions up in
18 Canada for their nesting conditions.

19 The North American Waterfowl Management
20 Plan, as I mentioned, was signed in the mid-1980s
21 between those three Federal governments. When it was
22 signed, it identified seven priority areas, seven
23 priority habitat areas throughout the entire North
24 American Continent that were in need of habitat
25 restoration and enhancement. California's Central

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1 Valley was one of those initial seven priority areas.
 2 In response, two years later, the Central
 3 Valley Habitat Joint Venture, a term which many of you
 4 may be familiar with, was created to address North
 5 American Waterfowl Management Plan goals here in
 6 California's Central Valley.

7 The Central Valley habitat joint venture
 8 is a public-private partnership much the same as the
 9 way CALFED is moving forward to try to address
 10 waterfowl habitat needs on California's Central Valley
 11 floor. Now, even though the North American Waterfowl
 12 Management Plan is actually based on waterfowl
 13 populations and target populations, if you will, for
 14 what we'd like to see for waterfowl throughout the
 15 North American Continent, we recognize that in order
 16 to get those waterfowl populations, we need to deal
 17 with their habitat needs.

18 Here in the Central Valley, obviously, we
 19 adhere to that same type of approach. We have our own
 20 population goals here in the Central Valley, but we
 21 recognize that if we're going to meet those goals, we
 22 need to address the habitat needs on the ground.

23 Those needs are broken into several
 24 different categories, and I'm going to show a slide
 25 here or an overhead here briefly, but nevertheless,

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1 Improvement Act did for us here in the Central Valley
 2 was it guarantees firm annual water supplies, to all
 3 the public refuges throughout the Central Valley.
 4 That's the Federal refuges as well as the State
 5 wildlife areas. Refuges like the Sacramento National
 6 Wildlife Refuge Complex. Gray Lodge wildlife area is
 7 another one, State area that may come to mind.

8 In addition to the public areas
 9 throughout the Central Valley, the CVPIA also
 10 addressed the firm wetland water needs for the
 11 Grasslands Resource Conservation District. That was
 12 the private wetlands down in the grasslands which
 13 also, of course, depend upon firm annual water
 14 supplies.

15 The third goal of the Central Valley
 16 Habitat Joint Venture is to restore ~~120,000~~ acres of
 17 what were historically wetlands. In other words,
 18 going back and taking out of whatever the current land
 19 use may be, most likely, obviously, farming, and
 20 putting it back into wetland habitat. That goal,
 21 Central Valley wide, is about ~~120,000~~ acres.

22 The fourth goal of the Central Valley
 23 Habitat Joint Venture is to enhance almost ~~300,000~~
 24 acres of existing wetlands. These are wetlands that
 25 are out there on the landscape today, but they're

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1 what it does is, and this is Central Valley wide now,
 2 initially it takes a look at the existing habitat that
 3 we have remaining, and it says that part of the
 4 habitat that is not protected, that we know won't be
 5 there or perhaps may not be there in five, ten or 15
 6 years somehow, some way we need to get that under an
 7 easement or get it in fee title acquisition so that we
 8 know that it will be there and be viable waterfowl
 9 habitat over the long term.

10 Our first goal addresses that need. The
 11 first goal of Central Valley Habitat Joint Venture is
 12 to protect ~~80,000~~ acres of existing habitat, existing
 13 wetland habitat here in our Central Valley.

14 The second goal recognizes, as I
 15 mentioned earlier, that waterfowl habitat is largely
 16 dependent upon the availability of water supplies on
 17 an annual basis, year-around water supplies to assure
 18 the highest quality waterfowl habitat possible.

19 Second goal addresses that need. It was
 20 to secure ~~402,450~~ acre feet of firm water to address
 21 wetland habitat needs. This goal was largely
 22 satisfied back in 1992 when the Central Valley Project
 23 Improvement Act was signed into law by President Bush
 24 during the final days of his administration.

25 What the Central Valley Project

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1 simply not being managed to be the best they can be.
 2 Our goal is to go in there and provide those
 3 landowners, whether they be public or private, with
 4 the tools they need, whether it be financial
 5 incentive, financial backing for water control
 6 structures, levies, whatever it may take to make those
 7 acreages the absolute best habitat that they can be
 8 for waterfowl and other wetland dependent species.

9 The final goal takes into account the
 10 fact that we do only have about three to ~~350,000~~ acres
 11 of wetlands here in our Central Valley. And even if
 12 we are absolutely ~~100~~ percent successful in restoring,
 13 meeting our restoration goal, enhancing those acres
 14 that are already on the landscape, getting them
 15 protected in perpetuity with the conservation or
 16 easement or what have you, we still know that even if
 17 we have ~~100~~ percent success on those goals, that we
 18 simply cannot meet the needs of the waterfowl
 19 populations that depend upon this area year in and
 20 year out with simply wetlands alone. So we're looking
 21 to the private landowner to help us out. We're
 22 looking to the farmer, and we're working with the
 23 farmer on an annual basis to go in and help the
 24 landowner, to help the farmer make his farming, his
 25 agricultural production, if you will, as wildlife

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1 friendly as it can possibly be.
 2 Now, those are Central Valley-wide
 3 landscape goals. I want to talk a little bit about
 4 the role of the Sacramento Valley in those goals. The
 5 80,000 acre protection objective, if you will. Out of
 6 that 80,000 acres, we're only looking to do about
 7 20,000 acres in the Sacramento Valley. The bulk of
 8 that protection is targeted for the San Joaquin
 9 Valley, primarily in the grasslands area. The 402,000
 10 acres of firm water that we got with the CVPIA, about
 11 60 percent, if not more of that, is going to address
 12 the needs of wetlands south of the Delta, the San Luis
 13 Refuge Complex, for example. Once again, the private
 14 wetlands within the Grasslands Resource Conservation
 15 District.

16 The Restoration 120 objective, if you
 17 will, the 120,000 acres that we want to restore back
 18 to wetlands, that one, most of it is up, well, not
 19 most of it but more than 50 percent of it is up in the
 20 Sacramento Valley. We're looking to do about 75,000
 21 acres of the 120 here in the Sacramento Valley.

22 The one real goal that the Sacramento
 23 Valley truly plays a critical role in is the
 24 agricultural enhancement objective, the objective that
 25 we have that enhance 443,000 acres of ag land on an

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1 flows, you hear about all kinds of good things,
 2 perhaps even coming out of the CALFED Bay-Delta
 3 Program. Unfortunately, because we do have such a
 4 small percentage of what we had historically, and yet
 5 we still have such a tremendous species demand on
 6 those few limited acres, we need to make sure that we
 7 get the absolute maximum bang for our buck out of
 8 every single square acre of waterfowl habitat that
 9 we've got. And we need year-around water supplies,
 10 just like the farmers do up here, to make that happen.

11 And with that, I'm going to pass it off
 12 to Rich Golb, the Executive Director of the Northern
 13 California Water Association to really wrap up a lot
 14 of what we've been talking about today.

15 MR. GOLB: When we started off, I asked
 16 Lester earlier on how much time we had for this
 17 presentation. And Lester said, which I thought was
 18 quite graciously, take as much as you need, the idea
 19 here --

20 CHAIRMAN MADIGAN: He didn't mean that.

21 MR. GOLB: Well, we took him at his word.
 22 And actually, Mike, I think that conveys the view of
 23 most people in the north, is we're taking CALFED at
 24 their word because Lester said, Rich, your job today
 25 is really to convey knowledge which was a really

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1 annual basis. Of that 443,000, we're targeting almost
 2 350,000 acres to be done here in the Sacramento
 3 Valley.

4 As you heard Tib mention earlier, rice is
 5 the predominant crop up in the Sacramento Valley, and
 6 thank God it is, because rice, because it is a crop
 7 which most closely emulates a wetland landscape, plays
 8 a critical role in our annual efforts to meet the
 9 needs of migratory waterfowl.

10 Roughly 350,000 acres, as I mentioned,
 11 here in the Sacramento Valley, must be provided on an
 12 annual basis to meet the needs.

13 What it really all boils down to is if
 14 you want to talk about the importance of waterfowl
 15 habitat in the United States, you're talking primarily
 16 about the Central Valley in a lot of cases. The
 17 Sacramento Valley is really ground zero, if you will,
 18 for those wetland habitat and waterfowl habitat
 19 efforts. And we can't do a thing. Our hands are
 20 absolutely tied regardless of how willing the
 21 landowners are, regardless of how much money we've
 22 got, what have you, we can't do a thing with regards
 23 to meeting the needs of waterfowl unless we have
 24 water.

25 And, once again, you hear about seasonal

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1 welcome statement since most people, when they look at
 2 us in the north, hope that we'll convey water. So we
 3 appreciate that a lot.

4 The second thing is we probably should
 5 appoint a committee. I would suggest maybe Alex
 6 Hildebrand and Byron Buck and Steve Hall, since he's
 7 not here, by default, to collect funds from the crowd
 8 to help Don Bransford bring the Internet to Colusa
 9 County.

10 Couple things, first of all, in your BDAC
 11 packet, which we prepared for you, are overheads and
 12 copies of all these slides that we have and a lot of
 13 background information. So later today, I know you'll
 14 diligently go home to your rooms and read this.

15 NCWA, as Tib indicated, has been involved
 16 in the CALFED effort for a long time. We're signatory
 17 not Prop 204. We participated in the Bay-Delta
 18 Accord. We're signatory to that. We participated in
 19 the Bay-Delta Security Act all for one real simple
 20 reason. We think CALFED's worthwhile. We really do.
 21 We recognize it's not ideal. No government process
 22 ever is, or probably ever will be. But we recognize
 23 that what CALFED does is it brings us the opportunity
 24 to hopefully, hopefully, resolve the problems in the
 25 Bay-Delta system, which cause us and our members a lot

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1 of problems here in Northern California. So our
2 expectation is that CALFED will be successful and that
3 you will actually resolve the problems in the Delta
4 and do so in the right way because failure to fix
5 these problems threatens California's long-term
6 economy and environment. And that's in the Sacramento
7 Valley as well.

8 As Don indicated, we have exposure and
9 our members do, from winter run salmon, steelhead and
10 the potential future listings of fall run, late fall
11 and spring run. Basically every anadromous fish that
12 lives in the system right now ultimately will probably
13 be listed at some point. We should probably ask Ryan
14 for a heads-up on this. But I think they probably
15 will be. Whether they should is a scientific question
16 that needs to be addressed.

17 The more important issue is how are we
18 going to fix the system so that we restore the species
19 and ensure that people don't have any more additional
20 liability than they had previous when they were able
21 to divert the full water supplies and they were able
22 to do the things with these water supplies that they
23 were entitled to do by the water rights that were
24 granted them.

25 Finally, if CALFED fails or we fail to

1 Those are becoming the two defining
2 characteristics of CALFED's mission, and they should
3 be, because those are two of the biggest problems in
4 the system that led us to this point.

5 Well, in order to do that, the first
6 thing they have to do is make sure that their solution
7 is consistent with the water rights priority system in
8 the area of origin statutes.

9 And the simple reason is that in doing
10 so, in fulfilling the commitment to the north, and the
11 United States, as Andy indicated, will allow the water
12 districts and the water rights holders in the north to
13 continue doing some of the good things that they've
14 done such as restoration projects.

15 If you're a water right holder and your
16 water right is jeopardized or is threatened by an
17 agency, your willingness to implement a restoration
18 action or to transfer water is probably going to be
19 fairly marginal, and you're probably right to do so.
20 But if your water right is secure, if it's reaffirmed,
21 your willingness to proceed is enhanced. And we've
22 seen that just in the last couple years. I think
23 Glenn-Colusa Irrigation District is a good example.

24 Finally, for those of us in the north
25 that have these water rights, it's real simple.

1 solve the problems in the system, we're going to go
2 back to what I think is an untenable situation where
3 we have agencies that have conflicting mandates,
4 single species listings that unfairly and
5 inappropriately apply regulations to water rights
6 holders and individual landowners, and that's just a
7 situation that we have to avoid because it doesn't get
8 us anywhere.

9 There is no water that's ever been
10 generated in the courtroom and no water that's been
11 fairly appropriated in the legislature or Congress for
12 that matter. And I think I have a little bit of
13 experience to talk about that.

14 Tom Graff disagreed with me a minute ago,
15 but I'm bigger than he is, so I'm going to make him go
16 along, younger too.

17 The second thing is there is really three
18 critical elements to a solution, and they've been
19 talked about before. And the three critical elements
20 are important to you as members of BDAC because
21 they're important to CALFED, because the problems that
22 poor Lester has identified, and he actually had a lot
23 of hair when this process began, are you with me, was
24 resolving the fishery problems in the Delta and water
25 quality.

1 They're as real to us as the projects themselves, and
2 to deny their relevance or their existence is not only
3 insensitive, it's adjudication of responsibility. And
4 I know that's something that we want to avoid if we
5 want a successful solution.

6 The second piece is a balanced ecosystem
7 program. Lester has proposed in the CALFED program an
8 ecosystem restoration plan over 700 individual
9 actions. Let's hope, for God sakes, CALFED's
10 Ecosystem Program never has a birthday. There won't
11 be enough wax. But 700 individual actions to restore
12 the environment. Many of them are worthwhile.

13 Many of them have also been proposed, as
14 yet, without additional scientific study as to what
15 they'll do. One of them is the Riparian Forced
16 Program, the River Corridor Program, the meander. The
17 concept is to allow the river to meander.

18 Some of us that live in Northern
19 California saw the river meander a lot in 1997 and
20 1998. And the river's beautiful except when it
21 meanders through your living room.

22 The idea, I think with this program, is
23 by allowing the river to meander, what you accomplish
24 is increased habitat for fish and wildlife which I
25 think has been somewhat quantified.

1 The issue, however, is what assurances do
2 you provide to landowners that live along the river
3 system that own property that the river won't meander
4 through their property, or that their new fish screen
5 that they just spent 30 or 40 or ten million dollars
6 on won't be impacted by the meander. Because when the
7 river meanders, the flow changes, the elevation of the
8 river changes, and a lot of these fish screen projects
9 have been calibrated specifically in accord with State
10 and Federal law to the flow of the river, to the level
11 of the river.

12 The River Meander Project can increase
13 sediment load that can occur near a diversion or near
14 a fish screen problem. As yet, CALFED hasn't
15 developed assurances or legal guarantees on how to
16 deal with those types of things. Those are things
17 that we're pretty interested in that we want to see
18 addressed. I think you can, and I think you will, but
19 I would urge you or I would urge the BDAC group to
20 make sure CALFED gets going on that.

21 The last point is storage. I don't think
22 anyone doubts, in the State, that the most fundamental
23 role of government is to protect its citizenry. And
24 we, unfortunately, have seen loss of life in the last
25 couple of years due to floods, loss of life that

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1 Off-stream storage projects can provide tremendous
2 benefit in recharging groundwater systems throughout
3 the State.

4 In conclusion, I would say that the
5 important thing to remember here is that CALFED has an
6 opportunity to implement a balanced plan, and that's
7 most definitely what we want.

8 There is an article. For you folks
9 sitting on this side, if you could please turn around
10 and take a look at this. This is out of the San
11 Francisco Chronicle June 9, 1982. There are some of
12 you that actually participated in, and you'll remember
13 this headline. It was the Peripheral Canal. And the
14 canal went down in flames throughout the State for a
15 simple reason. People in the north view the
16 Peripheral Canal as a bad deal. It's that simple. We
17 don't need to get into a lot of analysis or armchair
18 quarterbacking about what happened in that debate or
19 who was on what side. But the view in the north was
20 that the canal was a bad deal and unfair proposition
21 for the region.

22 Look at the next overhead for a second.
23 This is how the votes took place in counties
24 surrounding where we're sitting today, Redding. Now,
25 if you want to know about the votes in other parts of

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1 hopefully could have been avoided, maybe in the
2 future, it will. And one of the measures to do that
3 is storage.

4 There are other ways to do it that will
5 work in conjunction with storage, but at some point,
6 you need more storage projects. We need more flood
7 control. And there are some off-stream storage
8 projects that CALFED is considering right now that
9 will help accomplish that.

10 In addition, we have future needs, and
11 when people think of future needs for water supply,
12 they typically think about cities or farming. Not so
13 fast, folks. Because the fastest, most increasing
14 need for water in the history in the last few years is
15 the environment.

16 Look at the CVPIA. Look at other State
17 and Federal laws, Clean Water Act, Central Valley
18 Project Improvement Act and the flows that are
19 required for the environment far outstrip and surpass
20 what's being projected in Bulletin 16098 for the
21 future needs of the State, for people and for farms.
22 Where are we going to get it? You can only buy so
23 much on the market. I think, at some point, we have to
24 recognize we need more storage.

25 The last point is ground water recharge.

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1 the State, Tom Graff has, in his pocket, a list of how
2 every county in California voted on the 82 canal. I
3 can't think of or find in the Secretary of State's
4 Office a more polarized vote in the history of
5 California on a bond measure. That tells you
6 something, ladies and gentlemen. That's a solemn
7 reminder of the suspicion that people in the north
8 have about a bad deal for this region.

9 Now, the objective for CALFED isn't try
10 to put together a good deal. The objective is to
11 develop a balanced solution that solves the problems
12 in the Bay-Delta ecosystem which includes Northern
13 California. And I think if that solution has in it
14 fundamental elements of reaffirming the water rights
15 system, of new storage projects and a balanced
16 environmental program, you won't see this type of vote
17 because not only will you be solving the problems in
18 the Delta, you'll be solving the problems upstream.
19 And in doing so, you'll help all of California's
20 economy and environment benefit. And that's really
21 your objective I think. Thank you.

22 CHAIRMAN MADIGAN: Thank you, Rich.
23 There are probably questions for the panel, but let me
24 hold those questions because Senator Johannessen has
25 arrived and invite him to come forward and maybe share

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1 the microphone with Rich there.
 2 And, Senator, we really appreciate your
 3 interrupting your schedule to come join us this
 4 afternoon and appreciate your interest in the subject
 5 matter and your leadership.
 6 SENATOR JOHANNESSEN: Thank you. I just
 7 drove in from what I used to call Disneyland, which I
 8 suppose has a lot to indicate that that's a true
 9 fact.
 10 I appreciate being here. I wish it
 11 didn't start to rain as soon as I got into town. I
 12 hope that that wasn't deliberately.
 13 One of the things that the CALFED, by its
 14 own statements, says, "Reduce conflict in the system.
 15 Be equitable. Be affordable. Be durable. Be
 16 implementable, and have no significant redirected
 17 impact." That is what CALFED is suppose to do, and
 18 I'm going to bear that very much in mind as a chairman
 19 of the select committee of the oversight of CALFED.
 20 The problem that we have had with CALFED
 21 for the last two or three years I've been working on
 22 this is that we have almost -- it's been almost
 23 impossible to get a straight answer. Why? Because
 24 CALFED doesn't speak for anybody.
 25 There are 18, I've heard, 14 for sure, 16

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1 We have, however, an opportunity to make
 2 something work. And I have asked the administration
 3 to give us the necessary timeline in order to be able
 4 to accomplish it. And quite frankly, the bone that I
 5 was thrown didn't even have meat on it, and that was
 6 30 days extension. It is not adequate. It is not
 7 acceptable, but we will work within that time frame.
 8 We will submit the report later this summer, probably
 9 somewhat towards the end of August.
 10 So let me point out some of the problems,
 11 and this is, I think, more than likely caused by the
 12 problem that has developed within the CALFED
 13 organization and the communication and the authorities
 14 that may or may not be vested in any one of them.
 15 One of the things that CALFED has said,
 16 it has no authority to take land or water, but the
 17 Department of Water Resources doesn't have that -- but
 18 the Department of Water Resources does have that
 19 authority, and they're working on it, doing just
 20 exactly that.
 21 Sale of groundwater still has to be
 22 organized. Remember, we cannot deal much with
 23 groundwater because there isn't anything there to deal
 24 with. We can prove that exclusively if anybody would
 25 like to or care to debate the issue. It says, to

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1 seems to be a good number, of various bureaucracies
 2 who are a part of this CALFED. Each one has its own
 3 little turf issues, and each one doesn't answer to
 4 anybody but themselves. And that makes it very
 5 difficult for CALFED to proceed in the course that
 6 they ought to be going, which is why we have an
 7 oversight committee in the senate in which I chair.
 8 So I just want you to know that I
 9 understand the problem associated with this, and
 10 perhaps some of the things that have happened may not
 11 necessarily be left at Lester Snow's doorstep, but
 12 perhaps could be left with the intricacies of the
 13 various, not committees, I would say, but the various
 14 bureaucracies who has their own turf issues.
 15 So the problem -- first, I will tell you
 16 what some of the problems we're dealing with and I'm
 17 trying -- I won't make them too simplistic, but then I
 18 will also give you perhaps a little bit of an insight
 19 after all these hearings of where we're probably going
 20 to end up in going. Bear in mind that the
 21 administration wants this done this year, for what
 22 reasons you can only surmise, but the fact is that it
 23 can't be done and completed this year. If it is
 24 pushed to do it this year, it will fail, and it will
 25 fail miserably.

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1 repeat, sale of groundwater still has to be
 2 organized. CALFED does not want groundwater pumped
 3 and sent downstream. Here, again, but people will be
 4 asked to pump groundwater for their use and for claims
 5 to surface and Sacramento River water. So here,
 6 again, you have both sides.
 7 Next, we will drill wells on your
 8 property and pay you to pump water to irrigate leaving
 9 the water in the stream for fish. It sounds like
 10 water transfer to me. Groundwater can be sold and
 11 pumped into a creek for downstream use. We're back to
 12 groundwater and selling again. Further, that the
 13 National Marine Fisheries want all salmon listed as
 14 endangered and the Central Valley Improvement Act are
 15 looking at water rights.
 16 We will hear over and over again that
 17 it's no water rights going to be threatened in any
 18 way, shape or form, but it is. And Mr., I believe it
 19 was Tom Howard, Lester help me, it was Tom Howard, not
 20 from your office but from -- yeah.
 21 EXECUTIVE DIRECTOR SNOW: State Board.
 22 SENATOR JOHANNESSEN: In one of the
 23 hearings which I held which I believe it was in
 24 Woodland or Colusa, I can't remember there has been so
 25 many of them, I asked him specifically, and he says,

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1 yes, we were looking at water rights. Then I ask him
 2 then, tell me, if I ask you specifically do we have
 3 water rights? He said no. The only rights that you
 4 have are that which we are willing to give you. You
 5 have a right to use the water, but you do not have the
 6 right to the water.

7 You can imagine how that statement plays
 8 in an area which supplies 80 percent of the water in
 9 the State of California to 80 percent of the people
 10 using it. So should we get nervous? Should we
 11 worry? You're darn right we're going to be worried,
 12 and we're going to be nervous.

13 So the hearings hereforth are going to
 14 probably be somewhat sticky, but leave it at that.

15 Now, what are we looking for possible in
 16 the future. We know that the Southern California has
 17 a problem getting good water. That is water which
 18 they can do the very minimum amount of treatment on.
 19 The metropolitan water, in their usual fashion, and,
 20 quite frankly, so far I haven't thought much of what
 21 they have said and the way they have approached the
 22 subject matter, but one thing they have stated that
 23 they do not want to agree to anything that will
 24 increase the cost of the water to their customers.

25 Hello. Give me a break.

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1 have to be done. Then let us discuss that issue
 2 specific, and let us make a decision to where the
 3 water's going to come from.

4 I would suspect that what's going to
 5 happen, we're going to have to do some serious
 6 thinking, we're going to have to do some work on the
 7 subject, and I suspect that the final decision, by no
 8 means, is going to be done this year. At least if the
 9 ten billion dollars that is attempted in this is going
 10 to come through the legislature because I can
 11 guarantee you it's going to be one hell of a fight if
 12 you're going to try that one.

13 So I suspect what we're going to have to
 14 come down to is some type of a potential, and I
 15 underline potential, decision as to perhaps a
 16 priority, if you will, or plan, if you will, which may
 17 not be one, two or three. It could be three and a
 18 half, four or whatever it happened to be. And in that
 19 mix, has to have some type of decision made as to
 20 where do we get the water. Where do we take it. It's
 21 going to get sticky because if anybody tells me, and,
 22 by the way, I think they should be able to do that by
 23 probably November, December at the latest, and then
 24 that particular piece or suggestion, if you will,
 25 opens up the whole thing again as to get serious on

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1 Second thing they said yesterday in my
 2 hearing, where, for a minute there, I thought he was
 3 joking, but he wasn't. He says, "We don't need
 4 anymore water." And I said, "You don't?" No, he
 5 says, "Because we feel that for the next 20 to 25
 6 years, the maximum we will need is 150,000 acre feet,"
 7 and I said, "That's very interesting."

8 I said, "I've been in business all my
 9 life and I can smell a rat already. You don't want to
 10 pay for what has to be done in order to transport the
 11 water to you. You're going to be the beneficiaries,
 12 most of 50 percent of what you're getting is taken out
 13 of the Delta."

14 The point, ladies and gentlemen, the
 15 point is, we still have a long way to go and the
 16 process needs to go forward. But bear in mind that
 17 the one thing that needs to be foremost in everybody's
 18 mind is where do you get the water. And if you're
 19 going to transfer water, you must make an analysis of
 20 where it's going to come from and what the costs are
 21 going to be to the people and the third party impact.

22 You have to do it. And it is impossible
 23 to make this process go forward. It is impossible to
 24 make a decision on this project until we are willing
 25 to get some backbone and say, this is what's going to

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1 our negotiations, not only on the cost of all of this
 2 but who is going to bear the burden of the cost and so
 3 forth, we will be doing that coming next year. That's
 4 going to be a serious discussion next year.

5 So bear in mind, again, not to be
 6 repetitive, we need to be able to identify where the
 7 water is going to come from. If they do not agree to
 8 storage, although the Governor, at this point, has
 9 made a decision to put ten million dollars into the
 10 study of sites and reservoirs down south, which is
 11 pittance when we're talking about ten billion dollars'
 12 worth of cost involved in all of this.

13 Bear in mind, as far as the Bay-Delta,
 14 and let no one make a mistake about it, Bay-Delta is
 15 an important part of what we need to deal with, but we
 16 also need to understand that Bay-Delta, the curing of
 17 the problem in Bay-Delta which has to do with
 18 farm -- you could spend the next hour debating that
 19 part, but it needs water to do that.

20 And if a decision is made for Peripheral
 21 Canal, button down your hatches because it ain't gonna
 22 fly. That turkey will be shot on site. And I can
 23 guarantee you common sense will tell you if you bypass
 24 the Delta in order to put pick up the 15,000 cubic
 25 feet per second down this Peripheral Canal, which, by

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1 the way, is three times what you probably have out in
2 the river right now coming down. I think there is
3 about five, five, seven or something coming down right
4 now, since last time I left here, that's how much
5 water you're talking about.

6 And why's that important aside from the
7 salmon and all the rest of the stuff, fish screens and
8 we will make fish meal out of fish at 15,000, that's
9 another story altogether as well. It's to take that
10 clean and fresh water down into the pumps in order to
11 transfer it to Southern California which cannot afford
12 to have anymore problems with the bromides and the
13 salts and all the effluents and all the rest of the
14 stuff going down into the Delta.

15 Hey, LA has got to come to the table big
16 time, they have to, but bear in mind whatever that
17 amount of water now being contemplated taken down the
18 Peripheral Canal, it's going to come out of the
19 Sacramento River and basically that area. And when
20 you do that, how does that solve the problem in the
21 Delta? It doesn't. So what happens? You got to find
22 the water someplace.

23 As I started asking you, show me the
24 water. Like the old commercial said, "Where is the
25 beef?" And until that is done, until that is settled

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1 really want to follow up a little bit on your
2 discussion of area of origin.

3 In that, you said that uses had to be
4 reasonable and beneficial. I'm going to tick off some
5 uses, and I'd like to know whether or not you think
6 they qualify. Would groundwater recharge be
7 considered beneficial and reasonable?

8 MR. HITCHINGS: Yes.

9 COUNCIL MEMBER FONTES: Consumptive use.

10 MR. HITCHINGS: Is consumptive use a
11 reasonable and beneficial use?

12 COUNCIL MEMBER FONTES: Yes.

13 MR. HITCHINGS: Yes, it is.

14 COUNCIL MEMBER FONTES: Flooding
15 wetlands?

16 MR. HITCHINGS: Yes, it is.

17 COUNCIL MEMBER FONTES: Innerbasin water
18 transfers?

19 MR. HITCHINGS: It would depend upon what
20 the impacts are.

21 COUNCIL MEMBER FONTES: Is there any use
22 that is not qualified as reasonable and beneficial?

23 MR. HITCHINGS: Well, to the extent that
24 a use becomes wasteful as determined by the State
25 Water Board or by a judicial decision, to the extent

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1 down on -- and incidentally, I was told by the
2 administration that storage facilities are not
3 part -- cannot be part of the CEQA requirement. I've
4 been a mayor, I've been a chairman of the Board of
5 Supervisors. We've dealt with CEQA before. That
6 won't fly either unless somebody can show me that you
7 cannot mitigate environmental problems by a reservoir.

8 So who is kidding who? Let's come to the
9 table with clean hands and let's all work together.
10 We can solve the problem, but if you continue playing
11 the cards close to the chest and not speak the peace,
12 we will never make it.

13 And with that, ladies and gentlemen, I
14 appreciate being here. And as you can tell, I'm
15 rather interested in the subject matter. Thank you.

16 CHAIRMAN MADIGAN: Thank you, Senator.

17 Mr. Golb, Mr. Belza, let me go back to
18 your panel and see if there are questions from BDAC
19 from members of the panel.

20 Roger and Ann, Hap.

21 COUNCIL MEMBER FONTES: I have a question
22 for Andy, and I appreciate you coming today and
23 appreciate Rick's comments about learning things and
24 getting more knowledge here. So I'm going to ask a
25 couple of questions. I don't mean to be leading. I

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1 that core water is applied for the crop needs on a
2 certain agricultural piece of land, for example,
3 COUNCIL MEMBER FONTES: Is there a body
4 of law or kind of case law that could be referred to,
5 if you have a specific situation, so that we can
6 determine whether or not it's reasonable and
7 beneficial?

8 MR. HITCHINGS: There is the Imperial
9 Irrigation District Case. There is the Marin
10 Municipal Water District Case.

11 COUNCIL MEMBER FONTES: Okay. Thanks.

12 CHAIRMAN MADIGAN: Ann.

13 COUNCIL MEMBER MOTOFF: I was just going
14 to congratulate Bill Gaines for having what I think so
15 far is the most successful experience with the Central
16 Valley Project Improvement Act and actually getting
17 the Federal government to implement a key component of
18 that in the waterfowl restoration component. And wish
19 we'd had as much success with the other components of
20 CVPIA, and we'd be a lot further along towards a good
21 solution for CALFED.

22 CHAIRMAN MADIGAN: Hap.

23 COUNCIL MEMBER DUNNING: I guess this is
24 part question, part comment to Andy Hitchings with
25 regard to area of origin. Statutes, we've had very

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1 little interpretations of those by the courts, but I
2 there was one major case back at the time of the 76,
3 77 drought when Trinity County tried to invoke those
4 statutes against the Federal government at a time when
5 the impact of the diversions really was catastrophic
6 for the fish.

7 And the answer they got from the court
8 was, no, you cannot succeed, in part, because they
9 read those statutes as not really covering things like
10 fish flows which are beneficial for a recreation
11 economy.

12 They seem to have a very narrow view when
13 they talk about development. In the area of origin
14 statutes, they're talking about municipal and
15 industrial use. Now, I'm wondering if your
16 organizations you represent have thought about trying
17 to strengthen any of those statutory provisions at all
18 so that in another situation comparable to what
19 Trinity County faced back in 77, 78, they wouldn't get
20 that negative results.

21 MR. HITCHINGS: Well, as far as going to
22 the legislature, Rich may be able to speak to that as
23 to efforts that NCWA has considered doing. But
24 really, I think what we're trying to focus our efforts
25 on is on-the-ground projects, on-the-ground solutions

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1 is as CALFED develops this plan, what we want to see
2 is solutions that fit within the construct that also
3 deal with potential shortages of the north so we don't
4 have to go to court or the State Legislature and
5 really argue that the area of origin statute should be
6 implemented as written.

7 COUNCIL MEMBER DUNNING: My point was
8 simply when Trinity County was short and it went to
9 court, it lost. So the protections, in that case,
10 proved to be a loser.

11 MR. GOLB: Well, we hope they're not a
12 loser. And our expectation is that people that make
13 an agreement, intend to live to it. Those that don't
14 should never make any agreements. Our expectation is
15 that the State and the United States will live up to
16 their agreement. There is a lot of people in the
17 north that are counting on it, and we'd like to avoid
18 that fight. We're not afraid of it, Hap, but we'd
19 like to avoid it.

20 And we think the best way to do that is
21 for CALFED to produce an equitable plan that solves
22 the problems of the north. Otherwise, they haven't
23 produced much of a plan.

24 CHAIRMAN MADIGAN: Thank you, Rich. Bob
25 and then Sunne.

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1 that implement area of origin protections. It will be
2 much easier to do that than to try to get additional
3 legislation passed.

4 And some of the things that Rich was
5 talking about as far as streamlining water transfer
6 rules within the area of origin, new reservoir storage
7 within the area of origin where there is local
8 control, and Rich may have some more insight on
9 efforts at the legislative level.

10 MR. GOLB: We've talked about that a lot
11 with the legislature, and what we've tried to do, our
12 perspective on area of origin is real clear. It's
13 really simple. It's a commitment from the State of
14 California of the United States that the north is
15 always going to have the water supplies it needs for
16 future growth and development. That's all we're
17 asking for. People look at the Sacramento Valley and
18 think it's one with abundance with water supply. Some
19 years it is. Some years it's overabundance. But in a
20 lot of years, the landscape is one of scarcity. There
21 are a lot of districts and areas in the north that are
22 short.

23 Also you look at the state population
24 projections with the growth, there are potential
25 shortages throughout the north. So all we're saying

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1 COUNCIL MEMBER RAAB: Some member of the
2 panel, is it Hitchings?

3 MR. HITCHINGS: Yes, it is, Andy
4 Hitchings.

5 COUNCIL MEMBER RAAB: Maybe you can
6 enlighten me on this matter of pre-1914 water rights.
7 Is it known how many acre feet of water we're talking
8 about that come under -- I'm wondering about pre-1914
9 water rights. Is it known how much water that amounts
10 to? And is it known how much of that water has
11 already been claimed by the water rights?

12 MR. HITCHINGS: I think some of the
13 estimates in the Sacramento Valley, it's about three
14 million acre feet of upstream senior water rights
15 which may be pre-1914 or in higher priority than the
16 export projects.

17 COUNCIL MEMBER RAAB: But you're not
18 sure about how much.

19 MR. HITCHINGS: Well, for instance, if
20 you add up all of the Sacramento River water rights
21 settlement contracts and then you look at some of the
22 other upstream water right holders, Placer County
23 Water Agency, Yuba County Water Agency, some of the
24 Feather River diverters, that adds up to --

25 COUNCIL MEMBER RAAB: If I were a

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1 banker, and I wanted to know what my assets were, how
2 much money I've got to loan out and how much I've
3 loaned out, I'd need a balance sheet.

4 Is there such a thing as a balance sheet
5 out there, how much water we've got to loan out and
6 how much has been loaned out? Seems to me that
7 pre-1914 is a wild card, and it needs to be somehow
8 tightened up so we know what we're talking about when
9 it comes to the water.

10 MR. BRANSFORD: I want to respond in a
11 general way to that question. The Sacramento River
12 water districts, like Glenn-Colusa, have a settlement
13 contract. The Sacramento River has not been
14 adjudicated. We have a claim, for instance, our
15 district has a claim in excess of a million acre feet
16 of water pre-1914 right. However, when we signed a
17 settlement contract after the building of Shasta Dam,
18 we agreed to what we call a base supply of 720,000
19 acre feet of water, plus we have 185,000 acre feet of
20 Central Valley Project water supply.

21 So until such time as the Sacramento
22 River is actually adjudicated, you have water rights
23 holders that are on the river that probably claim in
24 excess of what their actual settlement contract
25 states. So there is going to be a discrepancy in

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1 pre-14. There are also pre-14 water rights holders on
2 the east side of the San Joaquin Valley. But either
3 Bulletin 16098 or the State Water Resources Control
4 Board can provide those numbers to you.

5 COUNCIL MEMBER RAAB: It can, you say?

6 MR. GOLB: Yes.

7 CHAIRMAN MADIGAN: Bob, is the next
8 question would we get that information to the BDAC.
9 Lester?

10 COUNCIL MEMBER SNOW: Yes.

11 CHAIRMAN MADIGAN: Okay, yes. Next
12 question, Sunne.

13 COUNCIL MEMBER McPEAK: Don, who brought
14 the litigation against Glenn-Colusa on the two
15 references?

16 MR. BRANSFORD: Department of Justice
17 National Marine Fishery Services.

18 COUNCIL MEMBER McPEAK: And what year
19 was that?

20 MR. BRANSFORD: 91.

21 COUNCIL MEMBER McPEAK: A question to
22 you, Bill. On the wetlands for waterfowl in the
23 Central Valley, what's the relationship of the
24 wetlands or the waterfowl using the wetlands in the
25 Central Valley to wetlands within the Delta and even

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1 those numbers.

2 Now, you can get at the settlement
3 contract numbers, and Rich can probably give you what
4 those numbers are, but that's different than what
5 individual districts that have rights that have not
6 been adjudicated probably claim.

7 MR. HITCHINGS: And as far as a place to
8 go for that information, DWR's Bulletin 16098 does
9 have a tabulation, at least, as to what they are based
10 upon what the settlement contract says. So you have a
11 good figure, at least, within the settlement contracts
12 of what those upstream water right holders, what the
13 extent of those water rights are as recognized in the
14 contracts at least.

15 MR. GOLB: Sounds like you're just asking
16 what's the number.

17 COUNCIL MEMBER RAAB: Right.

18 MR. GOLB: We don't have them because we
19 don't represent all of the water rights holders in
20 Northern California. For example, the City of Redding
21 holds pre-1914 water rights. There are individuals
22 that hold pre-1914 water rights. Over 130 water
23 rights holders in the Sacramento River alone. It is
24 in excess of three million acre feet.

25 In Northern California, they're held by

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1 the Bay Area? Is there much interaction? And if so,
2 should we have more dialogue about wetlands
3 restoration within the Bay-Delta estuary, as it
4 relates to what you're doing in the Central Valley?

5 MR. GAINES: There is a lot of
6 interreaction. In fact, we've done some telemetry
7 preliminary studies that a lot of birds may spend half
8 their day in the Suisun Marsh and then go out and feed
9 in the Delta at night or what have you. These birds
10 will move all over the place.

11 We've also done telemetry studies that
12 show the birds will go down to the grasslands south of
13 the Delta for a while and turn back up and head to the
14 Sacramento Valley, and so forth. Depends a lot on
15 species and weather patterns and a variety of things.
16 Depends a lot on the habitat as well. Some years
17 habitat is better in some areas than it is in others.

18 The Central Valley as a hole, and by the
19 way, Sunne, something I think will be of interest to
20 you, a lot of people don't necessarily think of the
21 Suisun Marsh, for example, as being in the Central
22 Valley, and they're probably right. But when I talk
23 about the Central Valley Habitat Joint Venture, the
24 Suisun Marsh is one of our basins, if you will, for
25 the joint venture. And it is included in the goals

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1 that I threw up in the overhead a little bit earlier.
 2 Just depends on the species of waterfowl again.
 3 But, again, I think if you were including
 4 the Suisun Marsh, if you were to look at the
 5 Sacramento Valley, the Delta, the San Joaquin Valley,
 6 clearly far and away, the habitats there are much more
 7 important for wintering and nesting of waterfowl, in
 8 general, than a lot of the wetlands that you will find
 9 in the estuary itself. Nevertheless, it depends upon
 10 the species. And there are a lot of waterfowl that
 11 depend upon those areas as well.

12 COUNCIL MEMBER McPEAK: Generally, the
 13 numbers we have used about historical losses of
 14 wetlands is that we've lost 90 percent of the wetlands
 15 in California, 90 percent of the ten percent remaining
 16 in the State or in the Bay-Delta estuary.

17 Does that sort of square -- would you say
 18 that's still roughly correct even given the numbers
 19 that you had up there?

20 MR. GAINES: I would have to go back to
 21 double check on the actual loss in the Bay-Delta
 22 estuary itself. In the Central Valley, clearly it's
 23 between 90 and 95 percent. I think that number holds
 24 true pretty much when you look at California as a
 25 whole as well. So definitely there has been landscape

1 typically will not provide near the waterfowl value
 2 that the managed wetlands will simply because we don't
 3 have the seasonal flows that we used to have.

4 You may call them seasonal only because
 5 when the carrying capacity in certain dams and so
 6 forth needs to be relieved, sure, they'll let a little
 7 bit more water out than they want to and we may have
 8 some flooding and so forth. Nevertheless, it's not
 9 seasonal as we truly saw historically.

10 You don't get the same type of flooding
 11 regimes. It doesn't generate the same type of wetland
 12 vegetation. As a result, the habitat value is
 13 significantly diminished not only for waterfowl but
 14 for a whole host of other wetland dependent species.
 15 As I mentioned, represent 50 percent of what we see
 16 here in California today on our endangered species
 17 list.

18 So it's a little frustrating for me to
 19 know that the CALFED ecosystem program is meant to
 20 address concerns of listed species, but when I see the
 21 list of listed species, if you will, that they're
 22 targeting, there is really very little, if any,
 23 wildlife species on there even though they're every
 24 bit as listed, they're not near as sexy as maybe a
 25 spring run salmon. Maybe they don't directly impact

1 loss from Oregon all the way down to Mexico and from
 2 the coast over to the Nevada border.

3 COUNCIL MEMBER McPEAK: We are trying to
 4 look at ways in which we not only protect remaining
 5 wetlands but restore historical wetlands and go back
 6 to a much greater net acreage of wetlands in the
 7 Bay-Delta estuary, so we should probably have a lot
 8 more discussion. And I assume you work with the
 9 Audubon.

10 MR. GAINES: Oh, absolutely. In fact,
 11 the National Audubon Society is one of the members of
 12 the joint venture. They're one of our partners.
 13 There is not question about it.

14 One thing I would like to address
 15 briefly, if I could, is we talk a lot about wetlands
 16 in the Bay-Delta program, and Lester has heard me harp
 17 about this before, so shut your ears off, Lester. I
 18 know that there are a lot of wetlands that are
 19 targeted to be done if you will and when CALFED is
 20 said and done and over with, a lot of those are title
 21 wetlands. A lot of those are seasonal flood plain, if
 22 you will, and it depends on just how those are
 23 landscaped, if you will.

24 But, nevertheless, the wetland values,
 25 acre for acre, that you'll find on those areas

1 the ability to divert water, but, nevertheless,
 2 they're every bit as listed.

3 And if the ecosystem program is really
 4 going to target restoring the integrity of what we
 5 have in California's ecosystem, then it really needs
 6 to take a much stronger look at the critters that are
 7 out of the rivers, if you will, and some of the other
 8 habitat that we've seen such a significant loss to.

9 CHAIRMAN MADIGAN: Thank you very much.
 10 Tib, all, thank you very much. We appreciate the
 11 information. And there was a lot of it that was good.

12 We're going to take about a five minute
 13 break here while the next panel sets up. Before we
 14 break, Lester has a comment he wants to make just as a
 15 little clarification.

16 EXECUTIVE DIRECTOR SNOW: A very quick
 17 comment here on schedule, so that there is no
 18 misunderstanding about the significance of the two
 19 decisions that were made on Monday. Those two
 20 decisions are to add 30 days to the existing comment
 21 period, but the most important issue is the decision
 22 to move to a draft, a revised draft at the end of this
 23 year instead of a final.

24 The net impact of those two decisions is
 25 to extend the process in CALFED for nine months, not

1 30 days, but for nine months to move to another
2 final. The impact of that is not only the nine
3 months, but also you're adding a minimum of 120 days
4 of additional comment period.

5 The point there is 30 now, and then once
6 you re-issue the draft, at least another 90. So it's
7 not just an issue of 30 days. It's at least nine
8 months and at least another 120 days of official
9 public comment, and that's an important point.

10 CHAIRMAN MADIGAN: Thank you. Yes,
11 Martha.

12 COUNCIL MEMBER DAVIS: It still seems to
13 me that in the comments that people are preparing for
14 July 1, that addressing the questions that you've put
15 out with the huge box of documents is really
16 important. That we need to know the concerns about
17 the assumptions and the technical issues that have
18 gone into the EIR/EIS, the draft documents, so that
19 is part of looking at where we go from here. Either
20 looking at the alternatives, configurations and
21 looking at the analysis, that we're getting that
22 information now so the adjustments can be made to the
23 document before it's rereleased; correct?

24 EXECUTIVE DIRECTOR SNOW: Sure.

25 CHAIRMAN MADIGAN: Okay. Five minutes

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1 Shasta County and to Redding and thank you for coming
2 up here and giving everyone an opportunity to address
3 you on the issues that we feel are very, very
4 important to us.

5 In addition to that, on behalf of the
6 members of the Regional Council of Rural Counties and
7 their three million residents, I would like to thank
8 CALFED for the opportunity to gather a panel of the
9 Northern California interests together here today.
10 Interest of environmental interests, irrigation
11 district interests, recreational interests, and I'm
12 confident this panel will provide you with much needed
13 perspective on the Northern California water
14 interests.

15 I would like to provide you with a
16 description of RCRC including an overview of our
17 activities relative to the CALFED Bay-Delta program.
18 RCRC is an association of 27 member counties
19 geographically representing almost half of the State's
20 land area.

21 In 1972, very RCRC was founded by a group
22 of rural county supervisors to ensure that the
23 interests and views of rural California would be
24 effectively heard by elected and appointed decision
25 makers at the State and Federal level.

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1 while those of us up here attempt to thaw out and
2 we'll reconvene.

3 (Brief discussion off the record.)

4 CHAIRMAN MADIGAN: All right. Ladies
5 and gentlemen, we are back. The next item on the
6 agenda, as you can see, is a panel presentation on
7 Northern California issues. Much of the genesis of
8 this panel comes from the RCRC. And, Bob Meacher,
9 maybe I could ask you to lead this off, and then we'll
10 go to members of the panel.

11 COUNCIL MEMBER MEACHER: Thank you, Mr.
12 Chairman. What I'd like to do is just immediately get
13 into this panel. Our president of the Regional
14 Council of Rural Counties is here, Shasta County
15 Supervisor Dick Dickerson, and he'll, with your
16 permission, lead off and introduce the panel members.

17 CHAIRMAN MADIGAN: Thank you. Mr.
18 Dickerson, welcome.

19 SUPERVISOR DICKERSON: Thank you, Mr.
20 Chairman and members of the board. Thank you very
21 much for allowing us to be here today. I am the
22 President of the Regional Council of Rural Counties
23 commonly referred to as RCRC. I'm a member of the
24 Shasta County Board of Supervisors. And in that
25 capacity, I'd like to welcome all of you folks to

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1 Before the formation of RCRC, the rural
2 regions of California did not have a collective voice
3 in State legislature, the State executive branch, the
4 Congress nor the Federal government. In brief, RCRC
5 works on behalf of its member counties and people to
6 mitigate political and geographical isolation by
7 ensuring that the views of rural California are heard
8 before decisions are made.

9 RCRC's membership is diverse in its
10 geography, geology, environment and hydrology.
11 Geopolitically, our membership stretches from
12 California/Oregon border down to the southern tip of
13 the Sierras including regions of the San Joaquin
14 Valley and the entire Northern Central Valley.

15 RCRC and its 27 member counties are
16 unique to the State of California. We comprise many
17 counties of origin within the State as well as many
18 other headwater counties.

19 It is from these counties that the
20 waterways of California originate. It is in these
21 counties that the snow packs are laid down in the
22 winter, melt away in the spring and provide life to
23 the Bay-Delta ecosystem.

24 It is these counties that the vast timber
25 and grazing lands provide the watershed health

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1 essential to the well-being of those rivers and
2 ultimately to the Bay-Delta itself.

3 It is in these counties that the force
4 provides the stability and cover to an otherwise
5 fragile and transient soil mantle which implaces a
6 blessing, but when washed away, can devastate the
7 State's waterways.

8 It is these counties that the seeds of
9 future crops are sewn into fertile soil. It is in
10 these counties that provide wetlands for migratory
11 fowl. It is in these counties that millions of people
12 recreate during all seasons. And it is these counties
13 that are irrevocably linked to the great rivers of
14 California and to the Bay-Delta, not by politics or by
15 process devised by humankind but by the very laws of
16 nature.

17 Collectively, our member region supply
18 over 88 percent of the surface water that enters the
19 Bay-Delta in addition to overlying precious
20 groundwater reserves.

21 To counter the challenges CALFED, which
22 originally excluded rural counties, RCRC has
23 successfully gained a seat in the CALFED table as
24 representatives of upstream and source counties.
25 These are counties that contain the watersheds which

1 ecosystem restoration project known to mankind.
2 However, rural California -- Northern California's
3 water supplies, environment and economy can not be put
4 at risk in order to restore the Bay-Delta and improve
5 urban and environmental water supplies.

6 Before CALFED makes a decision on which
7 of the three alternatives will best fix the Bay-Delta
8 ecosystem, please consider our three alternatives.
9 Those are assurances, assurances and assurances.

10 At this time, there are no assurances to
11 protect rural Northern California. In order for there
12 to be a viable CALFED solution, CALFED agencies and
13 its stakeholders must recognize the importance and
14 validity of a rural Northern California buy-in.

15 At this critical juncture, RCRC will not
16 be able to support any of the three alternatives until
17 CALFED provides the framework for a program that will
18 ensure at least the following; secure, clean,
19 affordable and reliable water supplies for rural
20 Northern California's environment and its expanding
21 economy; honor and reaffirm area of origin and County
22 of origin water rights; the restoration of the
23 reinvestment of the Bay-Delta watersheds and its
24 tributaries, including watersheds and tributaries
25 above the dams which includes the reduction of fuel

1 are the sources of water that flow to the Bay-Delta.

2 Through the leadership of our board of
3 directors and representation of advocacies by the
4 staff and appointments of Plumas County Supervisor
5 Robert Meacher to CALFED and BDAC and Mr. John Mills
6 of RCRC, our water resource consultants to the CALFED
7 ecosystem work group, we now have a voice in the
8 CALFED process.

9 Water policy in the State of California
10 is attempting, for the first time in our State's
11 history, to move from contention to consensus.

12 With the CALFED Bay-Delta program, State
13 and Federal agency along with various stakeholders
14 throughout the State are striving to work together
15 with hopes that there will be a solution that will
16 improve the Bay-Delta ecosystem, improve our State's
17 water quality, ensure State water supply reliability
18 and strengthen our State's weakening levies.

19 This is a historic time. A once in a
20 lifetime opportunity for all of us to put an end to
21 the State's water wars and to fix our State's water
22 dilemma for future Californians.

23 It is incumbent on all of us that we
24 succeed. RCRC is supportive of CALFED's efforts to
25 take on the most complex and politically dynamic

1 loads which pose a threat to our State watersheds; and
2 creation of new water supplies by new storage
3 projects.

4 We must have access to those projects,
5 and the strengthening not only the Bay-Delta levies
6 but all levies that provide the safe passage of water
7 to the Bay-Delta, and, finally, the protection and
8 local control of our precious groundwater resources.

9 Today, California water policy is at a
10 crossroads. The stakes are high and the State has
11 have much to gain. Without CALFED success, the Golden
12 State's booming economy, precious agricultural and
13 environment are at risk.

14 Our economy, the World's seventh largest,
15 could deflate. Our agriculture, the World's greatest
16 beltway of fertile soil, could be retired. Once we
17 reach that point, we can only blame ourselves.

18 I am hopeful that we will all work
19 together to ensure that the CALFED Bay-Delta program
20 is a success. And I pledge to you the continued
21 cooperation of RCRC as you strive to reach the best
22 solution.

23 Now, I would like to introduce the first
24 members of the panel that we have here to speak on our
25 behalf today. And the first speaker will be the

1 Honorable Charles Willard. He's chair of the RCRC
2 groundwater subcommittee, a Tehama County Supervisor,
3 and he will speak on the county groundwater
4 perspective.

5 CHAIRMAN MADIGAN: Thank you, sir.

6 MR. WILLARD: I do want to start out by
7 thanking you for that break. I started with my first
8 joke I've ever tried in a public meeting. I was going
9 to relate how when I was a child, I used to watch my
10 dad go to sleep in church and when I asked him
11 afterwards what happened, he said, "Well, you know the
12 mind can't absorb than the butt can stand." So I'm
13 real happy you gave us a chance. I'm looking forward
14 to your now refreshed minds and capacity to absorb.

15 CHAIRMAN MADIGAN: These people have
16 minds that can absorb an incredible amount.

17 MR. WILLARD: I was not sure what the
18 other attributes were. And I wasn't going to refer to
19 it in public. I do appreciate that.

20 This is also my first technical
21 presentation, so if my assistant over there and I
22 aren't well coordinated, it's because I don't know
23 him.

24 Behind you, you will see a map, and this
25 is simply an overhead to refresh your memory. The

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1 cost, availability, reliability and those kinds of
2 things. But we have realized a tremendous increase in
3 the amount of groundwater used.

4 This map behind you now indicates the
5 groundwater basins within Tehama County. Obviously
6 there are several of them. The grounds under them are
7 variable and complex, and it's one of those things
8 that concerns us. When people talk about using
9 groundwater resources, we don't know exactly what's
10 down there, how can you know or make decisions based
11 on that especially, if they're long-term ones.

12 What we want you to do is to think about
13 that and recognize, when you think about groundwater,
14 it's not like looking at a lake and you can say it's
15 ten feet down from the top. Those are complex stratas
16 that are down there. We don't always understand, and,
17 in our case, we don't understand except rudimentarily,
18 even with DWR, and we do have an office there in our
19 county.

20 Go ahead and flip over to the next one.
21 I was afraid of that. You can't even see it. I'm
22 going to summarize this. There is one person, in the
23 audience probably now who is squirming in his seat.
24 He has threatened to grab this away from me and never
25 ever let me use it again.

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1 shaded areas are the areas of California that get
2 rainfall. We're looking in the dark areas up to 90,
3 down to 30. Obviously in California, what we find is
4 the water goes from there down to the unshaded areas
5 and specifically down to the lower area.

6 Can you put that next one on and that
7 kind of shows what happens to it. This is a
8 fragmented map. And as you may well figure out, the
9 dark arrows indicate where the water is going. The
10 bigger the arrow, the more the water. So if you were
11 to overlay those two, you'd find that the dark areas
12 on the first one are not the same as the dark areas on
13 the second one, and that's what we're concerned about.

14 Today, I'm going to talk just briefly
15 about groundwater. You don't have to stare at that
16 anymore, because I'm kind of slow. I don't have
17 enough to keep you going.

18 In our county, specifically, which I'm
19 going to use as an example, we've seen a tremendous
20 change. 30 years ago, probably two-thirds of the
21 irrigation that took place in the county was from
22 surface water and one-third from groundwater. Today,
23 that's just reversed. We're looking at two-thirds
24 from groundwater, one-third from surface.

25 Obviously, there is a lot of factors,

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1 We had an employee who did some very
2 preliminary, and for his benefit, we'll stress these
3 are estimates. The top line indicates essentially the
4 current extraction, about 300,000 acre feet per year.
5 If you go to the far right-hand, column you'll see a
6 number 365. That's the number of years it would take
7 for us to deplete the upper 200 feet of our
8 groundwater aquifer using today's overdraft.

9 You'll notice even in that first -- in
10 the third column over, there is about 20,000 acre feet
11 of overdraft per year. Well, you might think then if
12 we simply extracted 600,000, if you can drop down
13 there to about the fifth line, that we would have
14 maybe 180 years. But guess what, it's dropped down.
15 You're only at 27.

16 We're not sitting on a straight line
17 resource. The key factor here is recharge, and we
18 don't know what that is. We have estimated it, but we
19 don't know. So any use in excess of what we have
20 today moves us closer to that point in which we fall
21 off the curve.

22 When we have done some very preliminary
23 ultimate use calculations, you'll drop down there,
24 we're looking at five or six years. That's pretty
25 scary. We have already determined that we will be out

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1 of water, just with our own use in the county, in six
2 years at the ultimate level.

3 Well, let's go back, we maybe move up to
4 2040, and we're going to have 27 years. We are in
5 problems with our dependence on groundwater in our
6 county right now. And, of course, that's one of the
7 reasons why Tehama County, as well as other member
8 counties in RCRC, have been very concerned about
9 proposals for conjunctive use groundwater export, and,
10 of course, the straight water supplemental purchase
11 program.

12 So if you go to that next one, please,
13 Bob. This is, again, kind of a different
14 visualization of that graph. Main thing, again, is
15 that it's not straight line. We're moving down and in
16 six years, we're out of water. That's something we
17 live with all the time.

18 There is an agricultural economy in
19 Tehama County, in much of Northern California,
20 agriculture predominates. Agricultural economies have
21 input. And I'm not an economist so don't push me too
22 much on this one, but water is our input. It is not a
23 commodity. It's an input into an agricultural
24 economy.

25 That input can be transferred to an urban

1 time. There are other things. What we want to know
2 is that there is a recognition, and we want to work
3 with CALFED to assure that those third party impacts
4 are monitored and prevented, actually, but at least
5 mitigated if they can't be.

6 So if you'll go on to that, is there one
7 more, Bob?

8 COUNCIL MEMBER MEACHER: No.

9 MR. WILLARD: On the paper that I passed
10 out to each of you, you will see a groundwater
11 statement that came out of a seven county group.
12 Tehama County started following the CALFED process in
13 96, became concerned, obviously, as anyone with
14 groundwater dependence would be on the process. We
15 met, formed up with five other counties, Shasta,
16 Tehama, Butte, Glenn, Colusa and eventually Yolo and
17 Sutter and came up with these seven principles that we
18 need thought needed to be welded into the CALFED
19 process, so that we could ensure that did us no
20 significant harm. And that's the one that makes us
21 feel good.

22 Read that first one, number two, I have
23 pasted these together. The full one is certainly
24 together, has been submitted to CALFED, and we will be
25 looking at the CALFED draft EIR with relationship to

1 area and be an input into a very different economy.
2 Unfortunately, the agricultural economy also happens
3 to be in an area which the unemployment rate is higher
4 and is more fragile. We do not see the vibrant
5 economy. We do not see the economic sweep over
6 California that's generating a four billion surplus in
7 the budget. Tehama County is struggling. We don't
8 know if welfare reform is just going to completely
9 wipe us out or not.

10 We do not have those jobs. We don't have
11 the capacity to begin to produce more jobs. If we
12 lose that input to the one economy we have, you're
13 already to see what we call third-party impacts.

14 Bob, if you can put that next one up
15 there. This is a segment of a report produced, Yolo
16 County following the water bank submitted a bill of
17 \$129,000, Department of Water Resources. If you'll
18 read through this, what it essentially says is
19 following the land, fouling the unemployment, the
20 social services increases. That was the cost the Yolo
21 County calculated they had incurred as a result of the
22 water transfers.

23 These kind of third-party impacts are
24 certainly subject to debate. You can look at the same
25 thing and say, yes, there was a recession during that

1 their sensitivity of what we decided as concerns early
2 on. Assure that Northern California, Northern
3 Sacramento Valley water users, that their proposed
4 groundwater programs will adhere to local groundwater
5 management plans, monitoring programs, and city and
6 county groundwater ordinances.

7 Tehama County has moved forward with a
8 groundwater plan. We do have a water transfer
9 ordinance. We are moving forward to work with all the
10 agencies in the county. That kind of local control
11 and decision making is most important when the
12 resource is our citizens' lives.

13 The economy, the environment, they are
14 all tied together. We need to work with CALFED.
15 We're excited to work with CALFED to try and bring
16 about a solution for other's problem but also to take
17 care of ourselves. So thank you for meeting today and
18 I appreciate your time.

19 CHAIRMAN MADIGAN: Thank you, sir.
20 Thank you very much for your participation.

21 MR. DICKERSON: The next speaker will be
22 Honorable Brent Hastey, Supervisor of Yuba County.
23 He's a member of the RCRC water committee, and he's
24 going to talk on water transfer and storage
25 perspective.

1 CHAIRMAN MADIGAN: Welcome.
 2 MR. HASTEY: Thank you, Mr. Chairman.
 3 Thank you for allowing me to come. I'm going to talk
 4 a little bit about the Yuba County Water Agency, which
 5 many of you've heard. I kind of tie that into how I
 6 think CALFED needs to work.

7 I left a brochure for all of you, if you
 8 have an opportunity, it will give you a lot of
 9 information about the Yuba County Water Agency. If
 10 you forget anything or need any more information, feel
 11 free to ask our Chairman Tib Belzer.

12 The agency and I were born in the same
 13 year, 1959. It was a great year. The agency was
 14 formed because of flood problems in Yuba County. It
 15 was also formed to allow water to get to the farms in
 16 Yuba County to allow -- and also because we were
 17 having a groundwater problem. We were extracting our
 18 groundwater faster than we could put it back in.

19 What the agency did was to build a
 20 storage facility. That storage facility is roughly a
 21 million acre feet, roughly the same size as Folsom
 22 Reservoir. It is a reservoir that allows Yuba County
 23 to do many things extremely well. And why I think
 24 this is a good example is because it really could be a
 25 model for the State.

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1 One of the differences between the Yuba
 2 River now, before the dam was built, and the Yuba
 3 River now, the difference is that the fishery's in
 4 better shape than it was in 1969 when the dam was
 5 completed. And the numbers that we have from our
 6 biologists prove that. It is all because the agency
 7 was able to build storage.

8 During those transfers, the other item we
 9 were able to do was use conjunctive use. We were able
 10 to take groundwater, pump it out of the ground, sell
 11 it to the South State so they could keep their economy
 12 booming, but with the absolute knowledge that our
 13 farmers knew that they would be able to replace that
 14 groundwater as soon as there was a non-drought year.
 15 That there would be surface water available to be put
 16 upon their farm ground and replace it. And it worked.

17 We know and have absolute understanding
 18 that we can transfer groundwater out of Yuba County
 19 because we absolutely know that we have a storage
 20 facility that can replace that water and we saw it
 21 happen in 89 and in 90.

22 In the same sense, it's the assurance
 23 that Yuba County citizens have that the Yuba County
 24 Water Agency is going to guarantee them their water
 25 through that storage facility. We're going to

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1 When the storage facility was built, we
 2 promised to get water to the rest of the county. In
 3 the process of doing that, we found that we ran out of
 4 money. As in most State, projects you get to that
 5 point where you get to build something and before you
 6 get to finish it, you don't have enough money to
 7 finish it which well could become where CALFED and
 8 this process ends up. There is a long ways between
 9 here and ten billion dollars.

10 In that time frame, we were able, because
 11 we built a storage facility, to transfer water. And
 12 as Susan pointed out, the agency has the biggest
 13 transfer of water in the State of California. We've
 14 transferred a little over 35 million dollars worth of
 15 water in the last ten years without third-party
 16 impacts. There was no ground. It came out of
 17 agriculture in Yuba County. There was very little
 18 impact inside the county other than third party
 19 impacts that impact upon the people of Yuba County in
 20 a positive way.

21 Because of those transfers, the agency
 22 was able to pay for flood control. It pays for fish
 23 mitigation projects. It's currently looking at
 24 funding temperature control projects on the Yuba
 25 River.

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1 guarantee them first rights to the water in Yuba
 2 County that allows us to make transfers, that allows
 3 us to use conjunctive use.

4 The first transfer, as Tib well knows,
 5 was a huge battle because nobody wanted to sell water
 6 to Southern California. The reality is it works. And
 7 it works well if you have a guaranteed supply to back
 8 it up.

9 Northern California cannot afford to sell
 10 water or transfer water to Southern California or
 11 anywhere else in the State unless there is a
 12 guaranteed assurance that when the water is -- when we
 13 have the right to the water first.

14 In Yuba County it works, because we have
 15 that right. The agency will back it up. When CALFED
 16 and when the need for water is to be moved to the
 17 south, when there is a storage project built to
 18 guarantee the north that the water will be there when
 19 it's needed, then you'll get transfers to the south
 20 without much of a fight. But until you guarantee the
 21 north that the water will be there when they need it,
 22 then you will battle forever.

23 In many respects, the agency is very
 24 small, Yuba County is a small poor county, but it did
 25 understand water and it did something right back in

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1 59, other than just me, and it works. And I think
2 that in the same sense, when the north is comfortable
3 with the assurances, as Dick said, that we are
4 guaranteed that water and that you'll build facilities
5 that guarantee us that water, then this project and
6 this system will work, and CALFED will be known as the
7 huge success at the end of the 20th century.

8 If those storage facilities and that
9 water is not and those assurances are not given to the
10 north, then it will go down as one more failure in a
11 long history of water fights in California.

12 CHAIRMAN MADIGAN: Thank you, sir.

13 MR. DICKERSON: Next we'd like Michael
14 Jackson. He's the RCRC legal counsel, and he will
15 speak on the area of origin and the assurances
16 perspective.

17 MR. JACKSON: Thank you, Mr. Dickerson.
18 Thank you, Mr. Madigan for the opportunity. I'll get
19 to the slides that are up on the wall, but first I
20 want to talk about assurances because something that
21 Hap Dunning said earlier was exactly on point.

22 The Trinity River is a wonderful
23 example. The area of origin laws are on the books,
24 but the Bureau of Reclamation only pays lip service to
25 them.

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1 the assurances. And, again, I'm directing this to the
2 Federal Government. You talk about the assurances,
3 but when push comes to shove, they are worthless. And
4 so we are extremely interested, since you can't really
5 transfer water back up on the Sierra bathwidth. You
6 can't very well transfer water back up that river that
7 you use as a canal to Shasta County.

8 We're very interested in why anyone in
9 Northern California should believe the idea that we're
10 going to be taken care of in this program. We have 40
11 years of history that say different.

12 Now, secondly, one of the ways that you
13 could assure something is to reinvest in the upper
14 watersheds. The problem is that, you all have in your
15 packet, and you probably received it a couple of days
16 ago, the first description of your financial package.
17 I read it quickly, and so I don't want to be held to
18 the exact letter of it, but as I read it, I was
19 stunned to find out there has been a decision made
20 that there is going to be no mitigation for past
21 damage, that we're going to do beneficiary pays but
22 only for the future.

23 Now, for someone who lives in the upper
24 watershed, for instance, Plumas County, our timber
25 economy, our mining economy, our cattle economy, the

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1 We have the Trinity experience of
2 attempting to get back area of origin water to take
3 care of a river within the watershed and the Bureau
4 fighting it and the Bureau's contractors fighting it.
5 That's not a unique situation in the RCRC area.

6 Recently, Tuolumne Utility District went
7 to the City of San Francisco and the folks on Tuolumne
8 River and asked for about 6,000 acre feet of water so
9 that they could serve people who were coming to their
10 county and were turned down by folks on both the
11 Stanislaus and the Tuolumne River.

12 The facilities that exist in their county
13 are supposedly facilities that they can use by
14 contract, but what they were told at Neumalonis
15 (phonetic) by the Bureau was that they would get none
16 of that water because it was dedicated to the health
17 of the Delta to meet vernalis (phonetic) standards.

18 To confirm that, you could look at the
19 situation on the American River where Eldorado County
20 has asked to get some of the water back from Folsom
21 Reservoir and been told, for whatever reason, that
22 that area of origin water is not available because it
23 is committed downstream.

24 So when we talk about assurances, we talk
25 about it from a position of knowledge. You talk about

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1 things that sustained my county for 100 years,
2 essentially are dwindling.

3 Now, there is many reasons for that. We
4 all know what they are, and we do need to make some
5 changes, and we're trying to do that. But what we
6 would have without the projects for the downstream
7 users is 250,000 salmon that used to come up the
8 Feather River, a place where King George of England,
9 when he came to the United States in the 20s wanted to
10 go. And he rode something called the Rainbow Special
11 which left the Oakland Terminal six times every
12 weekend carrying fishermen into our county to catch
13 some of the finest salmon and steelhead in the world.

14 In fact, when Shasta Dam was built, the
15 Bureau studied it to find out what the effect of
16 killing the fishery in Siskiyou County and Modoc
17 County and upper Shasta County would be, and they
18 decided that even though it is technically feasible to
19 pass fish into the Pit River and into the McCloud
20 river and even though the Bureau designed the program
21 and tested it and found out that it worked, there was
22 no need to do that. And the decision was made that
23 there was no need to save that fishery because the
24 Feather River and the San Joaquin river produced so
25 many salmon and steelhead that there would never be a

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1 need for the fisheries of the McCloud and the
2 Sacramento, and the Pit. And then years later, those
3 were closed for the water projects down below.

4 So we're probably, in RCRC, the only
5 people to which the upper part of the project does the
6 devastation to the economy. A fishermen in California
7 now, even though we have tremendous numbers of stream
8 miles, a real fishermen in California, and maybe
9 Richard Izmirian, who is one, can validate this, is
10 somebody who has a Montana fishing license in his
11 pocket.

12 The money that people in Montana and
13 Idaho make in terms of fisheries are foregone for our
14 counties by these projects. And so the idea that your
15 financial package will not deal with the past damage
16 is a kiss of death for our recreational and tourism
17 economies behind these dams.

18 Now, there are programs that would pass
19 fish up into their native habitat, and those programs
20 are on the shelf but not being considered here. The
21 Bureau has them. The problem with that is twofold.
22 Not only the counties up above the dams and the loss
23 for the last 30 or 40 years of this developing economy
24 but for the agricultural interests down below.

25 The fish are being raised around their

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1 carries, most of the reinvestment to our economies,
2 and so we cry when we lose that. Our students cry
3 when the schools lose it. Our roads slough into the
4 streams when we lose it. But in reality, it's not the
5 major value. It's simply that for 100 years, no one
6 has reinvested. And we need that fixed. And we need
7 it fixed in this program.

8 We believe that the urban economy is
9 absolutely critical to all of us in California. We
10 get tremendous benefit from it in the upper
11 watersheds. Many of us telecommute. Many of us are
12 second home folks who made their living in the urban
13 areas. But at this point, we don't have the money to
14 carry the burden to keep these dams that we already
15 have from silting in.

16 Now, we in Plumas County, are relatively
17 aware we're connected to the Delta. And Mr. Brodrick
18 in Fish and Game made us very clear how connected to
19 the Delta was when they brought in the armed forces to
20 poison our water supply.

21 Now, if we are connected to the Delta in
22 the way that we need to sacrifice what remains of our
23 tourist economy in order that the Pike does not become
24 one of the other exotic species in the Delta, then we
25 would think that at some point, this clean, fresh

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1 pumps and adjacent to their land and in tiny streams
2 that really don't give the benefit of being able to
3 restore these fisheries. And yet on the major rivers
4 of the Sierra, on the major rivers of the Cascades,
5 there is no program.

6 The idea is that we get the burden of the
7 projects both ways. Now, in terms of reinvestment,
8 the Sierra Nevada ecosystem project began to look at
9 what the value was of the recreational economies of
10 the Sierra and they're much like the Cascades. You
11 could essentially double the numbers you're looking at
12 on the wall. But in terms of annual resource values,
13 the one on the right, hydroelectric power is the
14 majority of the value.

15 In terms of downstream irrigation, there
16 is a substantial value as well. Downstream municipal,
17 there is a substantial value. The things that we're
18 known for, the tourism, the recreation, the timber,
19 the agriculture are a very small part of the actual
20 value. It's mostly the water to that big huge economy
21 that we hear about regularly in urban California.

22 Now, in terms of reinvestment, the actual
23 return of the value created by the catchment basin and
24 by the watersheds that deliver the water, you can see
25 that timber, which was only 17 percent of the value

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1 water, this recreation that you all use would be
2 supported by others as well. We cannot afford, at the
3 state of our economy, to carry these burdens beyond
4 the 100 years we've carried them. And we want you to
5 think about the effect that your systems have had on
6 those of us who live above them.

7 The only other thing I would like to say
8 is that we are trying very hard to be cooperative.
9 We're trying very hard to be a bridge. You will hear
10 very different views from us than you will hear from a
11 lot of folks because we are a three-way process.

12 Where we live, there is not enough of us
13 to divide into urbans and ags and enviros. We have to
14 be everybody. So you will find at this table, urbans
15 and ags and enviros. And we believe that you should
16 work cooperatively with each other. And we believe
17 that we should help you. But what we see in the
18 CALFED process so far from every one of those
19 perspectives is that the decisions have not been made
20 yet.

21 And I will take you, in closing, to the
22 one decision that will break this process completely
23 apart, and it is this. When I read the environmental
24 document of CALFED, it hypothesizes a fish screen for
25 a 15,000 cubic feet per second diversion.

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1 Well, you have a 15,000 cubic feet
2 diversion at Clifton Court Forebay. Don't consider
3 building another one of these monsters until you get
4 that one adequately screened, and then we can take a
5 look at the idea of trying another one.

6 Thank you very much.

7 CHAIRMAN MADIGAN: Thank you, sir.

8 MR. DICKERSON: Next we'd like to have
9 you hear from Sue Sutton of Family Water Alliance.

10 MS. SUTTON: Thank you very much for
11 being here today. It's truly a pleasure to offer you
12 a perspective from the grassroots. I represent an
13 organization called Family Water Alliance, and we
14 represent people that are truckers, that are farmers,
15 that are ranchers, that sell the tractors, the
16 equipment dealers, that are actually the people that
17 are on the land.

18 Today you've had an opportunity to hear
19 from the water districts and some of those other
20 folks. Now you have an opportunity to hear about the
21 fears of the people on the land when they hear about
22 CALFED.

23 First of all, I think most people in
24 California are in favor of solving the Delta
25 problems. But in Northern California, we have a fear

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1 need to have storage and Northern Californians are
2 adamant about the need for storage.

3 One of the other things that we need to
4 have is legally binding assurances in the area of
5 origin and water rights. Area of origin covers not
6 only the cities but it also covers agriculture and our
7 wildlife. We need to know that there are going to be
8 specific benefits for the Northstate in all of this.

9 One of the questions that I continue to
10 bring up is when you look at all the demands on
11 California water, how much water is going to be coming
12 from Northern California. What is the total cap of
13 water that Northern California is going to be expected
14 to deliver now and 50 years from now and 100 years
15 from now, because at some point, environmentally, this
16 Northern California will decline if water
17 continues -- if our water has to continue to meet all
18 of the needs of California. So we need to put a cap
19 on some of these things.

20 Groundwater is a major issue for us.
21 We're fearful of conjunctive use. We don't want to
22 ship off our good, clean, pure surface water and have
23 to rely on groundwater. As you heard today,
24 groundwater is not reliable in every single county.

25 In Colusa county alone, on the west

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1 that there is going to be solving the Delta problems
2 on the backs of Northern Californians. We have this
3 fear because every time we turn around, there is
4 pressure for water. We have the ESA pressures for
5 water for fish. We had DWR pressure waters. We have
6 Joint Venture Habitat Agreement, which you heard about
7 earlier, that talked about all the wetlands that need
8 to be restored. All those environmental projects need
9 water. We have the Bureau's contracts and
10 overcontracting that requires water. And up and
11 coming, we have the Colorado River water that's going
12 away and the south is going to be looking to replace
13 that water.

14 Where do we look for water? We look to
15 Northern California. This causes us great concern.
16 We need to know that if water is shipped out of
17 Northern California, that that water will be
18 replaced. And we are looking to that replacement of
19 that water as our mitigation for partaking in the fix
20 for the Delta and the ongoing water that seems to be
21 needed south.

22 We recognize fullheartedly the California
23 population is growing. And as that grows, we cannot
24 just take a look at taking land out of production to
25 supply the ongoing needs in the year 2030 or 2050. We

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1 side, we have very little groundwater. In Colusa
2 County, on the east side, we have water quality
3 problems already being evidenced with groundwater in
4 salt. So we can't afford in Colusa County to rely on
5 groundwater. We need our groundwater.

6 The other issue is subsidence. Northern
7 California is different than Southern California.
8 Northern California is based on a surface water supply
9 through canals and ditches. If we had ground
10 subsidence, we have the opportunity for more flooding.

11 Hamilton City is one sandbag away from
12 flooding. If our levies go down, Hamilton City goes
13 under. We need to be aware of those kinds of things.
14 We need to be aware of the cause and effect of
15 shipping water out and taking groundwater.

16 One of the other things that we talked
17 about water is reliability of supply. Well, Southern
18 California needs a reliability of supply, so does
19 Northern Californians.

20 Recently we went to a hearing and Senator
21 Johannessen had and the president of Production Credit
22 Association said that they had a person who wanted to
23 take out a 30-year loan to buy some property. And we
24 asked -- he asked can this person take this out based
25 on the water supply. And the response was, no, don't

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1 loan for 30 years because we don't know what kind of
 2 water is out there. That doesn't sound good for
 3 Northern Californians. No wonder Northern
 4 Californians are nervous.

5 There are specific targets, target
 6 actions, in the big document. I've been trying to
 7 read that document, and let me tell you it's quite a
 8 task. So I've been kind of focusing on my particular
 9 area, close accounting. And I look at some of those
 10 actions, and some of those target actions do not
 11 reflect rural life situations. For example, one of
 12 the recommended actions is to defer fall tillage in
 13 rice fields and to leave more rice in the field.

14 Well, apparently whoever had suggested
 15 this has not considered the real world realities out
 16 there of what's happening to rice growers. Rice
 17 growers are under strict regulations now for air
 18 quality, water quality. With our inability to burn in
 19 the fall, we now can no longer get rid of our straw.
 20 We have more problems there. So deferring tillage is
 21 very difficult for us. Tillage is important for us to
 22 get rid of straw because we're using straw decomp. So
 23 those are things that we need to make in
 24 considerations.

25 The more rice we leave in the field for

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1 Finally, I have a little example of where
 2 private property ownership has been successful, and
 3 that is the screening of small agricultural diversions
 4 on the Sacramento River. This is a voluntary program,
 5 much like the conservancies going on up in the hills.
 6 This is going on in the mainstream Sacramento River.

7 Last year we were able to screen
 8 voluntarily with the agencies assisting us in
 9 technical support four screens, excuse me, four
 10 diversions. This year we have 16 diversions that are
 11 signed up to be screened. We don't have enough money.
 12 It shows that when we have voluntary programs, people
 13 are out there who want to help with these restoration
 14 projects. But it needs to be voluntary. So I'm
 15 asking this board to send some more money for small
 16 screens because we have people who are signed up and
 17 ready to go.

18 Finally, I think, just as CALFED has a
 19 vision for Bay-Delta, we have a vision for Northern
 20 California. We have a vision that we have abundant
 21 water supply. We have a vision that we have abundant
 22 wildlife and a healthy environment and that our rural
 23 communities are vibrant and active; that we can keep
 24 our roads paved; that we can keep our emergency
 25 services going, and that we have our libraries for

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1 ducks, and we certainly want our duck population to
 2 go, the less yields we have to put our kids through
 3 college, to keep our schools open. Those are the
 4 considerations we have.

5 We highly support watersheds. We think
 6 those are the key to the future, but those watersheds
 7 must be based in private property landownership
 8 activities. It's the people on the land who will
 9 definitely, in the future, make the difference to what
 10 happens.

11 We have concerns about the vague language
 12 in the documents. As a landowner and a rice grower, I
 13 look at a word that says "cooperatively managed" and
 14 I'm scared to death. Does that mean I'm going to have
 15 15 agencies cooperatively holding my hand managing my
 16 business. I don't think so. We don't need more
 17 government. We need less government.

18 Which brings me to the idea in watershed
 19 management, it talks about options for how we're going
 20 to do this. They say develop a whole new agency. And
 21 the water efficiency, a whole new agency. We don't
 22 need any more agencies. We have plenty of agencies.
 23 Let's have those agencies use their time and
 24 effectiveness to help us accomplish the goals that we
 25 need to do.

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1 kids. So we need to have all the water that we can
 2 get. We're willing to participate, but don't forget
 3 us.

4 30, 50 years from now, we do not want to
 5 be at a meeting like this that says what are we going
 6 to do to protect the Northstate.

7 CHAIRMAN MADIGAN: I would point out it
 8 is just about 4:25 right now. We need to be out of
 9 here by 5:00, and I know a couple of members in this
 10 group have plane flights to catch as well. So I would
 11 ask the indulgence of the panelists in that regard and
 12 to excuse a couple of people as they have to get up
 13 and depart for airplanes.

14 MR. DICKERSON: Thank you. We'll have
 15 proceeding panelists shorten presentations beginning
 16 with Tom Nelson of Sierra Pacific Industries.

17 MR. NELSON: When I was asked to do this,
 18 I was suppose to be representing the timber, the
 19 forest products industry, and I said, sure, I'd be
 20 happy to do this. How long do you want me to speak?
 21 They said, well, there is ten people and you have 40
 22 minutes. We're going to divide it equally so you got
 23 four minutes. But then I noticed there is three
 24 politicians and one lawyer ahead of me, so I had
 25 already paired down my comments somewhat.

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1 I represent Sierra Pacific Industries,
2 and I wanted to bring you through kind of a broad
3 perspective of where these lands are above the dams
4 because that's primarily where my expertise is.

5 In rough numbers, there is about 100
6 million acres of land in California, and of that,
7 about 40 percent, it's actually about 39 million
8 acres, that's considered forest land. Of that,
9 two-thirds of it is Federal or predominantly Federal.
10 There is some other public land. But two-thirds is
11 Federal and the other third is private.

12 Of that one-third that's private, it's
13 split almost equally. Half of it is small
14 non-industrial owners, ranchers, that sort of thing,
15 and the other half belong to industrial owners like
16 Sierra Pacific who I work for. Sierra Pacific owns
17 1.3 million acres which is about a quarter of the
18 industrial land. So you've gone from 100 million
19 acres of the gross down to 1.3 million acres, which is
20 what I'm most familiar with, which is Sierra Pacific's
21 ownership.

22 The map that's in front of me here, and I
23 apologize for those of you here who can't see it,
24 shows only the green which is the Federal ownership.
25 The blue is Sierra Pacific's land. The rest of the

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1 can improve the water quality. If you don't have the
2 catastrophic wildfire, that's kind of a given.

3 To some extent, you can also improve the
4 timing and the releases of the water by having
5 healthier upper watersheds. And, though it's not
6 really pertaining to the water issue, you can improve
7 the air quality because when you don't have these
8 catastrophic wildfires, the emissions are greatly
9 reduced.

10 Virtually, all the benefits that I just
11 mentioned are the direct or indirect result of
12 managing forest ecosystems in these upper watersheds.
13 The prime example is thinning dense, overstocked fire
14 prone stands of timber. This will reduce the fire
15 risk. It will also have an associated decrease in
16 water quality that you're going to avoid. And at the
17 same time, you'll be able to utilize this harvest
18 material. And that's where obviously the forest
19 products industry comes in.

20 In essence, what you're saying is that
21 you can improve the situation in the upper
22 watersheds. You can reduce the fire risks, and at the
23 same time, instead of putting the fuel up into the air
24 as air pollution, you can utilize it. You can
25 generate electricity with it. You can generate fuel

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1 private is not on there. Also significantly, of that
2 1.3 million acres that we manage, one million acres is
3 behind dams and diversions. There is only 300,000 of
4 that which is in river tributaries that are free
5 flowing. So of that large portion, I'm trying to get
6 you into sinc of the land that I'm talking with about
7 that's managed above the dam.

8 Sierra Pacific has 12 sawmills, five of
9 which are tailored to cut small logs down to about a
10 five-inch top. The others are still larger log mills.
11 We're in the process of converting one mill in
12 Loyalton over to a small log facility. I say that
13 because it will come into play later. We also have
14 two mouldings and millworks plant, a windows division
15 and eight cogeneration plants. All of this is in
16 California.

17 What I really wanted to talk about are
18 the opportunities for up-slope management. The
19 primary opportunity that we have in up-slope
20 management that pertains to the BDAC is that there is
21 an opportunity to reduce the risks of catastrophic
22 wildfire. I'm sure you heard that this morning.
23 You'll hear it again over and over and over again.
24 But it's important because along with reducing that
25 risk for wildfire, there is some side benefits. You

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1 for automobiles with it, and you can make boards out
2 of it. Seems like kind of a mutually beneficial
3 situation to us.

4 Having said that, I want to go on and say
5 that it's going to take some investments to make all
6 of this work. The good news on that is that -- and
7 you'll hear more on this from Bill Carlson and the
8 rest of the panel -- that we have a lot of this in
9 place. There is a biomass industry in place in the
10 State already. We're struggling in certain areas, but
11 it is in place.

12 We also have small log sawmills like I
13 just mentioned. I think it can be expanded, in fact,
14 I know it can. But just as Mr. Snow said earlier,
15 sustained adequate funding is going to be necessary
16 for this project to go ahead.

17 I'm would paraphrase that in the case of
18 forest products industry to say that sustained and
19 adequate supply of raw materials are necessary. We
20 need the same assurance that there is a program out
21 there before we invest in some of these facilities.
22 And with that, I would ask you to please consider this
23 as you go on.

24 CHAIRMAN MADIGAN: Sir.
25 MR. DICKERSON: Thank you. We do have

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1 four other panelists. Would you like to hear from
2 them?

3 CHAIRMAN MADIGAN: Absolutely.

4 MR. DICKERSON: Bill Carlson,
5 Peter Smith, Leah Wills and Jim Chatigny. Mr. Bill
6 Carlson from Wheelabrator Shasta Energy discussing the
7 biomass perspective.

8 MR. CARLSON: I would suggest that though
9 you think you're a long ways north here, you're just
10 not quite far enough. And tomorrow morning, when you
11 go to Whiskeytown, you'll have your first opportunity
12 to be above the dams, above the reservoirs, and that's
13 where I want to focus. I really want to take off on
14 what Tom Nelson was just talking about because above
15 the reservoirs is the only opportunity, as I have
16 listened to the other panelists for the last few hours
17 here, talking about trading one thing off for
18 another. Don't take my groundwater and let the
19 surface water flow by. It's not going to work.

20 Above the reservoirs, however, you have
21 the only opportunity, in my opinion, to actually
22 increase the supply, as Tom mentioned, but you also
23 have the greatest threat to the integrity of the
24 system, is what happens, again, above the reservoirs,
25 and that is the catastrophic wildfire that is

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1 streams that now run longer than they typically do.
2 And you can also have quality increases at the same
3 time. So there are opportunities out there to
4 increase the supply of water in the Sacramento River.
5 But, again, you have to look above the reservoirs in
6 order to determine that.

7 Unfortunately, the system of thinning
8 those acres is in the process of retreating rapidly.
9 It's a very unfortunately thing. A lot of
10 infrastructures have shut down or operating
11 intermittently because legislature chose to pass
12 Assembly Bill 1890 which was the electric
13 restructuring bill and saw that no longer will we
14 allow the electric rate payers in California to pay
15 all of the burden of supporting renewable technology
16 such as the biomass industry in California.

17 Instead, they directed specifically the
18 biomass industry, recognizing these benefits,
19 including the water benefits, to go looking to the
20 other beneficiaries beyond the electric rate payer and
21 say, You better go find somebody else to pay for
22 this. We know the benefits are out there but you now
23 have to go to the beneficiaries.

24 Well, today I have the opportunity to
25 come to some of the beneficiaries and suggest a system

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1 discussed because if you look at it seriously and,
2 it's not a question of if, it's a question of when in
3 California. And the system, the delivery systems you
4 have will collapse if those upper watersheds are
5 simply all burned up because the reservoirs will all
6 fill with silt and the runoff will occur in a matter
7 of hours not a matter of months.

8 And as Tom alluded to, we have a system
9 in place, however, that is designed to improve that
10 situation. Over the last 15 years, the biomass power
11 industry, who I represent as Wheelabrator
12 Technologies, has thinned about a million acres in
13 California, primarily above the reservoirs. And
14 we've done it basically on the nickels that the
15 electric rate payers of California have paid us.
16 We've gone out and gathered this fuel off these
17 overstocked lands that were mentioned. And the
18 results have been overwhelmingly beneficial and are
19 accepted by essentially all of the parties that are
20 knowledgeable relative to the outcome.

21 And the water yields, as has been shown
22 in about 120 studies throughout the west, do
23 increase. The quantity of water released goes up.
24 The timing of the water is extended over the year so
25 that you have stream flows that -- intermittent

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1 here that we think may work.

2 It needs more science, and it needs some
3 demonstration projects. We would suggest a system
4 whereby this thinning is paid for long-term by
5 combination of the increased hydropower sales that
6 will result when you thin above the reservoirs,
7 increased water sales that will come from the extra
8 water that will be produced. And we're talking now in
9 the preliminary studies about one-tenth of an acre
10 foot per year per acre thinned in some preliminary
11 studies that were done in the Feather River. And then
12 the sales of the excess biomass to both the biomass
13 power industry and to the forest products industry.

14 We would suggest that CALFED can start
15 this coordinated thinning process potentially with the
16 funds available to it, provide for documentation
17 results, so we know what it is we're gaining when we
18 do this thinning, and to look to the transition
19 ultimately to a fee on the additional water that's
20 sold out of the system as a long-term funding source
21 for the thinning.

22 There is a solution to the problem.
23 There is a way in which to reduce the risk to the
24 system because of catastrophic wild fires. But,
25 again, you have to begin by looking above the

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1 reservoirs. That's where you have control of the
2 quantity, the quality and the timing, and that's where
3 the greatest threats to the integrity of the system
4 lie.

5 Thank you.

6 CHAIRMAN MADIGAN: Thank you.

7 MR. DICKERSON: Next we'll hear from Mr.
8 Peter Smith of Ducks Unlimited. And, Mr. Chairman,
9 I'm going to have to excuse myself too for a 5:00
10 o'clock commitment.

11 CHAIRMAN MADIGAN: I understand. Thank
12 you so much for your help.

13 MR. SMITH: Afternoon, ladies and
14 gentlemen. Thank you for your time. I work with
15 Ducks Unlimited. We're a nonprofit conservation
16 organization. Our mission is to protect, restore,
17 enhance and manage wetlands throughout North America.

18 As Mr. Bill Gaines pointed out, in
19 California we have a huge loss of wetlands, over 90
20 percent, some estimates up to 95 percent.

21 These wetlands are valuable to the people
22 of the State of California in that they provide for
23 water quality. They provide for groundwater recharge.
24 They provide flood protection as well. In some cases,
25 the estuary areas provide for fish nursery habitat and

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1 MR. CHATIGNY: Nevada Irrigation
2 District. We're not tied in with the county. That's
3 okay. We get that all the time.

4 There used to be a radio program on that
5 I could name that song, well, maybe I can do that in
6 about two minutes ago. I could just say ditto to
7 everything that's been going on in regards to area of
8 origin and county of origin.

9 As a district manager, one of the
10 responsibilities of ensuring to my board of directors
11 and our customers and our constituents that the firm
12 water supply will be available. It's one of those
13 things that we need to know that our water rights are
14 protected and that the uses that we've put this water
15 to over the years will remain as the growth continues.

16 Our facilities were built, in many cases,
17 many, many years ago. Some of my facilities date back
18 to 1850, 1851, and I have five children older than
19 Yuba County Water Agency, if that dates anybody. So
20 these facilities, not like my children though, but the
21 facilities are old, they're limited. There is a lot
22 of work that needs to be done to them, and in many
23 cases, there are not dollars too accomplish some of
24 these.

25 And our supplies, not only through the

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1 a lot of these estuary marshes have been lost in
2 California as well.

3 The agricultural component in California
4 also has a huge impact on the waterfowl and wetland
5 resources. There are over 500,000 acres of rice
6 production in California. These provide for seasonal
7 areas, for resting and feeding, for a host of
8 waterfowl and other wetland dependent species.

9 These agricultural areas, in particular,
10 are threatened by development. Without secure water
11 supplies for the wetlands and these agricultural
12 areas, many of these lands will be lost to development
13 and we will lose the benefits that these wetlands
14 provide.

15 Ducks Unlimited is very concerned about
16 water diversions, about water supplies and about
17 supplying fish-friendly water to these agricultural
18 and wetland areas. I'm confident that working
19 together, we can find a solution that is both
20 economically and environmentally feasible. Thank you
21 for your time.

22 CHAIRMAN MADIGAN: Thank you, sir.

23 MR. JACKSON: Next speaker the
24 Jim Chatigny, the general manager of the Nevada County
25 Irrigation District.

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1 conveyance facilities but the storage facilities, are
2 not able to be keeping up with the growth that is
3 occurring in the rural mountain areas.

4 I can speak -- Michael talked about
5 Tuolumne Utility District, trying to get additional
6 waters, Eldorado, Georgetown PUD, all of those small
7 ones, they're all looking for additional waters and
8 they can't get them. There just isn't the ability to
9 do that. We don't have the dollars, if we could even
10 get through the process of trying to get some
11 off-stream storage or some additional on-stream
12 storage.

13 Through Mountain Counties Water Resources
14 Association and through RCRC, we're in the process of
15 looking at our future needs and trying to forecast
16 just what the water needs are going to be, because we
17 get letters from LAFCO, we get phone calls from LAFCO
18 on a continuing basis. What are your supplies? Where
19 are you going to serve? How can you serve that? And
20 we need to know that, so we are in the process of
21 developing some data, some collection data, so that we
22 can be prepared for that.

23 We have a public trust requirement in our
24 own counties in our own service areas that need to be
25 met first. Our farmers, our citizens, all of us have

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1 spent dollars of our own over the years, individual
 2 dollars. When the Nevada Irrigation District was
 3 formed in 1921, the farmers mortgaged their own
 4 property. They put their farms and their houses and
 5 their businesses up for the collateral before they
 6 went into the vote of people to form the irrigation
 7 district. Had they not approved the formation, the
 8 farmers and citizens would have lost what they had.
 9 So the residents of Nevada County and parts of Placer
 10 County, also where we serve, did develop these
 11 structures on their own. So they have an investment,
 12 and we can not lose that investment. So we need to
 13 protect that. And we protect that through the area of
 14 origin, through the pre-1914 water rights that we have
 15 and through our appropriated water rights, the ones
 16 that we bought from the mining companies and PG&E.

17 So we need additional supplies. We need
 18 to maintain the economies that we have. Water is a
 19 very important, as you saw on the charts that Michael
 20 put up there, to continue to save our local
 21 economies. We need to work towards protecting our
 22 public trust. And we do that by maintaining these
 23 water supplies that we have.

24 On numerous occasions, I asked Chairman
 25 Don Warren, the State Water Board, if sometime I were

1 agricultural uses. It would be a benefit to
 2 everybody. The beneficiaries would be everyone, and
 3 so perhaps the payment should come from everyone
 4 throughout the State.

5 So I guess that almost took care of my
 6 four minutes. And I'd like to pass it on to the next
 7 person. Thank you very much.

8 CHAIRMAN MADIGAN: Thank you, sir. Good
 9 afternoon. Welcome.

10 MS. WILLS: I'm Leah Wills, and my job is
 11 wrap up, and you've already heard everything at least
 12 ten times. So I'm going to be very brief, and the way
 13 I'm going to be brief is to talk about my particular
 14 situation as an economic development professional for
 15 a little county called Plumas in the headwaters of the
 16 State Water Project, the State Feather River watershed
 17 and talk about your 15-year experience with watershed
 18 restoration and watershed management and what has it
 19 accomplished for us and for you.

20 And the way I'd like to do that is say
 21 that we have a watershed to manage that's about 3.2
 22 million acres, and it produces 3.2 million acre feet.
 23 So it's about an acre foot per acre of land. That's
 24 something to remember. We also have a population
 25 that's about four to nine people per square mile

1 to give you some water that I had surplussed, in a
 2 year or two, would you pump water back up to me. And
 3 the answer was no answer because we know it can't be
 4 done. So we need to protect what we have on the hill
 5 and within our storage facilities. But we do need
 6 more and additional storage.

7 And I guess the way that we can do it
 8 would be through a partnering process. Those that
 9 have the dollars down in Southern California or maybe
 10 Kern County, wherever they may be, if they want
 11 additional water -- wherever it comes from. A dollar
 12 here, a dollar there. A dollar on each person in Los
 13 Angeles would do what we need to do.

14 CHAIRMAN MADIGAN: Well, that's pretty
 15 darn decent of you.

16 MR. CHATIGNY: I think a partnering
 17 process would work well where we could work with
 18 somebody where we would get a share of the water to
 19 maintain within our own service areas, and additional
 20 waters could flow somewhere else to take care of the
 21 additional needs.

22 I think we all know and we all should all
 23 realize that every time you develop a drop of water,
 24 it's used for all the purposes that the beneficial
 25 uses for, for the environment, for M&I, for

1 depending on where you are in the watershed. So you
 2 have ~~20,000~~ people trying to hang on to a watershed
 3 the size of Rhode Island. Usually that doesn't
 4 matter. We have a lot of visitors and a lot of other
 5 resources, but when things start going wrong, then
 6 it's pretty much down to us.

7 And when do things go very wrong? They
 8 go wrong when there is major forest fires, especially
 9 when there is forest fires all over the west, because
 10 those forces get diverted other places. They go wrong
 11 when there is major floods, and the first thing that
 12 happens is we become isolated.

13 So when you talk about us transitioning
 14 from the kind of economies that we've always had,
 15 which have been boom bust, mining, grazing, logging,
 16 now we're talking about a water production economy or
 17 a recreation, pave it and recreate on it kind of
 18 economy, what we worry about is what happens when
 19 things go wrong or when things don't go as planned.
 20 Because, ultimately, our value to the rest of the
 21 State is stewarding this watershed keeping it in good
 22 repair no matter what is happening because we all rely
 23 on it, ourselves first and the rest of you later.

24 So in these projects, we have been able
 25 to use local knowledge and local work forces to

1 actually repair systems with our own expertise and
2 some outside money because nine people per square mile
3 can not afford to fix this watershed, what have we
4 been able to accomplish.

5 We have local data that shows some
6 things, but other people have helped us with models
7 which is more of what you're interested in. And what
8 we have learned is, if we can restore the gullies in
9 our gully meadows, it is estimated that we can create
10 275,000 acre foot of annual storage in those meadows
11 that is now lost to gullying. That's not a minor
12 amount of water.

13 And the other additional benefits, of
14 course, are improved fisheries and waterfowl habitat,
15 and the other benefit is that it all flows downhill
16 without new ditches, dams and diversions into the
17 State Water Project. So it is water that we help
18 maintain and create for the rest of the State without
19 new facilities if you simply restore the ecosystem.

20 The other thing that we would like to
21 talk about is what happens, this is not the uplands,
22 this is just the valley system, what happens when you
23 actually reinvest in the infrastructure that it takes
24 to steward this. Then alternatives that people have
25 been talking about like ethanol from wood waste or,

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1 Mr. Carlson.

2 MR. CARLSON: Yes.

3 COUNCIL MEMBER FONTES: I want to make
4 sure I understand your premise if I ask you a couple
5 questions. There is an eminent fire danger in lands
6 you own and control. You'd like to thin those down,
7 and in doing that, you'd increase the yield of water
8 in reservoirs downstream of your properties. You'd
9 like have hydroelectric water irrigators, and I guess
10 the public compensate you for that as a way of helping
11 to subsidize your operation.

12 Is that characterization fair?

13 MR. CARLSON: Pretty close in that the
14 one thing is we don't own or control any lands. We
15 just have the power plants. And there was a time when
16 we could afford to pay all of the cost of that. But
17 as a reduction in what we're paid for our product, we
18 can no longer afford to pay the entire cost of those
19 thinning operations. So we have to look to the other
20 beneficiaries of the activity to see if we can't find
21 the funds to continue the activity now that we know
22 it's so overwhelmingly positive relative to the
23 environment and to the economy.

24 COUNCIL MEMBER FONTES: Just to follow
25 up on that, I may be the only person in the room who

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1 like, or cleaning up mill sites or cleaning up mine
2 sites, actually help prevent future damage to your
3 water quality. And if you do not have people in place
4 that are paying attention to these things, that think
5 it's their job to actually conserve and steward the
6 watershed over time, when these kinds of problems
7 occur, there will be nobody there to catch them and to
8 stop them from being enormous problems that you really
9 can't afford to fix.

10 So I think what we have learned over time
11 is that stewardship of the watershed is the way of our
12 economic future. It maintains our communities and it
13 maintains the system that we all rely on.

14 If we do it in a way that does not just
15 create another boom economy that is not supportable in
16 the longrun and does not guarantee a local economic
17 group of people that are there when the trouble really
18 happens, then we won't really have accomplished what
19 you really need which is reliability from the upper
20 watershed in ways that you can count on.

21 Thank you very much.

22 CHAIRMAN MADIGAN: Thank very much.

23 Thank you all very very much. Let me ask if there are
24 questions from members of the Council. Roger.

25 COUNCIL MEMBER FONTES: Question for

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1 doesn't know the answer to that, but what is
2 preventing you or firms you're affiliated with from
3 thinning those forests now to prevent the fires, the
4 catastrophic fires you're worried about and/or provide
5 additional yields into these reservoirs?

6 MR. CARLSON: Well, it's two things.

7 Again, it's the economics, that you can't afford to do
8 this and run your operation at a loss, so that
9 prevents us. But then on the public lands, there are
10 a myriad of other restrictions that you run into
11 relative to wildlife habitat issues and endangered
12 species issues that sometimes prevent that from being
13 done.

14 What it really prevents, though, is that
15 there is a more economic system, and that is a system
16 that thins these lands to look like their, what you
17 might refer to, their pre-settlement condition which
18 is the open, widely-spaced large tree stands that you
19 found. And if you seek that, you also will -- you
20 will get some timber out of that as you remove the
21 material, because some of it is actually large enough
22 to be made into timber by people like Tom
23 Nelson's firm, and others, as well as the material
24 from biomass.

25 And that is a much more economic system.

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1 That is often a self-supporting system, but on the
2 public lands then, once you talk about taking some of
3 those trees to a sawmill instead of to the power
4 plant, that often stops the activity.

5 COUNCIL MEMBER FONTES: So we're talking
6 about some merchantable, I guess that's the word, I'm
7 sorry I'm mispronouncing it, timber. Some of it would
8 be commercially viable?

9 MR. CARLSON: If you're thinning to what
10 you would refer to as a desired future condition,
11 which is the way you want the land to look, the way
12 you want the land to function with the amount of
13 timber that was historic on that land, yes, you would
14 always come across top merchantable timber which
15 basically can be used to pay most of the cost of the
16 activity.

17 MR. JACKSON: Mr. Fontes, if I could,
18 because I sometimes speak water, and it took a while
19 for me to understand the timber relationship. The
20 largest water user, in the sense that we talk, about
21 of the precipitation that falls in the State of
22 California, 65 percent of it is evapotranspired. The
23 density that is increased from the time, on our forest
24 of 1962 to now, has increased at evapotranspiration
25 rate substantially. We are talking about only

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1 assurances that are indeed reliable?

2 MR. JACKSON: No, sir, I don't. And
3 that's why I think that it is absolutely critical that
4 it is the will of the Federal Government and the State
5 Government to begin to live up to these assurances.
6 That is the only thing that I personally could trust.

7 The examples are that every time someone
8 pushes one of these assurances, they fall apart. And
9 so from my point of view, until Mr. Babbott lives up
10 to the assurances, we are wasting our time with an
11 assurance package.

12 COUNCIL MEMBER HILDEBRAND: Do you have
13 any confidence that in the future we can begin to rely
14 on the government to live up to its promises that it
15 hasn't done in the past?

16 MR. JACKSON: Yes, sir, I do, and my
17 confidence is based upon the changing nature I see
18 amongst the stakeholders. I actually believe that you
19 folks are beginning to change, and it's becoming less
20 and less a most powerful wins to the point we've all
21 had the circumstance -- if we went around this table
22 and asked people to identify who they thought they
23 were with and whether their team is winning, I think
24 we would find that everybody at the table thinks
25 they're losing. And that's the only assurance that I

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1 returning to the natural evapotranspiration rate, and
2 those numbers are so big that they make dams and
3 diversions look small.

4 COUNCIL MEMBER FONTES: Thank you.

5 MR. CARLSON: We're talking sites that
6 have potentially ten to 50 times as many trees on them
7 as they did, say, when the white man first came to
8 California. Once we suppress forest fires and allowed
9 all the smaller understory trees to grow up, without
10 being cleaned out typically every ten to 20 years,
11 like, historically happened with forest fires, now,
12 like Mr. Jackson says, now a lot of the snow never
13 reaches the ground. It just hangs up in the trees
14 until it evaporates.

15 CHAIRMAN MADIGAN: Thank you, Alex.

16 COUNCIL MEMBER HILDEBRAND: Yes.

17 Throughout this panel presentation, there has been
18 repeated reference to the importance of assurances.
19 And, Michael, you cited a lot of examples of where
20 assurances didn't work. Assurances were given and not
21 honored, and I could add enormously to that list.

22 MR. JACKSON: Yes, sir, I'm sure you
23 could.

24 COUNCIL MEMBER HILDEBRAND: Do you have
25 any confidence that there is any way to provide

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1 see is different.

2 But it's going to take Mr. Babbott and
3 Mr. Wilson to step to the plate and give Trinity back
4 its water, give Eldorado its water, and give Tuolumne
5 County its water, and then I will begin to believe
6 that the assurances are worth something.

7 In fact, if they would abide by the Delta
8 Protection Act, it would be a heck of a place to
9 start.

10 CHAIRMAN MADIGAN: Okay. Thank you very
11 much.

12 Bob, do you have any last comments you
13 wanted to make on it?

14 COUNCIL MEMBER MEACHER: I could go on
15 for hours, but you don't want to hear that; do you?

16 CHAIRMAN MADIGAN: Good boy. Thank you
17 all very very much. I appreciate you all being here
18 today, and I appreciate your wisdom and your
19 knowledge. It's been most helpful to us. We are at
20 the point of public comment. I have three requests.

21 CHAIRMAN MADIGAN: We have two
22 additional presentations. And will you tell me who
23 they are, Tib?

24 COUNCIL MEMBER BELZA: Steve Evans and
25 Barbara Vlamas.

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1 CHAIRMAN MADIGAN: Thank you, Mr.
 2 Evans. Excuse me, I did not mean to cut you off.
 3 Please.

4 MR. EVANS: Good afternoon. My name's
 5 Steve Evans. I'm conservation director of Friends of
 6 the River which is the largest river conservation
 7 organization in California.

8 In school, I was taught that presentation
 9 is everything, so I'm passing around a little packet
 10 of material, multi-colored here, so make sure you have
 11 a goldenrod, green, blue and pink handout each.

12 I wanted to restrict my comments to
 13 surface water storage in the Sacramento watershed
 14 which is a cornerstone of the CALFED plan, three
 15 million acre feet as needed according to the preferred
 16 alternatives in CALFED for upstream storage, new
 17 upstream storage in the Sacramento watershed.

18 And despite the fact that the CALFED plan
 19 is a stack of documents two feet high, 2,100 pages,
 20 there is very little actual detail on that aspect of
 21 the program. You have to special request technical
 22 reports from CALFED before you can get into any detail
 23 of the projects being considered. And that's what my
 24 material is based on, those technical reports.

25 The major surface water storage projects

1 the Sacramento River's largest undammed tributary.
 2 One proposal is the Dutch Gulch Tehama
 3 Dams on main stem and south fork of Cottonwood Creek.
 4 Those are fairly large dams. The CALFED technical
 5 reports themselves indicate that there would be a loss
 6 of several thousand endangered salmon that currently
 7 spawn in Cottonwood Creek where those projects are
 8 built. Those salmon are either listed or proposed for
 9 listing under the Endangered Species Act.

10 I'm mentioning that to remind you of
 11 CALFED's promise that we're not transferring
 12 environmental impacts from the Delta to other regions
 13 of the State, so I'm not sure how that project could
 14 move forward.

15 Another Cottonwood Creek project is the
 16 Red Bank project which is based on an 800 CPS
 17 diversion from the south fork Cottonwood Creek into
 18 Red Bank Creek to the south. That project would block
 19 off critical spawning habitat for endangered
 20 spring-run salmon as well as steelhead. Although the
 21 environmental impact of that specific project are
 22 quite a bit less than the Dutch Gulch and Tehama
 23 projects.

24 Moving further south, we get into
 25 projects that depend on large, new diversions from the

1 being considered by CALFED include enlargement of
 2 Shasta Dam, two different sizes, 200 feet, raising it
 3 200 feet and raising it 63 feet. That project would
 4 inundate over 30,000 acres of public and private
 5 land. It could cost as much as 5.5 billion dollars.
 6 It could drowned 80 percent of the winter habitat for
 7 deer and elk in the region. It would drowned over 300
 8 archeological and historic sites.

9 It would require the relocation of miles
 10 of Interstate 5 and the Union Pacific Railroad. Both
 11 alternatives would require relocation of the bridge
 12 crossing Bridge Bay into a structure that would be the
 13 largest multipurpose bridge crossing in the world at a
 14 cost of about a half billion dollars. This would, of
 15 course, increase the storage in Shasta Reservoir from
 16 approximately four and a half million acre feet now to
 17 a little bit over 14 million acre feet.

18 I think there will be a lot of speakers
 19 at the hearing tonight raising the issue of the
 20 environmental and economic concerns for that project,
 21 so I'll just leave it at that. But there are a lot of
 22 concerns. I personally think it would be an economic
 23 and environmental disaster for Shasta County.

24 Moving further south, there is proposal
 25 to build up to two dams on Cottonwood Creek which is

1 Sacramento River including enlargement and extension
 2 of the Tehama-Colusa Canal. That's a very problematic
 3 feature. Currently, the gates of the Red Bluff
 4 Diversion Dam, which feeds water into the
 5 Tehama-Colusa Canal, are raised eight months of the
 6 year to facilitate free passage of threatened and
 7 endangered salmon in the Sacramento River. If we
 8 enlarge and extend the canal, those gates will have to
 9 be lowered during the winter months to capture flood
 10 flows. And there will be, of course, impacts on those
 11 endangered salmon runs if that occurs.

12 An extension and enlargement of that
 13 canal would feed up to three offstream storage
 14 projects along the west side of the Sacramento Valley,
 15 the Thomas Newville Project, the Sites-Colusa Project,
 16 and potentially the Beryessa Reservoir enlargement
 17 project all the way south to Putah Creek.

18 I'll concentrate on Sites-Colusa, at this
 19 point. That seems to be a lot of favored people's
 20 project. At least I hear a lot about it. And
 21 probably in the world of projects we're looking at,
 22 there are fewer environmental impacts associated with
 23 that.

24 However, it is dependent on diversions in
 25 the Sacramento River. And those diversions are

1 dependent on fish screens that work. And it's been
2 mentioned a couple of times today, and I think it's
3 worth re-emphasizing, that much of our plans are
4 dependent on fish screens that work. But we're not
5 sure they will, and what happens if they don't. You
6 can kiss the endangered salmon runs of the Sacramento
7 River goodbye.

8 Another major issue Sites-Colusa is its
9 cost. The largest version is a very costly project of
10 well over a billion dollars, and I think its overall
11 cost will be much higher than that because the
12 geography that makes Sites-Colusa possible is
13 geography that is based on active tectonic processes.

14 There is a series a hidden fault system
15 down the west side of the valley. It's the same fault
16 system that caused the 1983 Colinga quake and the 1897
17 winters quake, both well over 6.7 on the Richter
18 scale, quite destructive. And if you put a large
19 reservoir in that system, not only are you going to
20 have to engineer the dam for that reservoir to sustain
21 itself from a quake of that nature, you're going to
22 have to be concerned about reservoir-induced
23 seismicity which is not a theory but a proven fact.
24 With that, I'll leave it at that.

25 These projects -- there is a lot of

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1 the omission of conservation and efficiency in
2 CALFED's proposed alternatives and the omission of the
3 Sacramento valley environmental community from the
4 tables of CALFED's committees.

5 Our State has the largest and most
6 complex plumbing system in the world. With the
7 staggeringly inefficient use of water in many parts of
8 California, there is no evidence that we need major
9 new water supplies which will harm our environment.

10 We would like to see CALFED maximize
11 environmentally-friendly ways to capture and store
12 water through such efforts as watershed restoration.
13 CALFED require that logging practices and residential
14 development not degrade watersheds which is an ongoing
15 problem in the State and will continually necessitate
16 restoration. That CALFED would prioritize restoring
17 the environment. And as mentioned before, we all know
18 that California's lost 91 percent of its wetlands. We
19 can go a long way in restoring our wetlands. Wetlands
20 are good for the environment, water supply and water
21 quality.

22 That CALFED must know that new water
23 does not exist except potentially through watershed
24 restoration efforts. Water will either be taken from
25 one environment for another or reclaimed from existing

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1 reservations about them. From my perspective as a
2 river conservationist, I think they can be incredibly
3 destructive to the Sacramento watershed and the
4 Sacramento River specifically. And we need to take a
5 long, hard look at alternatives before we start
6 relying on new surface water storage.

7 And I think as the CALFED process
8 progresses, we'll be concentrating more on those
9 alternatives. Thank you.

10 CHAIRMAN MADIGAN: Thank you, sir.
11 Welcome. Thank you for your patience.

12 MS. VLAMAS: I didn't expect I'd be the
13 clean-up hitter today. And we're after 5:00 o'clock.
14 I heard you were suppose to be out of here.

15 CHAIRMAN MADIGAN: That's just another
16 slight misrepresentation of the facts.

17 MS. VLAMAS: My name is Barbara Vlamas.
18 I'm the general manager for Butte Environmental
19 Council located in Chico. And I do appreciate the
20 opportunity to comment today. And I hope that BDAC
21 will facilitate further inclusion of the Northstate
22 environmental community in the future.

23 Butte Environmental Council is a regional
24 nonprofit membership organization, and we support
25 CALFED's mandate, but we are deeply concerned about

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1 areas. CALFED must look to the highest users to
2 reclaim water such as lining canals where groundwater
3 is unusable.

4 For example, the lining of the canals of
5 the Imperial Irrigation District could reclaim 438,000
6 acre feet of water. We are deeply concerned about the
7 impacts that potential out-of-basin transfers will
8 have on the environment and the economy of the
9 Northstate.

10 We view water transfers as a short-term
11 fix for other mismanaged water projects and land uses
12 with long-term consequences to our native habitat. If
13 water sellers, developers and agri business have their
14 way, CALFED and, in the guise of repairing the Delta,
15 may deface the Northstate landscape with massive water
16 transfers, new dams, reservoirs and canals subsidized
17 by taxpayer dollars.

18 Water transfers have the potential to
19 destroy the local environment and family farms by
20 lower groundwater radically in areas of origin. All
21 three of CALFED's current proposals ignore the real
22 potential for meeting the needs of all Californians
23 and California's wildlife without building costly
24 water development projects.

25 And there are certain aspects of American

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1 history that cause me to wonder, as a nation, how we
2 reached certain points in that history. And I wonder
3 today, are we setting ourselves up to justify a policy
4 similar to one that epitomized another great American
5 debacle, and I have never forgotten this, when a
6 public relations spokesperson stated, after the
7 annihilation of a Vietnam village, "We had to destroy
8 it in order to save it."

9 From what I read, you are looking to
10 destroy and manipulate the environment and the economy
11 of Northern California in exchange for a glut of water
12 to attempt to satiate the unquenchable thirst of
13 corporate agriculture and urban sprawl.

14 To date, Federal and State programs have
15 facilitated the existence of corporate agriculture in
16 the State. Where absentee investors or landowners,
17 ranging from 5% to 7% percent, I was appalled to
18 learn, in the Imperial Valley are propped up on the
19 backs of taxpayers, the environment and family
20 farmers. Water and tax subsidies of corporate ag must
21 stop.

22 You have to look at this, people. I
23 don't hear anybody talking about this. And it sure
24 isn't in the documents. These subsidies permit
25 dollar-driven corporations to operate outside the

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1 Thank you very much. I have three speaker slips, if
2 those stalwart souls are still here, who have asked to
3 be heard under public comment.

4 Chuck Deshermet. Welcome, sir.
5 Congratulations on your fortitude.

6 MR. DESHERNET: I'm really in awe of this
7 prestigious group here, and I hope you don't mind my
8 being specific. My comments will be directed toward
9 CALFED and Lester Snow.

10 And, generally, I see groups like this
11 and listen to their presentations, and I think of them
12 in terms of my special interest which is fly casting
13 for salmon or the potability of water which goes to my
14 family or the fact of whether my home will be flooded
15 in the next stormy season.

16 However, if you bear with me, I'll try to
17 give you some interests of the people that I
18 represent. My name is Chuck Deshermet, of course, and
19 I'm a chair of the Red Bluff Fisheries Forum in Tehama
20 County.

21 And as chairman, we are concerned in the
22 Tehama fly fishers as well as the chair of the Red
23 Bluff Fisheries Forum. And there is some background
24 credibility, I think.

25 For over 13 years, I have been involved

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1 parameters of nature. And the suggestion that the
2 market will be California's salvation makes me
3 shudder.

4 The market does not provide for the
5 health, safety or welfare for the public or the
6 environment. The market provides the greed factor as
7 witnessed by the ongoing building and flood plains
8 which is also subsidized by the general public.

9 If you truly are interested in the
10 environment, you would have considered the environment
11 in Northern California long before now and included
12 some of the environmental community at the table, as I
13 mentioned before.

14 If you intend to consider the environment
15 in the future of the Northstate and the economy of the
16 areas where you will obtain the water that you are
17 seeking, you must include Sacramento Valley
18 environmentalists at the table and you must
19 acknowledge, in my opinion, the need for in-depth
20 project level environmental review, not just program
21 level review, so what the impacts to the areas of
22 origin are honestly delineated and discussed. And I
23 thank you.

24 CHAIRMAN MADIGAN: Thank you.

25 All right. I have three speaker slips.

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1 in the development of fish and water plans in Northern
2 California starting with an advisory committee in 1985
3 for the California Fish and Game in regard to Winter
4 Run Salmon Enhancement Plan and a ten-year association
5 with the State Senate Bill 1086, the Sacramento River
6 Riparian Habitat Management Plan.

7 Recently, as river water movement has
8 flowed through the Delta, the Tehama fly fishers and
9 Red Bluff Fisheries Forum, are concerned that the
10 increase of Northstate waters to the south with
11 greater velocities in the main stem river may not be
12 compatible with major salmon spawning efforts. These
13 observations were made in river overflights on salmon
14 research.

15 Areas above Red Bluff are under influence
16 of the expensive temperature control device at Shasta
17 Dam. Water velocities supporting 20,000 CFS or more
18 may destroy proper spawning availability and add to
19 bank erosion in the stream. Off-stream storage may
20 help.

21 Current reports indicate that Governor
22 Wilson favors reservoirs at the Sites location in Los
23 Banos Grandes, but let us not overlook needed storage
24 for irrigators in the upper valley which would have a
25 double benefit to solve fish passage problems at Red

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1 Bluff Diversion Dam and supply gravity feed water to
2 the entire Tehama-Colusa Canal supply for west side
3 farmers.

4 We should carefully consider the CALFED
5 alternative three which contains the Isolated Channel
6 Facility which is a new name for the Peripheral
7 Canal. It is a fact that we can not stop needed flows
8 south in the State Water Project in the Delta Mendota
9 system, but the ICF will give more control of fish
10 killing reverse flows in Old River, Middle River and
11 around Sherman Island in the Delta without increasing
12 through Delta flows.

13 Since CALFED Bay-Delta program and
14 Federal law CVPIA have fish protection and enhancement
15 in their goals and aims and since production of salmon
16 is an acknowledged beneficial use of water, it is
17 important to present this fact in court litigation of
18 water issues. There is now and there always will be
19 court action for critical decisions.

20 We should remember that the Northstate is
21 not only an origin source of water but an origin
22 source of salmon and steelhead.

23 These origins exist only to a minor
24 degree in the south state. However, some of you may
25 have noted that the Metropolitan Water District in Los

1 However, there are only so many gallons
2 of water available, and nobody wants to make the tough
3 decisions to limit demand. That comes primarily from
4 San Joaquin agriculture and Southern California users.

5 Urban and agriculture water districts
6 assume little responsibility for limiting demand but
7 rather focus on increasing supplies.

8 I want to focus on some issues of concern
9 to those of us who live where the water originates.
10 One is the waste of water. When one lives in the
11 desert, one should live as a desert animal and
12 conserve water. In the hot southland, considerable
13 water was used for residential commercial landscape,
14 golf courses, ponds, fountains, lawns, etc., and
15 backyard evaporative ponds, we call them swimming
16 pools. Such use of desirables should use reclaimed
17 water, even at a higher cost, otherwise, it should be
18 discouraged.

19 Recently on a trip down I-5, I was
20 surprised by the conversion of former annual cropland
21 and marginal land to almond and pistachio trees, most
22 of them less than five years old, crops considered
23 permanent and, therefore, scheduled for higher
24 priority for water in dry years. Corporate ag would
25 be benefitting from cheap land costs and subsidized

1 Angeles has already helped to pay for dam removal in
2 our local Butte Creek.

3 Does this mean concern for salmon or
4 is it to assure through Delta flows south.

5 Finally, let us not throw out these
6 invaluable fish with the waste water. Thank you.

7 CHAIRMAN MADIGAN: Thank you, sir. All
8 right. I have two more cards. And I would ask that
9 you limit your remarks to three minutes, as we are now
10 flat out of time, and they would like us to turn this
11 place over to the next event. Mr. Neil Evans.

12 MR. EVANS: First, I want to thank the
13 committee for sticking around. You have great
14 patience. Thank you.

15 Good afternoon, my name is Neil Evans.
16 I'm a board member of the Sacramento River
17 Preservation Trust, but I'm speaking as an
18 individual. I'm a former user of Delta water through
19 the Southbay Aqueduct in Fremont, California and now I
20 live in Mt. Shasta.

21 CALFED certainly has an admirable goal,
22 out of preserving fish and wildlife habitat in the
23 Delta while providing increased supplies of high
24 quality water, all this by cooperative agreement of
25 people with opposing viewpoints.

1 water at the expense of the rest of the State.

2 Irrigation of farms in the desert and
3 Lancaster and Palmdale area is a similar public
4 subsidy. Is this the wise use of a scarce resource or
5 is it like a welfare recipient using scarce cash to
6 purchase his bubble gum.

7 I recognize the importance of ag to the
8 economy of California. And as you may have noticed
9 when I walked up here, I like to eat. However, I urge
10 the CALFED organization to resist political pressures
11 to increase surplus supplies -- excuse me, increase
12 supplies without limits on use.

13 Finally, I'm concerned that the continued
14 references in the finance part of your meeting package
15 to system-wide charges for perceived public benefits.
16 I disagree with the previous speaker about past
17 benefits. I think it's admirable that we bury the
18 hatchet for the past. But if we're going to
19 cooperate, we got to start from ground zero right now
20 and not worry about perceived past things. I think
21 that's a very good point. But what I don't agree with
22 is that the rest of the State should pay for these
23 supposedly ecological benefits.

24 Seems as though you want to take the
25 water from Northern California and then ask us to pay

1 for it. We essentially sent you the water in the
 2 past. The fishery we decline in the Delta primarily
 3 originated with the pumping of the water.
 4 When I was a kid, there were plenty of
 5 fish in the Delta. There were plenty of salmon in the
 6 rivers. When the water project started in California
 7 was when the problem started. And so to say that the
 8 whole State or even the peripheral areas of the
 9 Bay-Delta system should pay for ecological restoration
 10 to me is ludicrous. The user should pay for the
 11 benefits, all the benefits.
 12 And there is a policy in our government
 13 nowadays seems to me that the users pay. And to me to
 14 say that the rural areas should contribute, the whole
 15 State should contribute to part of the cost, is not
 16 right.
 17 The other thing I want to mention is that
 18 water is simply too cheap. Farmers want to be able to
 19 operate on a free market economy, to grow what they
 20 want, where they want, but they don't want to pay free
 21 market price for water.
 22 In cities, your water bill is much less
 23 than your electrical bill, probably less than your
 24 cable TV bill or your telephone bill. Water is
 25 cheap. If we made it more expensive, then

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1 Bay-Delta Advisory Council is adjourned.
 2 (Meeting was adjourned at 6:25 p.m.)
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1 conservation practices would be a lot easier for
 2 people to swallow because they would be saving money
 3 too. But as long as water is cheap, there is no
 4 incentive to save it.
 5 I urge CALFED to take a strong stand on
 6 limiting demand and also to fund the majority of the
 7 projects through fees charged to its major
 8 beneficiaries.
 9 Thank you very much.
 10 CHAIRMAN MADIGAN: Thank you, sir. Mr.
 11 George McCollum. Mr. McCollum did not make it. Okay,
 12 ladies and gentlemen, that's the last speaker slip I
 13 have. You have all been extraordinarily patient, and
 14 many of you have had very worthwhile things to say to
 15 us today. We are grateful for that. We have
 16 appreciated the day here in Redding.
 17 To my fellow members of BDAC you have
 18 also been remarkably resilient, and I appreciate your
 19 stick-to-it-tiveness.
 20 We have an announcement.
 21 MS. SELKIRK: Sunne will be convening a
 22 breakfast meeting for BDAC in the dining room which is
 23 off of Misty's Restaurant tomorrow morning at 8:00
 24 a.m. before the tour.
 25 CHAIRMAN MADIGAN: This meeting of

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1 STATE OF CALIFORNIA }
 2 COUNTY OF SHASTA } ss.
 3
 4 I, Tanya L. Sisneros, Certified Shorthand
 5 Reporter of the State of California, do hereby
 6 certify:
 7 That on the 14th day of May, 1998 at the
 8 hour of 9:15 a.m., I took down in shorthand notes the
 9 said Bay-Delta Advisory Council Meeting; that I
 10 thereafter transcribed my shorthand notes of such
 11 proceedings by computer-aided transcription, the above
 12 and foregoing being a full, true and correct
 13 transcription thereof, and a full, true and correct
 14 transcript of all proceedings had and testimony given.
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 22 Tanya L. Sisneros, CSR 8124
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