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

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

Stockton Inn

Waterloo Road

Stockton, California

Friday, September 11, 1998 at 8:43 a.m.

TRANSCRIBED BY: THOMAS J. LANGE, RMR, CSR 4689
SUSAN PORTALE, RMR, CSR 4095

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3 LESTER SNOW, Executive Director

4 ERIC HASSELTINE, Contra Costa Council

5 BYRON BUCK, California Urban Water Agencies

6 STEVE HALL, Association of California Water
7 Agencies

8 JACK FOLEY, Metropolitan Water District of
9 Southern California

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12 RICHARD IZMIRIAN, California Sportfishing
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PIETRO PARRAVANO, Pacific Coast Federation of
Fishermen's Association

EZE BURTS, Los Angeles Area Chamber of
Commerce

HOWARD FRICK, Friant Water Authority/Arvin
Edison Water Supply District

ROBERT MEACHER, Regional Council of Rural
Counties

STUART PYLE, Kern County Water Agency

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PATRICK WRIGHT, Designated Federal Official,
U.S. EPA

1 (All parties present, the following proceedings were
2 had at 8:43 a.m.)

3 VICE CHAIR MCPEAK: Ladies and Gentlemen,
4 we are going to begin. Good morning, the Bay-Delta
5 Advisory Council is now back in session for
6 September 11, 1998. I just want to welcome all of
7 you.

8 We have as the first item a report on last
9 night's public meeting, but I want to acknowledge that
10 we do have present with us from the City Council of
11 Rio Vista the Honorable Fred Harris.

12 Fred, would you like to stand? Thank you
13 very much, and I know you're being modest and said you
14 just want to monitor. Good, keep a close eye on us.
15 If you at some point choose to come forward, let us
16 know, okay?

17 MR. HARRIS: Thank you.

18 VICE CHAIR MCPEAK: Thanks, Fred.

19 All right. Lester, is there anything else
20 that you would like to announce before we begin?

21 EXECUTIVE DIRECTOR SNOW: No, I don't
22 believe so. Thanks.

23 VICE CHAIR MCPEAK: With a prayer breakfast
24 happening in Sacramento, a prayer breakfast that just
25 happened in Washington, I think we should all pray and

1 repent our sins for the last couple years and ask
2 whatever almighty force that you pray to, to give us
3 some kind of divine guidance here that we might have a
4 breakthrough and treat each other with more kindness,
5 et al., and so that's the spirit with which I'll try
6 to approach this meeting.

7 Last night was a public meeting and Valerie
8 is going to report on the results of that. I'm sorry
9 that I had to go back to take care of some business or
10 I would be here, Valerie.

11 MS. HOLCOMB: Good morning. I'm Valerie
12 Holcomb, Public Affairs Director for the CALFED
13 program.

14 Last night we held the second Delta meeting
15 since the public hearing process ended last July.
16 There were about 150 people in attendance for the
17 three-hour meeting. Several of you BDAC members were
18 there and I was glad to see so many of you take the
19 time to join us last night.

20 A.J. Yates was sort of an MC for us last
21 night, gave some opening remarks. As a farmer he has
22 a level of respect from the community that perhaps
23 CALFED doesn't receive.

24 At the beginning of the meeting, Lester
25 posed several questions to the community regarding

1 levee funding, who could be trusted to make decisions
2 on the future of the program particularly in regard to
3 an isolated facility, what did the community think of
4 the plan of using public lands for habitat
5 restoration, and what would be the best way to
6 administer a through-Delta plan.

7 Several people got up and spoke, some quite
8 extensively, but the bottom line consensus was under
9 no conditions, no way is an isolated facility
10 acceptable to these people. If there were to be one,
11 there would have to be a legislative act but they
12 would not support that. There is just no
13 circumstances under which they want to support this.
14 They want an isolated facility totally off the table.

15 There were proposals for increasing taxes
16 for desalination and treatment plants across the
17 state, changes to the -- Lester asked if it would be
18 possible to operate an isolated facility within the
19 parameters of the Delta Protection Act and he replied
20 that he thought it was possible to meet Delta
21 objectives, but the problem is providing the community
22 with assurances that it will continue to be operated
23 in that way.

24 And I would have to say that we really did
25 not make much headway on that. There's a lot of

1 mistrust in the community, there's a lot of anger and
2 basically that's their feeling about it. They support
3 the idea of public lands for habitat restoration.
4 They are fairly happy with the levee program, but on
5 that point there was quite a lot of consensus.

6 I thought perhaps for the BDAC members who
7 were in attendance might want to share their views or
8 their impressions of the meeting last night.

9 VICE CHAIR MCPEAK: Do any of the BDAC
10 members want to further comment?

11 Eze, were you?

12 MR. BURTS: I sat in on about an hour
13 and a half of the meeting and I agree with Valerie,
14 the message was pretty clear.

15 VICE CHAIR MCPEAK: Thank you for taking
16 the time to do that.

17 Anybody else, who was present at the public
18 meeting want the --

19 MS. BORGONOVO: I concur with that.

20 VICE CHAIR MCPEAK: Thank you all for
21 doing that.

22 MS. HOLCOMB: There were several BDAC
23 members there and we wanted to schedule this on a time
24 when you could be there even though it did make for a
25 very long day for you and for staff, but I hope -- I

1 appreciate that you did take advantage of that and I
2 hope that you found it constructive. We always do.

3 VICE CHAIR MCPEAK: Great. Thanks,
4 Valerie, very much.

5 I think it's very important that we have this
6 continual process of public exchange, public meetings
7 when we put together panels and invite people to come
8 talk with us. This is complicated, there is a lot of
9 reasons why historically people are taking certain
10 cautious to cynical to very suspicious positions, and
11 I don't know another way around it except by trying to
12 have an exchange and listen, so I thank you all who
13 did do that last night.

14 We now have a moment on the agenda or an item
15 on the agenda that we have actually waited a long time
16 for. I've written all over my agenda and then
17 subsequently missed it. However, I do know who -- the
18 three people sitting there so I'm going to move to it.

19 We have asked that we look at the ecosystem
20 restoration program in the Delta specifically with an
21 eye towards how do we accomplish the objectives with
22 minimizing impacts or dislocation of operations or
23 impacts on agriculture, an issue that David raised
24 yesterday, and we are very pleased that that project
25 got a lot of attention by the Delta Protection

1 Commission.

2 And we have to make that presentation, Margit
3 Aramburu, who heads that up, and Tom Zuckerman, a
4 long-time participant in water policy discussions,
5 debate, and often here in the audience. I appreciate
6 you being here, Tom, and also John Cain.

7 So with that, Margit and Tom and John, proceed
8 as to how you would like to make the presentation.

9 Yes, Stu.

10 MR. PYLE: If I can ask a question about
11 the agenda.

12 VICE CHAIR MCPEAK: Sure, I'm sorry, go
13 ahead, Stuart.

14 MR. PYLE: I see there's several items
15 on the agenda but there's no BDAC discussion period.
16 And I understood that we were going to go back and
17 look at input on the framework document and when I say
18 "framework," I mean the 14-page document, and I have
19 four or five points that I would like to make. I'd
20 like to have at least five and maybe up to ten minutes
21 to cover several points which I think I can do rather
22 succinctly.

23 VICE CHAIR MCPEAK: I would be happy to
24 continue the meeting or to try to shorten some of
25 these other items to get to it. I would, too, like to

1 return to that. I actually gave some more thought
2 last night and this morning to some of the -- maybe
3 ways to try to get at our differences in trying to
4 resolve it.

5 So let's -- let me just remind everybody we
6 are going to at 9:30 take up finance. We've reordered
7 the agenda with your consent to go the finance at 9:30
8 to accommodate some of the schedules such as Rosemary
9 so she could be here. If we'll go through the other
10 items, we will then just extend our discussion --
11 hopefully get it to early, but also extend the
12 discussion and I'm happy to sit here in Stockton until
13 we get this resolved. If that is, I don't know, 24
14 hours, 48 hours, if we through we could do it I would
15 sit right here. So I'll make that commitment to you.

16 All right. Tom.

17 MR. ZUCKERMAN: Thank you, Sunne, and
18 thank you all for coming to Stockton. I think it is
19 important that BDAC and the staff and everything spend
20 some time down here to try to understand the attitudes
21 of this community which have been sort of at the heart
22 of this issue for some period of time. And you come
23 here you understand that this is not Los Angeles, it
24 isn't Santa Barbara. It is not a tourist Mecca. This
25 is not the Silicon Valley. This is a farm town.

1 And the Chamber of Commerce may not like to
2 hear me say this because they would like to dress it
3 up a little bit, but you look around this community
4 and just about everything that goes on here is related
5 to agriculture in one form or another. And the whole
6 community depends upon a vibrant continuing
7 agricultural community.

8 We are not on a mission from CALFED and
9 what the three of us are going to describe, this was
10 very much a reaction to things that we were -- that
11 other people were proposing in terms of habitat
12 re-creation and restoration in the Delta. We were
13 concerned and I would say alarmed with some of the
14 early proposals such as the one that NHI was
15 circulating that called for conversion of 350,000
16 acres of farmland in the Delta to habitat re-creation.

17 We immediately began engaging in a
18 discussion with people who had circulated that
19 memorandum and I'm pleased to say and you will hear
20 later that the National Heritage Institute is part of
21 the presentation that is going to be made here today
22 because I think we made a lot of progress in those
23 discussions.

24 Local people representing the major water
25 agencies and interest groups decided to sit down and

1 say, look, there are a number of opportunities within
2 the Delta where habitat projects could take place
3 without destroying either the agricultural economy or
4 unnecessarily interfering with recreational activities
5 and so forth that are currently in the Delta. One of
6 the precepts of CALFED process is no redirected
7 impacts.

8 The Delta when I was a boy, which is quite a
9 few years ago now, but before the major projects were
10 wreaking havoc with the system it was completely
11 reclaimed. Since about 1920 all of the major levee
12 systems in the Delta have been in existence. We
13 had -- prior to the operations of the projects we had
14 healthy ecosystem. We had fishery populations at
15 great levels to the point where the remnants of the
16 commercial fishing was a recent memory. And lot of
17 the things that have happened, the endangered species
18 actions and so forth, all have occurred within the
19 last 20 years after the both projects were basically
20 full operations.

21 So in many respects we don't feel responsible
22 for having created the problems that CALFED is trying
23 to solve, and we don't think that the Delta needs to
24 be the sacrificial lamb in terms of solving the
25 problems. So we set about a process to try to find

1 out to identify those opportunities for doing habitat
2 restoration that would be the least invasive or have
3 the least impact upon this community, its agricultural
4 economy, its recreational economy and so forth.

5 And I think what we were able to put together
6 as it's described to you by Margit and by John Cain
7 will surprise you. We think -- we are not trying to
8 design a habitat restoration project. We are not
9 trying to second guess an ERP. What we are trying to
10 say is that as you try to find places to do different
11 types of habitat, whether it's shaded riverine or
12 shallow tidal habitat or whatever, take a look at
13 these -- this list of opportunities which is many,
14 many thousands of acres where positive things can be
15 done without trampling over the local interests.

16 One thing in particular I wanted to mention to
17 you that I think is a terrific opportunity, is that in
18 the past there have been a handful of Delta
19 agricultural islands that have flooded going back 40,
20 50 years, some of them more recently, that for reasons
21 relating to the economy and government support and so
22 forth, were not reclaimed.

23 We think those provide significant
24 opportunities for doing habitat restoration; that
25 those flooded islands can be reclaimed as habitat

1 opportunities. And I think that's a great opportunity
2 because it's a great win-win situation for us. The
3 existence of those broad flooded areas creates havoc
4 in terms of additional seepage and flood threat
5 problems to the adjacent islands, and we would like to
6 see those types of things re-created into the visions
7 that CALFED has.

8 And there are other opportunities like this
9 and we urge -- and I think we have had a very warm
10 response from Lester and staff to our efforts at this
11 point. To this point, Alex encouraged us to bring the
12 fruits of these labors here to BDAC so that you would
13 have an opportunity to see what we are talking about
14 and have an opportunity to discuss it.

15 Without further adieu, let me -- I don't know,
16 I guess Margit and then John.

17 MS. ARAMBURU: Good morning, I'm Margit
18 Aramburu with the Delta Protection Commission. I
19 wanted to briefly -- I think John and I sort of served
20 as staff to this ad hoc group. I prepared the memo
21 that you received at the front desk yesterday which
22 described some of the ideas that the ad hoc group
23 developed. And we sort of used as a seed for the
24 ideas that we have grown is the Delta Protection
25 Commission's comments on the draft ERPP and then they

1 were continued on into the comments that the
2 commission adopted on the draft environmental
3 document.

4 And the commission recognizing the very
5 difficult challenges before CALFED, in particularly
6 with trying to address the ecosystem restoration
7 component of the CALFED program, didn't want to get in
8 the way of implementing the program but suggested a
9 reorganization or a reprioritization of looking for
10 opportunities to carry out this program in the Delta
11 sub-region of the CALFED study area.

12 And we looked at, as outlined on page 2,
13 some of the ideas that we've talked about, that Tom
14 has talked about today which is looking at lands that
15 are already in public ownership, looking at lands that
16 are already flooded. And we have some really
17 wonderful examples in the recent past where work has
18 been carried out of filling those areas and creating
19 shallow water habitat, emergent habitat, which were
20 the kind of areas that we really want to have for
21 fish, juvenile fish rearing areas as well as spawning
22 areas. And then looking at protection of our
23 in-channel islands and waterside berms which are the
24 last remnants of our native habitat in the Delta area.
25 They are being eroded away by changes in water

1 conveyance, velocity, and by other changes to the
2 water system.

3 We also have some public lands which are
4 upland which have minimal, if any, management which we
5 think could be greatly enhanced as part of an overall
6 ecosystem restoration program, as well as really
7 working with the private landowners. The idea of
8 wildlife friendly agriculture has been really
9 important in the Central Valley Habitat Joint Venture
10 program which is a national program which is ongoing,
11 but it's been sort of let -- the ball has been dropped
12 in the Delta area.

13 And I think that by working with the
14 landowners on developing individual management plans
15 and investing some minimal, minimal financial --
16 making some minimal financial investments we could
17 really vastly improve habitat variety of terrestrial
18 species, including migratory waterfowl and other
19 migratory birds on the agricultural land in the Delta.
20 They provide a wonderful resting area, feeding area
21 for a variety of birds, et cetera.

22 And right now you have a number of
23 landowners who are doing that as farmers. You have a
24 number of land owners who are doing that as part-time
25 duck clubs or duck hunters. So you have these

1 wonderful examples that are already taking place in
2 the Delta that can be expanded upon.

3 So then we got down to the types of habitat
4 that the ERP was proposing and we tried to look for
5 opportunities for each one and we've done an inventory
6 of publicly owned lands and other opportunity sites,
7 and those are listed on pages 3 and 4 and 5, and the
8 mapping program which John will explain is described
9 in a little more detail.

10 Then we also focused on the riparian
11 corridors. We know that's a key issue in ecosystem
12 restoration program and we have taken and developed
13 three concepts:

14 The Sacramento River corridor where we
15 really emphasize the Yolo bypass. And again, these
16 ideas are not ours alone; they are being explored and
17 we're actually seeing grant applications come into the
18 Category 3 program which are going to expand upon
19 these concepts.

20 And the Mokelumne-Cosumnes corridor which
21 is a key corridor, and this is a multi-use corridor
22 because it's not only being -- as an Alternative 2
23 would be a key water conveyance corridor, is a key
24 flood control corridor for the whole Sacramento, City
25 of Sacramento, Southern Sacramento County, Northern

1 San Joaquin County area, and that affects the Delta
2 islands downstream which run into a win, win, win
3 solution there as well as overlay habitat.

4 And then we have some really exciting ideas
5 about the San Joaquin River. A lot of these have been
6 flushed out by BDAC member Alex Hildebrand who is very
7 familiar with that geographical area.

8 Then we also provided some information
9 about the wildlife friendly farming. And, you know,
10 as outlined in this memo, you know, there's been some
11 great general work done. This has been done by Ducks
12 Unlimited as part of the Central Valley Habitat Joint
13 Venture. And this report was done by the Department
14 of Fish and Game, it was released two years ago -- or
15 a year ago in '97, Farming for Wildlife. These are
16 general and you really need to help people by giving
17 them minimal financial assistance and technical
18 guidance.

19 With that, I'll turn it over to John Cain
20 to briefly go over the mapping program. I think we'll
21 then all be available for questions if there are any
22 from the BDAC members. Thank you.

23 MR. CAIN: I have this rather lengthy
24 document, and the treat you get is inside the document
25 is a color copy of the map we produced. I'll tell you

1 a little bit more about the document later.

2 It's an honor to be here to discuss some of
3 the work NHI has been doing in collaboration with the
4 Delta landowners. And I wanted to just point out for
5 the record that last month I spoke to -- I made a
6 presentation at BDAC, and I saw that my name was --
7 the comments were listed under the name Don King, and
8 I can assure you I'm not Don King. For the record my
9 name is spelled C-a-i-n.

10 This project Delta planning and
11 collaboration with Delta landowners is the highest
12 priority of Greg Thomas, the president of the National
13 Heritage Institute, and he couldn't be here today
14 because he's on business on the East Coast so he sent
15 me along.

16 What I would like to do is first describe
17 the process from NHI's perspective of collaboration
18 and developing the map; two, explain the map; and
19 three, briefly discuss where NHI thinks we should go
20 from here in terms of the long-term vision and
21 introduce this document that I passed out to you.

22 When I first got involved in this project,
23 what we started to do was -- what we tried to do or I
24 tried to do was develop lists of potential restoration
25 projects, this one 40 acres, that one 20 acres, and

1 map them. And when we brought this map to the Delta
2 group, it just didn't go over very well because none
3 of the projects were well enough defined, some of them
4 were just potential, and it seemed like we needed to
5 approach it from a different way.

6 We needed -- instead of having me sit in my
7 office developing a map of Delta projects, I needed to
8 just kind of be staff for Margit and the Delta group
9 to develop a map that the Delta -- that was the Delta
10 group's not my map, not NHI's map.

11 So at Margit's suggestion we decided to
12 divide the Delta, we decided that all the restoration
13 opportunities we were looking at could be divided into
14 four categories:

15 One, private lands actively managed for
16 ecosystem restoration; public lands actively managed
17 for ecosystem restoration; public lands not actively
18 managed for ecosystem restoration; and private land
19 opportunities.

20 And it's -- the map's far away, but in the
21 orange over here is the private land opportunities,
22 and you can see most of that them are in the Yolo
23 bypass. The Stone Lakes National Wildlife Refuge, the
24 San Joaquin National Wildlife Refuge and on Delta
25 wetlands projects -- Delta wetlands islands. And

1 these private land opportunities were defined as areas
2 between levees, areas in flood easements, areas behind
3 lands with flood -- with levee height restraints, et
4 cetera.

5 The public lands actively managed for
6 ecosystem restoration to meet that criteria, lands had
7 to have two things: One is they had to visually be
8 managed for CALFED targets, and two, they had to have
9 a management plan. And those are mostly in the
10 western Delta and along the Cosumnes River.

11 Now let me say we grouped nonprofits in
12 with public lands. The largest category is perhaps
13 public lands not actively managed for ecosystem
14 restoration and that's in pink. Those are
15 concentrated in the western Delta and the north Stone
16 Lakes area. I should say the north Stone Lakes is
17 not actually as we understand a management plan for
18 some of those lands in public ownership.

19 So what is this map? In the past, Tom has
20 emphasized that this map is a work in progress. It is
21 not a final map. We expect it to evolve as values and
22 information evolves over time. And what I want you to
23 pay attention to is every copy of this map will have a
24 date on it. I think the date is up here. And as this
25 map comes across your desk in the months and years

1 ahead, pay attention to that date because it will be
2 changing as our vision changes.

3 One thing that we took away from this
4 project, as Tom said the catalyst was NHI's very
5 ambitious plan for tidal marsh restoration in the
6 Delta, and the collaboration with Delta landowners has
7 taught us a lot about the complexities, social,
8 economic and physical of actually restoring large
9 amounts of tidal marsh.

10 And I think the lesson is that it might not
11 be possible right now to develop a long-term plan, 25
12 years. We simply don't have enough information, the
13 issues are too contentious, there's not enough trust
14 between the competing parties. But we can move in the
15 direction of ecosystem restoration, and some of the
16 things we outline in this report I handed out is we
17 need to do is develop principles for moving ahead that
18 involve building local economies and including local
19 people in the planning process, much the way this plan
20 map was developed.

21 Two, we need to have more information and
22 we need to have restoration experiments, what NHI
23 calls learning laboratories on the ground so that we
24 can learn more about what is possible so we don't have
25 these knowledge constraints in the future.

1 And thirdly, something I think Tom
2 Zuckerman believes is important, is prevent
3 urbanization of the Delta. If we don't -- if 10 or 15
4 years down the line the Delta is heavily urbanized,
5 well, we are not going to have much of a long-term
6 restoration plan.

7 Despite the constraints of developing a
8 long-term plan, NHI still has the long-term vision.
9 Now this is where I want to wrap up, is that the heart
10 of our long-term vision is subsidence reversal
11 particularly on the western Delta islands, not just
12 subsidence management but subsidence reversal.

13 Unfortunately, we don't think that the
14 CALFED plan is currently considering this on interior
15 island surfaces. We are realize that it might not be
16 possible, might not be feasible, but we think we
17 should at least keep the option open. Right now we
18 are concerned that subsidence reversal on interior
19 island is outside of the programmatic envelope of the
20 DEIR, and we hope that can be changed for the next
21 draft of the DEIR.

22 Meanwhile, NHI is involved in the DWR USGS
23 project, a \$3 million project to study subsidence
24 reversal and to determine if it's more feasible. But
25 until we find out that it's not feasible, let's keep

1 it in the programmatic plan.

2 That is my presentation, thank you.

3 MS. ARAMBURU: I just wanted to clarify
4 that the material that John passed out today is solely
5 the product of NHI. It's not been reviewed or is not
6 a product of the ad hoc group that was agendized. And
7 so we're sharing the podium on two different issues.

8 MR. CAIN: I apologize for that. NHI
9 has been working on this document for a long time and
10 we just feel like the CALFED process is coming to an
11 end and we just had to get a draft document out. It's
12 a work in progress. Some of you, such as -- have
13 already received copies of it at your office. I know
14 Bob Potter and Patrick Wright, and so if you could
15 make your -- I don't think I had enough copies, if you
16 could make them available to other people.

17 In addition to laying out some of our
18 thoughts and analysis on Delta, there is also analysis
19 on a whole lot of other CALFED issues regarding water
20 supply reliability and et cetera that I hope will be
21 useful to you. And if you have my comments, please
22 let us know.

23 MS. SELKIRK: I don't know if there were
24 enough copies to go around on the table. Would it be
25 possible to make sure that Sunne gets a copy as the

1 Vice Chair, and I'm assuming --

2 VICE CHAIR MCPEAK: I did get a copy.

3 MS. SELKIRK: Oh, you did get one.

4 Okay, only Lester didn't get one.

5 MR. CAIN: Lester has one in his office.

6 MS. SELKIRK: Lester and a few of the
7 BDAC members. So is there any way to -- I suppose
8 in-house we can -- as long as we can reproduce for the
9 other BDAC members, we'll do that.

10 MR. CAIN: And I really -- we built some
11 trust with the Delta group and I do not want to imply
12 that this plan was part of the collaborative effort.
13 It's just that we just got it on the street and I
14 drove to Stockton and was able to save some postage by
15 sending it out. Many of the ideas that we generated
16 are based on discussions but they haven't had
17 appropriate review of the Delta group and we are
18 committed to working with them on refining them.

19 Thanks.

20 VICE CHAIR MCPEAK: Thank you.

21 MR. ZUCKERMAN: Just very briefly, I
22 hope you all have a copy of the memo that Margit
23 offered and I hope you've had a chance to look through
24 it. And the reason we wanted to be here today was to
25 hopefully engage in some discourse with the individual

1 members of BDAC on this subject. So if I can
2 encourage comments or questions, I would like to do
3 that.

4 VICE CHAIR MCPEAK: Thank you, Tom.
5 I -- let's move to that, to ask questions to Tom and
6 Margit and John.

7 Yes, Pat.

8 MR. McCARTY: Has this information in
9 Margit's memo been mapped onto the NHI map?

10 MR. CAIN: Yeah, the NHI map really is
11 that information. There is a series of maps, only one
12 of which you have here, but there are four separate
13 maps that break this down between public lands
14 currently under ecosystem management, public lands
15 that are just opportunities and same thing with
16 private operations. Then the map that you see on the
17 screen there is a compilation of the four sub-maps.

18 What I would like to point out is the
19 mapping technology that is being used is GIS type
20 stuff so it can be blown up into a much larger --
21 smaller -- larger scale, so that you can begin to
22 detect much smaller opportunities.

23 For instance, the (inaudible) and the
24 little pieces of property along (inaudible) Island and
25 situations like that, we are attempting to fill those

1 in on maps that have -- that are blown up where you
2 can see what we are doing a lot more clearly.

3 MR. McCARTY: So for example, the
4 channel islands around Ringe (phonetic) tract can be
5 picked up as potential opportunities or something like
6 that?

7 MR. CAIN: Sure. One of the things that
8 we've tried to show people -- I think Lester a couple
9 of years ago went on a boat trip with us and so
10 forth -- is the incredible amount of lost habitat that
11 has occurred from wave action and so forth where a lot
12 of the things that we are trying to recreate could be,
13 created by simply stopping what we're losing on an
14 annual basis.

15 VICE CHAIR MCPEAK: Alex, then Roberta
16 and Byron, Stu, Alex.

17 MR. HILDEBRAND: I would like to begin
18 by expressing my appreciation to Tom for his
19 leadership and his knowledge of the Delta, to Margit
20 for her very capable work, and to the NHI, John Cain
21 in particular, for working with us.

22 As you know, we started out miles apart as
23 to whether we should give up vast acreages,
24 substantial percentage of the agricultural land in the
25 Delta to achieve these objectives or whether it could

1 be done in other ways. This conversion of land and
2 water away from agriculture as you know is a hot
3 button issue in the agricultural community.

4 I think we've made a lot of progress and it
5 demonstrates the potential for achieving ecological
6 benefits without all these impacts that tend to take
7 place when people devise schemes in some office
8 cubicle.

9 In the vein of not continuing to lose what
10 we have got, I would bring up a couple of points that
11 haven't been mentioned. One, is that as regards the
12 shallow water habitat, we have lost the effective use
13 of a lot of shallow water habitat as I mentioned
14 before by not controlling the exotic aquatic plants
15 that have just blanketed those and made them
16 ineffective.

17 So before we go to great lengths to create
18 new shallow water habitat, we ought to restore those
19 that we have by controlling those exotic plants, and
20 these are substantial acreages that we are talking
21 about.

22 Another problem is that particularly in the
23 San Joaquin River and the south Delta, we have
24 enormous aggradation taking place so that areas that
25 were good shallow water habitat are not too shallow.

1 They even go dry sometimes. So the overall CALFED
2 plan must include a program of some restoration and at
3 the very minimum maintenance of the channels in those
4 areas so that we don't keep losing shallow water
5 habitat and creating problems in that way, and those
6 of course also relate to flood control difficulties
7 and matters of that kind.

8 And so I urge very strongly that you look
9 at these two areas of restoration and retention of
10 habitats that we already had and in some cases have
11 lost, in addition to looking at the opportunities that
12 have been depicted here by Tom.

13 And my one last comment is that the --
14 although the expertise and work that went into this is
15 primarily a credit to these three people, they did
16 have ad hoc committees, so that it represents the
17 basic thinking and understandings of a lot of capable
18 people all through the Delta, north, central and south
19 Delta. So this is not just something put forth in
20 principle and concept by two or three people, even
21 though without their expertise it probably wouldn't
22 have happened.

23 VICE CHAIR MCPEAK: Thank you.

24 Roberta.

25 MS. BORGONOVO: When you began the

1 project, did you see it as part of a continuum? You
2 would -- you were taking a look at the strategic
3 restoration program plan and the intent was that this
4 would be the beginning, you would start with what was
5 easiest to do and easiest to involve the community?

6 MR. ZUCKERMAN: No, I want to pass some
7 kudos over to the Delta Protection Commission which
8 Pat is the chairman and Margit is staff, but I think
9 this is an emerging role for the Delta Protection
10 Commission. They did a very fine job in a relatively
11 short period of time in coming up with a land use plan
12 for the Delta area with heavy emphasis upon the
13 so-called primary area which is the middle part of the
14 Delta, but they also have jurisdiction over --
15 although somewhat limited, over the so-called
16 secondary area which is the urban fringes. And one of
17 my mentors used to tell me, he says, Tom, plan your
18 work and then work your plan. Sunne remembers this.

19 VICE CHAIR MCPEAK: It's because you
20 told me, you're one of my mentors. You are older than
21 I am.

22 MR. ZUCKERMAN: I see this as part of a
23 continuum where hopefully the Delta Protection
24 Commission would adopt this as part of their land use
25 plan and aggressively try to implement something of

1 this nature, with apologies to you all, regardless of
2 what happens to the fate of CALFED process.

3 I think hopefully CALFED or something like
4 it is going to be necessary to provide a lot of inputs
5 that are going to be necessary, but I think this is a
6 plan that is necessary as part of the common program
7 concept and something that we could all work towards.

8 VICE CHAIR MCPEAK: Thanks.

9 Hap.

10 MR. ZUCKERMAN: And just a commercial,
11 if I will, I haven't heard today yet whether the
12 Governor had signed the extension for the Delta
13 Protection Commission, but this is an organization
14 that has done a tremendous job of coalescing local
15 opinion with both government and regional kinds of
16 interests, and I think it would be a great loss to
17 this effort if the Delta Protection Commission and its
18 able staff weren't continued. If the Governor is
19 listening.

20 VICE CHAIR MCPEAK: Thanks.

21 MR. POTTER: I tried to find out this
22 morning and it's sitting there.

23 VICE CHAIR MCPEAK: For the record, that
24 was Bob Potter who is the designated state
25 representative to the Bay-Delta Advisory Council

1 today, and Patrick Wright is the continuing designated
2 federal representative today.

3 MR. POTTER: And a member of the Delta
4 Protection Commission.

5 VICE CHAIR McPEAK: And a member, you
6 are a member of the Delta Protection Commission. Bob
7 is. Very good.

8 I've got Hap, then Byron, Stu and then back
9 to David.

10 Hap.

11 MR. DUNNING: I wanted to ask how what
12 you're working on now compares quantitatively with the
13 original NHI study.

14 MR. ZUCKERMAN: Well, it doesn't add up
15 to 350,000 acres, but maybe their numbers were a
16 little on the approximate side as well.

17 One of the things that we have done is that
18 the biggest -- let me talk a little bit about ERP for
19 a moment. The ERP had some rather large numbers in it
20 which once they were aggregated, you know, it looked
21 like it was 150 or a 175,000 acres, but a lot of that
22 had to do with wildlife friendly agricultural
23 practices. And the implication was that it was going
24 to be necessary to acquire either in fee or easements
25 all that land in order to accomplish what the ERP

1 wanted to do on those properties.

2 What we basically are suggesting here is
3 that we have had plans in the past which are voluntary
4 on the part of the landowners who are interested in
5 these kinds of things and the kinds of incentives that
6 might be appropriate to accomplish the purposes of
7 wildlife friendly agricultural practice without
8 displacing agriculture.

9 So in large measure, most of the acreage
10 type, the quantification figures that are in the ERP
11 plan could be accommodated on the inventory of
12 opportunities that we have outlined here. John may
13 want to talk about NHI.

14 MR. CAIN: I think one thing we have
15 learned is that it's really -- through this process,
16 is it's really not productive to talk about how many
17 numbers of acres we want to do. Over the -- and I
18 want to point out that NHI's original vision and
19 current vision is not that you would restore the Delta
20 to tidal marsh in 10 years or 25 years or even 50
21 years. It's a very long-term vision and it's not to
22 restore all the tidal marsh but a mosaic of
23 agricultural land uses in tidal marsh. And that was
24 in the original document.

25 There were a lot of things that I wanted to

1 say but I was only given five minutes so I'll try to
2 say them in a question and answer. This is a near
3 term low conflict plan, and if CALFED can make major
4 progress on this in the next five to ten years, I
5 think it would be a huge step forward. It would be
6 much more than NHI envisioned was possible.

7 And so I think that here we have a
8 consensus where we can talk about what makes sense in
9 the next ten years and let's not worry ourselves about
10 how many acres will be there in 25 years or 50 years
11 or 100 years.

12 VICE CHAIR MCPEAK: Byron.

13 MR. CAIN: Also I'm going to leave a
14 copy of the map in the back of the room. You can take
15 a better look at it. And Steve Ritchie or Dick
16 Daniel, please go ahead and take it home to the CALFED
17 office.

18 VICE CHAIR MCPEAK: Thank you.

19 Byron.

20 MR. BUCK: Thanks, Sunne, I appreciate
21 the group being here. I've been flipping through the
22 NHI report and went to the Section E on solutions to
23 water quality problems and have to commend the group
24 for a very straightforward, readable, and in my view
25 balanced and accurate analysis.

1 I just now went to their conclusions which
2 I think is kind of interesting. They're saying a
3 small five to ten thousand CFS isolated system will
4 provide environmental water quality and security
5 benefits with high probability. So I look forward to
6 reading the rest of the report.

7 VICE CHAIR MCPEAK: Interesting.

8 Stuart.

9 MR. PYLE: Tom or John, is this planning
10 compatible with the Alternative 2 proposals for levee
11 setbacks and enlarged channels in the north fork
12 development?

13 MR. ZUCKERMAN: Well, that's a moving
14 target. And what we have suggested, if you look at
15 the Mokelumne Cosumnes habitat -- I mean, excuse me,
16 corridor strategy, what we are basically saying is the
17 first thing you have to do in that corridor is figure
18 out a way of moving flood waters through it. Then you
19 have to overlay on that whatever it is you're planning
20 to do in terms of water conveyance and then create a
21 robust habitat restoration plan around that.

22 But if you proceed in the other direction,
23 you're -- it's a recipe for disaster because we
24 really -- it's a very important flood corridor. It's
25 potentially an extremely important water conveyance

1 corridor, and when you get back to the point where
2 you're looking at some reasonable levee setbacks, some
3 channel dredging and one thing or another to do all
4 these things, you create some opportunities along the
5 way which become win-win-win situations.

6 That's what we are basically saying and we
7 think you can work within that context to accomplish
8 all three purposes.

9 MS. ARAMBURU: I wanted to add that this
10 corridor is of extreme importance to the local
11 landowners, and because of that we had a supplemental
12 meeting just of north Delta landowners to talk about
13 this issue because they were very concerned that --
14 some flood modeling has been developed by CALFED that
15 had been released to the public in mid-July that they
16 hadn't been aware of, and they -- and we didn't want
17 to propose something in the habitat concept which
18 would interfere with the water conveyance and flood
19 control proposals that are being developed at CALFED.

20 So we did look very closely. That's why
21 this section actually is pretty long because we
22 expanded it to address the comments that were
23 developed -- positions that were developed through the
24 local communities. We spent extra time on that
25 corridor.

1 MR. CAIN: I have to respond to Byron's
2 comment. I hope you read more than just the
3 conclusion because it's really --

4 MR. BUCK: I will.

5 MR. CAIN: -- the conclusion of sort of
6 a framework for analysis regarding a conveyance
7 facility. NHI's only position on an isolated facility
8 is that there is not enough information and more
9 analysis needs to be done.

10 Based on existing information we come to --
11 you know, we do sort of an analysis that we hope you
12 all poke holes in, but we think it's objective and we
13 think it can help spur thinking about how to solve
14 this problem.

15 VICE CHAIR MCPEAK: David.

16 MR. GUY: Yes, I would like to join
17 others in congratulating the work that you have done.
18 I have the good pleasure over the years of working
19 with the Delta Protection Commission and I think with
20 direction of the board and Margit's leadership it's
21 just been terrific.

22 I think there's another interesting point
23 here that people ought to consider and that's, of
24 course, regional government has a lot of baggage. And
25 there's a lot of different ways to look at regional

1 government, but I think the Delta Protection
2 Commission I think has been a large success in how you
3 look at this type of a regional government, and I
4 think it's served the purpose really well of exactly
5 what you presented here. And I would encourage people
6 to look at that model as we go down the road. I think
7 it may be applicable in other situations.

8 VICE CHAIR MCPEAK: Well, it certainly
9 has taken the spirit of regional collaboration and
10 regional governments without heavy-handed, top down
11 imposition of centralized decision making overriding
12 landowners or the local jurisdiction, so I think
13 you're right.

14 Alex, in deference to the fact that this is
15 your backyard, you get one last short comment.

16 MR. HILDEBRAND: Margit was referring to
17 the importance and Tom also the importance of having
18 compatible plans between ecosystem and the flood
19 control problems in the northern part of the Delta.
20 I'd just like to mention, again, my concern about the
21 ecosystem plans in the San Joaquin end of things in
22 that we are going ahead and granting money to do this
23 and that without examining the compatibility of those
24 measures with flood control on the San Joaquin side.

25 VICE CHAIR MCPEAK: Okay, well noted.

1 It's been our policy to do that.

2 Dick, you have a final comment? Or you
3 were going to help wrap up and I see Mr. Bobker also
4 wants to make a public comment.

5 MR. DANIEL: I'll try to be very quick.

6 VICE CHAIR MCPEAK: I'm going to cut this
7 off very soon, though.

8 MR. DANIEL: I wish we had this kind of
9 a head start elsewhere in the system where we're
10 trying to work.

11 VICE CHAIR McPEAK: Right.

12 MR. DANIEL: I've looked at the
13 recommendations from the group, and from a biological
14 standpoint I feel pretty comfortable that it will work
15 as our first step during the first stage of the
16 program. And I want to assure you and everyone
17 listening that our strategic plan has a program to
18 evaluate these habitats such that we will learn a
19 great deal during the first seven-year stage.

20 With regard to subsidence, the tidal
21 wetland work that we are proposing to do, the seasonal
22 wetland work that we are proposing to do is very
23 compatible with subsidence reversal and perhaps
24 reclamation of some of these lands, and in a very
25 long-term time scale I think we may be able to

1 accomplish a lot in that regard.

2 One of the key elements of working in the
3 Delta will be the available of clean dredge material
4 and opportunities to redeposit that material in
5 somewhat of a natural fashion to rebuild some of these
6 lands. That's probably the biggest hurdle that we
7 face if we go forward with trying to reclaim Frank's
8 Tract and redeveloping that as a shallow water
9 habitat.

10 The last point I want to make is that
11 although this is an excellent idea, it does represent
12 a substantial reduction in the potential conflict.
13 Virtually all of those publicly owned lands were
14 purchased for some predesignated public purpose, and
15 we intend to treat the public agencies that own that
16 land the same way we would treat any private owner in
17 that we will pursue them, talk to them about it but
18 it's a willing seller basis. So we may have to do
19 some trading, arm twisting and put out some money to
20 make this happen. But we are committed to pursuing
21 it.

22 VICE CHAIR MCPEAK: Okay, thank you.

23 Mr. Bobker.

24 MR. BOBKER: Thank you, Sunne. Gary
25 Bobker, Bay Institute.

1 I wanted to just make two general comments.
2 One is that I wanted to thank Tom, Margit and John for
3 the work they have done on this. I think we should
4 really appreciate the fact that considering the level
5 of concern and paranoia which many of their
6 constituents have, just as many of us have about
7 various aspects of the program, that they have chosen
8 to try to be constructive is, I think, very helpful.

9 I think that while the Bay Institute and
10 other organizations in the conservation community need
11 to look more closely at specific proposals, that the
12 direction they are taking is one that can be very
13 helpful to guide early implementation of the CALFED
14 ERPP.

15 My second comment, though, is that I don't
16 think that their proposal is sufficient for long-term
17 implementation of the ERPP in the Delta. I think that
18 the comments that John made about we shouldn't really
19 get too fixated on the exact numbers is right. I
20 don't think that CALFED should set in stone a vision
21 that would give so many hundreds of thousands of acres
22 that we are going to convert in the Delta. That's not
23 a fight we need to have now.

24 However, I think it's clear that we are
25 going to need to do fairly large scale restoration in

1 the Delta for aquatic habitat restoration purposes. I
2 think there's also some issues about sustainable land
3 use in the Delta in areas with peat soils, in areas
4 that depend on continued public financing and levee
5 maintenance, in areas where there are continued risks
6 from seismic or other activities to ecosystem water
7 quality as well as other water quality.

8 And I think CALFED really needs to: No. 1,
9 continue to evaluate what the best long-term uses of
10 land in some of the high risk areas of the Delta are.
11 And No. 2, make sure that it preserves opportunities
12 for land acquisition in those areas and preserves
13 long-term opportunities; in other words, secure the
14 adequate funding sources, make sure that there are
15 institutional arrangements in place to take advantage
16 of those opportunities and begin to acquire and
17 restore lands beyond the scale of early
18 implementation.

19 Thank you.

20 VICE CHAIR MCPEAK: Thank you.

21 Tom, Margit and John, thank you very much.
22 The underlying principles and approach that is set
23 forth in the memorandum and the report that you've now
24 verbally delivered to us, I think is very commendable.
25 Certainly the effort to bring everyone together and to

1 meet with the interested parties is a great
2 contribution towards the whole CALFED process.

3 And, Lester, it seems to me, if there is
4 some sentiment among the BDAC members, that this needs
5 to be given some very strong review or aggressive
6 review and incorporation into a preferred alternative
7 to look at this approach. If it's not something that
8 can be fully embraced, I've heard Dick's comments,
9 then maybe it needs to be identified why. But we have
10 got some emerging, you know, opportunity for resolving
11 what has been some very divisive issues among the
12 parties here on the ERPP and now a pretty solid core
13 of consensus in the affected region on which we could
14 build.

15 So I want to really urge, unless the rest
16 of you think this is not a right approach, going as
17 far as you can to embrace this concept in the
18 preferred alternative, and where we've got -- you've
19 got a different opinion, maybe to identify it for us.

20 Any objection to that?

21 All right. Thank you. Thank you very
22 much.

23 Now we are going to turn to one of our
24 favorite subjects that we -- that is a great
25 reflection of denial, we put it off always to the end.

1 Oh, before I do that, I just want to add an
2 incentive to us completing our work. Some of you may
3 know that Margit's husband, Al Aramburu, is a great
4 songster. He has been a troubadour for many water
5 battles and he has promised that he will perform for
6 us, if we actually reach the end.

7 It's true, right, Margit, that it's the --

8 MS. ARAMBURU: Any time, any place.

9 VICE CHAIR MCPEAK: The song is in
10 production. You may know Mr. Aramburu now heads up
11 Youth Authority, was a Marin County supervisor, a
12 former Pac Bell executive, et cetera, et cetera. But
13 it's something you'd really want to hear, and he is
14 doing -- we give him more time than he should have had
15 anyway, he should have been able to perform it a while
16 ago, but he's getting it all in good shape for us, so
17 keep that in mind.

18 Let's move on to finance. Mr. Ritchie and
19 Mr. Hasseltine.

20 MR. RITCHIE: The first overhead is just
21 one that says "Financial Principles," so it doesn't
22 say anything. That was the one that I was going to
23 use for describing what we're going to talk about this
24 morning and moving into beyond that.

25 Basically, within CALFED, finance has been

1 discussed for two to three years, and as Eric has
2 pointed out, the lead person with BDAC, those have
3 been long arduous, circular, sometimes frustrating
4 discussions because they have focused entirely around
5 principles.

6 Principles are very important to everybody
7 for various reasons, but principles by themselves are
8 pretty unsatisfying until you can get to, okay, let's
9 cut to the chase. What does this actually mean? And
10 that's what we want to get to now, starting to
11 adapt -- excuse me -- attach dollars to various
12 principles and talk about them in combination.

13 The presentation this morning, I'll start
14 with the principles, at least certainly some of the
15 issues that exist around financing principles and how
16 those then relate to Stage 1 cost estimates. It's
17 pretty important, I think, to understand that I think
18 there are two views of the world and the principles
19 themselves. One is that principles are everything,
20 and by God you have to get your principles nailed down
21 and then let it fall out where it happened.

22 The other view is principles is nothing,
23 the deal is everything, and once people see what they
24 are going to get, then they will talk about what they
25 are willing to pay for.

1 I think the answer is obviously some kind
2 of middle ground. Principles are useful as things to
3 talk about to help guide the discussion, but it will
4 come down to will people feel satisfied that they are
5 paying for a value that they're going to get.

6 Basically what I'll start with and mostly
7 talk about are points of contention. Points of
8 contention are a number, first is what's called the
9 baseline issue. Different people have it called it
10 the baseline issue and in fact there are different
11 baseline issues for different people.

12 Secondly, it's the definition of
13 beneficiaries, which I won't even have an overhead for
14 that one. That one is just -- everybody will agree
15 beneficiaries pay but they always want the other guy
16 to be the beneficiary.

17 Thirdly, fairly contentious issue, user
18 funding for the ecosystem restoration program and
19 other common programs. When we say "user funding"
20 here, this isn't necessarily just water users of the
21 system or diverters from the system. There are a
22 whole lot of different users of the system, so it can
23 be talking about a large variety of people here.

24 And within that, an issue of crediting for
25 other parallel efforts that have been engaged in; and

1 then lastly, storage and conveyance funding.

2 I'll cover each one of these points to some
3 extent, throw out a straw proposal on where we need to
4 deal with some of these issues, get into a little bit
5 how they play out for Stage 1 funding, and then look
6 exactly at Stage 1 funding. Which there is, I
7 believe, in your folders a summary table that we have
8 put together of what the Stage 1 cost estimate is at
9 this point in time.

10 First in the baseline issue, there are a
11 number of points that people have raised. First is
12 it's important to understand the history behind how we
13 got here. David Yardis, I believe, at the Oakland
14 BDAC meeting made a presentation on this that, gee,
15 there has been a lot of public investment in a lot of
16 facilities out there and we need to understand that a
17 lot better before we can talk about whose money should
18 go where.

19 Another point that was raised there was
20 should reparations be collected from users to level
21 the playing field? Is there an obligation that users
22 have for past damage to the system in the environment?

23 Another is the legal baseline, what are we
24 building off of? And basically that question for some
25 reason always seems to come down to CVPIA in one way,

1 shape or form, so that continues to be contentious
2 where that fits in at the starting point.

3 On top of these the financial baseline,
4 there are a variety of appropriations that are already
5 in existence. Where does that money get spent? How
6 does pre-appropriated money affect principles? And I
7 think as we get into the discussion of Stage 1, you'll
8 see pretty rapidly that if you take all the existing
9 appropriations in Proposition 204 and expect the CVPIA
10 funds, there's more than enough money to pay for
11 Stage 1. So what principles do you have to talk
12 about, I think is kind of the issue here.

13 These are obviously each one contentious
14 issues. We'll try to be dealing with them to some
15 extent as we put together the Phase 2 report, but I'm
16 not sure that we'll resolve any one of them
17 satisfactorily for anybody. And maybe the best course
18 we can take is look to what does the future look like,
19 not so much what the past looks like.

20 Another issue is the degree of user funding
21 for the common programs. A lot of people believe that
22 the ERP and other common programs should be paid for
23 by user funding in some way, shape or form. There are
24 a lot of questions around that. Maybe the first one
25 starting at the corner here, what would be the purpose

1 of user fees? Are these for mitigation for ongoing
2 effects on the system? Are they things that can be
3 used to as basically gap fill-ins, something to fill
4 the gap, you know, in terms of we can put together
5 different kinds of money and this user fee will top
6 off the glass if it were full.

7 Another that keeps being raised is price
8 signals, and I know a number of folks who are very
9 strong in believing that price signals should help
10 dictate or direct performance by individuals is a very
11 important way to use user fees.

12 Those are questions that we may or may not
13 resolve, but again it may come down to user fees as
14 part of the pie, are they such that people feel they
15 are worth the investment.

16 Timing, when would you actually start a
17 user fee? As I said, the ERP in one version is in
18 effect pretty much funded for Stage 1, should we start
19 a user fee now?

20 Crediting for other parallel efforts, the
21 CVPIA restoration fund is currently being funded by
22 user fees out of CVPIA contractors. Should there be
23 credit for those payments in terms of any user fees.

24 Same for Category 3 funds. I think that's
25 been very clear. They've put \$30 million out there;

1 they expect credit for that money. I think that's a
2 very legitimate claim. Are there other efforts out
3 there that people could legitimately claim credit for?

4 Lastly on user funding is the question of
5 stability. One attractive thing about user fees is if
6 you establish them, they tend not to get changed a lot
7 over time, as opposed to just a raw federal
8 appropriation or a raw state appropriation subject to
9 the vagueries of the annual budget cycle. So where we
10 come down on that is a really important question. All
11 these questions revolve around should you or should
12 you not have some kind of user fees in the package?

13 Storage and conveyance, another fairly hot
14 button issue. On public funding, to what extent is
15 public funding appropriate for storage and conveyance
16 facilities? There's a lot of people that say no, this
17 is really where beneficiary B should take over and in
18 fact the users should be the beneficiaries, end of
19 discussion. Other people think public funding is a
20 great starter pot of money for storage and conveyance.

21 Who should pay for the portion of storage
22 that might be for releases for the ecosystem
23 restoration program from new storage facilities? Some
24 people feel that should be funded by water users of
25 the system, as part of ongoing mitigation or gap

1 filling just to cover the cost of it. The cost of the
2 water could come about a different way from the
3 ecosystem restoration funds.

4 The last one brought up not too long ago by
5 someone representing the area of origin folks, how do
6 you define the beneficiary? And her particular point
7 was, okay, if we talk about a beneficiary pays and
8 beneficiaries need to pay for new storage, I'm in a
9 position where a lot of users have gotten their
10 storage paid for other ways. They got paid for by
11 public funds and now you're looking at me, the last
12 one in the door; now I've got to pay for my own
13 storage?

14 This came about in my mind just like, once
15 you get on the public funding track, can you ever get
16 off? And I think that's legitimate question that's
17 raised there about that. So who should help pay for
18 storage for area of origin folks? Is there some kind
19 of equity issue there. These are all the issues that
20 we've got to grapple with.

21 We have put together a straw proposal to
22 start the discussion on where we could come down these
23 issues and then, like I said, segue into what does it
24 is actually cost?

25 Certainly on the baseline issue, I think

1 trying to go back and allocate damages for past acts
2 is not particularly productive. We should get past
3 that issue and get on with the future.

4 Broad base user fees should be part of the
5 mix, they should help pay for the ERP and the common
6 programs and that explicitly credit should be given
7 for parallel efforts. Very explicitly credit should
8 be given and users must pay the full cost of new
9 storage, including interest.

10 Public funding probably should be used for
11 planning only. This is a little point of discussion
12 among us that I think from the CALFED point of view is
13 we are talking about that if you have a more broad
14 general planning approach, are you less likely to get
15 enamored of a particular project and try to build it.
16 So starting with public funding is probably a good
17 idea. Public funds spent on design would then be
18 reimbursed by the beneficiaries ultimately.

19 And this, again, is a real contentious
20 issue, who pays for the ecosystem portion of the
21 storage, should that be funded by users? As a
22 starting point for discussion, let's say it's paid for
23 by users as opposed to general funds. I'm sure people
24 will have a fairly strong reaction to that one way or
25 the other.

1 When we talk about users, there are
2 different types of user fees and I know that a lot of
3 water folks have concerns about some kind of water
4 user surcharge. Part of the point of this is noting
5 that there are different kinds of fees that could be
6 out there. One is a broad based charge in all water
7 users in the Bay-Delta system. When I say "broad
8 based," again harking back to my past, I would include
9 San Francisco in this, for example. This is not a
10 contractor user fee, this is all water users of the
11 system. That would be one type of fee.

12 Another would be end user revenues from
13 salmon stamps. So the salmon fisherman might be
14 contributing more than they currently are. A
15 surcharge on nonregistered applicators -- a surcharge
16 on nonregistered applicators of pesticides. For
17 example, homeowners are currently the least regulated
18 people in the world relative to pesticide use. Should
19 there be a surcharge on pesticide fees?

20 And boat launch fees, recreational users of
21 the system as well have an impact on the system. All
22 these folks one way or another have an impact on the
23 system, and I think some kind of fee is very much
24 worthy of discussion as to how we get into this.

25 Did you have a point you wanted to make?

1 MR. BUCK: Not now.

2 MR. RITCHIE: Okay.

3 Certainly if you have user fees for the ERP
4 and the common program, timing is an issue. As I said
5 for the ERP, one theory is that there is plenty of
6 money available already appropriated now so what do we
7 need to deal with a user fee for? We got into some
8 discussion of one way to deal with that is spend all
9 the money you have right now and just defer the
10 discussion of user fees to the future.

11 Second is create a user fee as an insurance
12 policy because part of that money is in federal
13 appropriation, which we all know is to some degree
14 uncertain any given year to year.

15 Thirdly is to develop some kind of user fee
16 now for future use knowing that you would need it at
17 some point down the road.

18 Fourth is develop and implement a user fee
19 now and actually start to make some practical use of
20 it.

21 Those are kind of the things I wanted to
22 talk about in general on the principles and there are
23 things in there that everybody should like and hate
24 both, but that's what we can do; we can talk about the
25 principles then for some long time and have some

1 fairly contentious discussion about that. And we
2 would be happy to get into some discussion about that.

3 What we really wanted to do ultimately is
4 more move into what people mostly care about, which is
5 what does it really cost. Each one of you should have
6 in your packet a table that -- this is a simplified
7 version. It's a table with a whole lot of footnotes
8 on it and on the back side more discussions, so that
9 on one piece of paper what you have is a first shot at
10 the cost estimate for Stage 1 and a cost share of how
11 that might be spread across different people at
12 different rates, and I'd walk through this for a
13 second.

14 First worthy of note is the total in the
15 corner for the first stage would be on the order of
16 \$4.4 billion. This is a substantial amount of money,
17 it's more than people have talked about before largely
18 because user costs have not really been discussed in
19 past discussions of the CALFED cost estimate. They
20 have been more in the realm what are state and federal
21 agency costs.

22 Here what you'll see in the user column.
23 These aren't user fees. A lot of this is what users
24 actually have to invest in different types of
25 activities. So that there are significant costs users

1 will incur out there that have nothing to do with
2 whether or not there is a change in fees or something
3 like that. Let me go through these a little bit one
4 at a time.

5 For ecosystem restoration, this line here
6 is actually a fairly good first estimate of the cost
7 of the first seven years of the ecosystem restoration
8 program that Dick Daniel put together with some other
9 folds, and you will see it's just under a billion
10 dollars for the first seven years of the program. In
11 this case, user share is CVPIA restoration fund fees.
12 So there's actually a fee already incorporated in this
13 one, anticipation of utilizing CVPIA restoration fund.

14 If you play this out, this is actually less
15 than the total amount available from Prop 204, CVPIA
16 water and energy account, and CVPIA user fees. So
17 that's one that gets you into the question of, is some
18 other user fee appropriate at this time? But it is a
19 mix of those funds.

20 Secondly is conservation, and I would say
21 wherever you see two zeroes after a number, that
22 indicates the rougher level of estimate. One zero is
23 pretty rough, two is really rough, if you see a five
24 there we are starting to get close on it.

25 Here we're talking about state and federal

1 funds to complement in terms of loans or grants, user
2 investments -- this is user investment, this is not a
3 fee to pay for those kind of things -- on the total of
4 \$800 million for Stage 1.

5 Recycling, same kind of thing, we are
6 talking about \$250 million each from state and federal
7 governments to complement significant user investment
8 in recycling facilities. In fact, if you look between
9 these two numbers in conservation and recycling users
10 are estimated in Stage 1 to invest on the order of a
11 billion dollars in conservation and recycling.

12 Watershed management, here we have both
13 state and federal funding, and in the user column we
14 are assuming some kind of local match money together
15 with some kind of user fee to generate that money
16 right there. That watershed management is something
17 that benefits everybody in the system, and here is
18 where like an ERP you can talk about, you know,
19 benefits that accrue to a whole lot of people out
20 there.

21 Yeah, Byron?

22 MR. BUCK: Local user fees by watershed
23 or a broad based user fee for all?

24 MR. RITCHIE: I think what we would be
25 talking about here is a broad based user fee with

1 another local match for very explicitly local
2 watershed activities.

3 On the water quality front, significant
4 investment on the state and federal government part,
5 and user fees here or users here would probably
6 actually be investments by what might be known as
7 polluters or dischargers. So you're talking about a
8 different kind of user there making investments in the
9 system.

10 Delta levees, this is expressly laid out on
11 a cost share -- cost sharing formulas with significant
12 federal investment. I think I laid that one out at
13 the BDAC meeting in Oakland as roughly a 65 federal,
14 25 state and 10 percent local investment over the
15 seven years.

16 Storage, as federal and state money up
17 front for planning for surface and groundwater storage
18 and then user investment in storage facilities
19 themselves in terms of the design process. The 110
20 million is roughly aimed at what will it take to
21 create large groundwater banks in the first phase.

22 Conveyance has a variety of costs in there
23 for south Delta improvements, north Delta improvements
24 and what is described in Stage 1 now as the
25 preliminary work towards refining an isolated

1 facility, should that be deemed necessary.

2 This whole array of stuff then adds to
3 about \$1.2 billion for both the state and federal
4 government on the order of \$2 billion for users of the
5 system. That's a healthy chunk of change and is worth
6 talking about now as, is this where we want to go, are
7 these the kinds of things that will work for us.

8 From a CALFED point of view, we need to
9 refine this for the Phase 2 report. The draft will be
10 out October 9th. This is where, you know, presumably
11 real dollars start to come together with principles
12 and we can actually talk about these things not in
13 abstract form but in a real form.

14 In the Phase 2 report, we will have these
15 cost estimates with more detail in the background
16 behind them. You have the absolute briefest summary
17 on the one-pager right now and we will be coupling
18 that with some more discussion of the principles of
19 how they feed into these costs as part of the Phase 2
20 report proposal.

21 So that's the state of affairs on finances
22 right now, and taking into account the principles but
23 moving to what does it really cost is where we'd like
24 to entertain discussion.

25 VICE CHAIR MCPEAK: Are there questions

1 to Steve or to Eric?

2 Alex and then Richard.

3 MR. HILDEBRAND: Regarding the manner of
4 paying for storage facilities, I think there's some
5 further complications we need to get into there. As
6 we mentioned before, in a typical on-stream reservoir
7 what you have is part of the justification is for
8 flood control and traditionally, whether right or
9 wrong, that's been considered a general fund cost.

10 And then the yield has been usually paid
11 for in part by selling the power that's produced.
12 That then -- I don't know whether you call that a user
13 fee or what, but at least it's a way of financing the
14 facility without any charge to anybody over and above
15 what he would be paying for power anyway.

16 Now, if you build a facility that provides
17 no flood control, as many of these proposals would not
18 and, if they consume power instead of producing power,
19 then you have not only a first cost to allocate
20 somehow or another but an ongoing power cost to
21 allocate. And that can be quite substantial in regard
22 to groundwater storage and off-stream storage for the
23 proposals.

24 So I think as you look at the method of
25 paying for storage, you have to distinguish between

1 different kinds of storage and whether -- what they do
2 to power costs.

3 MR. RITCHIE: Absolutely. We agree on
4 this point within Stage 1 for surface storage there is
5 nothing other than planning and some initial design
6 money anticipated. So you could theoretically get
7 through Stage 1 without resolving that question, but
8 it's such an important question that we may not be
9 able to.

10 VICE CHAIR MCPEAK: You could get into
11 Stage 1, but not through it.

12 MR. RITCHIE: Right.

13 MR. HILDEBRAND: You don't know whether
14 you're coming up with a viable project, financially
15 viable.

16 VICE CHAIR MCPEAK: Right. The point
17 I'm trying to clarify, Steve, was, I think you
18 meant -- tell me if I'm wrong -- that the questions
19 that are being raised by Alex in your proposal are
20 intended to be answered in Phase 1, so you could get
21 into Phase 1 without having resolved all of the
22 questions to -- or answers to his questions. One
23 should not be getting through Phase 1 -- by definition
24 "getting through Phase 1" means going into Phase 2 --
25 without having answered those questions. That's why I

1 wanted to clarify.

2 MR. RITCHIE: Yes.

3 VICE CHAIR MCPEAK: Richard, then Byron.

4 MR. IZMIRIAN: I wanted to clarify one
5 of your definitions in the principles and that how it
6 might help connect to this.

7 VICE CHAIR MCPEAK: Everyone on this
8 side of the table you need to speak into your
9 microphone even though you're turning away because we
10 are having a hard time hearing to record.

11 MR. IZMIRIAN: Okay. On your definition
12 of the paying for past actions, this -- in my
13 discussions with some people it's become clear that
14 what a past action is has a different meaning to most
15 people. Some things are obvious, like, you know,
16 mining impacts, that would be a past action. Current
17 appropriations of water, for instance, that have been
18 ongoing for some time, some people would consider past
19 actions, some people consider it a current action.
20 Where would you put that and how would that reflect to
21 your cost estimates up here?

22 MR. RITCHIE: I think that the open
23 question is, is there a need for mitigation for
24 ongoing impacts of water diversions. I think that's
25 kind of the crux of that question. Water diversion

1 that has continued continuously for some period of
2 time, what we are saying is we don't want to talk
3 about past damage from that.

4 I think the table is open to talk about is
5 there a need for ongoing mitigation for that diversion
6 just in a generic way for diversion throughout the
7 system. I think that's the point that I think
8 probably there's a whole lot of different opinions on.

9 In this case, I think that's part of the
10 rationale for a water user broad based user fee in the
11 system, not getting into any detailed quantification
12 of is there an obligation of water users to pay for
13 stuff as part of their ongoing activity, but certainly
14 without get into detail on that the argument could be
15 made that that would be the base for a broad based
16 user fee without getting into whose blame actually;
17 finding an equitable apportionment of providing a
18 certain cost in there.

19 So the water user broad based fee would be
20 in effect dealing with ongoing issues there, resolving
21 that on an ongoing basis. New diversions would have
22 their own new mitigation.

23 MR. IZMIRIAN: So that definition would
24 no longer be very important, what is the past action
25 and what is not.

1 MR. RITCHIE: That's correct.

2 MR. IZMIRIAN: I think that's good.

3 VICE CHAIR MCPEAK: Okay.

4 Byron.

5 MR. BUCK: Looking at the conservation
6 and recycling in particular, the level of investment
7 looks about right given on what's going on today and
8 what's actually -- what you could actually implement
9 in seven years. But I'm curious, you've got a 50/50
10 split, federal-state combined with user for recycling
11 and less than that certainly for conservation, and I
12 wondered what the rationale for a level of support
13 somewhat less than 50/50 for conservation versus
14 recycling.

15 MR. RITCHIE: There will be some
16 internal inconsistencies here and these were all
17 crafted in different ways. For recycling, the number
18 of 250 out of a billion dollars comes from the 25
19 percent Title 16 grant share of recycling projects.
20 So that drove, well, can we match it up with state
21 money at an equal level and then user funding take
22 care of the balance.

23 The amount of money here was fairly
24 arbitrary. These were looked at as -- in fact, an
25 earlier version of this table had state money for

1 conservation, federal money for recycling, and these
2 numbers were fairly low and even zero. We've tried to
3 say, no, there ought to be an equal state and federal
4 share and in fact we could bring those up. That
5 should be part of the discussion of that. One of them
6 is already sort of a fixed point at 25 percent.

7 MR. BUCK: Just a follow up, recycling
8 is one that's very hardware intensive and it's very
9 hard to drive projects just with money, but
10 conservation is one that you can spur a lot more and
11 it's a little easier to get into the ground, so to
12 speak.

13 So were there more of a state and federal
14 share, that would spur an additional amount of local
15 investment. That's what's dragging a lot of the
16 smaller agencies, they just don't financially see
17 their interest in it while the larger agencies
18 statewide are already investing \$70 million a year
19 right now.

20 MR. RITCHIE: One other point about
21 these rough cost estimates, they are in part built
22 around what is proposed in Stage 1 of the existing
23 framework document. They also take into account
24 limitations on ability to actually expend money. Over
25 seven years you can only spend so much money.

1 VICE CHAIR MCPEAK: Just a comment
2 there. In part, you're right, a ton of money is being
3 spent by the users already, by the users directly, and
4 that pattern is worth, A, commending; and B, trying
5 not to interrupt the efficiency of the districts
6 themselves paying for financing the implementation of
7 the majors, the best management practice majors in the
8 MOU that they have signed.

9 Perhaps some money could make a difference,
10 but I would want to caution against the notion of
11 trying to replace what can be done directly and
12 realistically by the districts themselves. And
13 especially if -- Eric and I have had this
14 conversation -- if there is contemplated a user fee
15 that gets collected and then reallocated back out to
16 folks, that there's always a friction loss when you do
17 that kind of a process.

18 MR. BUCK: My point is merely how do we
19 spur those that aren't doing it to start doing it, and
20 it may take more than somewhat of a 20 percent or 30
21 percent.

22 VICE CHAIR McPEAK: Okay. You also
23 raise the issue on the billion. Just to peg some
24 numbers from the '82-'83 effort that I cited yesterday
25 of getting to 250,000, to 750,000 acre feet of

1 reclamation, that was then about a \$2 billion number.
2 This is what could be done realistic probably in the
3 time frame that you've laid out.

4 Amount of water you're saying gets
5 generated on that is -- yes, up to 240, okay. That
6 would do it.

7 MR. RITCHIE: Yeah.

8 VICE CHAIR MCPEAK: Okay. It goes Mike,
9 Rosemary, Bob.

10 MR. STEARNS: I just had a question to
11 clarify for my understanding. Under the ecosystem
12 restoration is this schedule saying that under the
13 user column, existing CVPIA level of restoration funds
14 would cover that for Stage 1 along with other user
15 fees but beyond that they would be increased or new
16 fees established?

17 MR. RITCHIE: Basically this covers
18 Stage 1 IN the detail that the 390 is the staged
19 Proposition 204, the 385 is the balance of federal
20 appropriations that started out at 430 million, plus
21 15 million per year of the CVPIA water and energy
22 accounts, and the user column is CVPIA restoration
23 fund fees that theoretically at 40 million per year
24 over seven years really comes out to 280 million. So
25 there's an excess of money that's available in the

1 first seven years.

2 Obviously for the first seven years those
3 would get spent down in total and leaves open the
4 question of the next seven to ten years, how would we
5 finance that. That's where you get into the question
6 of should there be a continuation of these and should
7 there be another bond issue like this, or should you
8 have a new user fee to start to pick up the slack of
9 the ecosystem restoration program.

10 That's one that we have not got an explicit
11 answer for here.

12 MR. STEARNS: But in Stage 1, the user
13 fee is covered only by the CVPIA restoration fund?

14 MR. RITCHIE: That is correct. We
15 anticipate CVPIA restoration fund fees as the only
16 fees that contribute to that at this point.

17 VICE CHAIR MCPEAK: Okay.

18 Rosemary.

19 MS. KAMEI: Yeah. Steve, I'd like for
20 you to talk a little bit more about the water quality
21 figures because I'm a little bit surprised at how low
22 they are, and if this is just looking at source
23 control only, I'm very concerned that that's all that
24 is going to be done in the Stage 1 program.

25 Right now even as a district we are going

1 to be spending over 200 million on upgrades and to
2 look at the next seven years and have to go back and
3 tell people, well, the only thing we are going to get
4 out of CALFED is, you know, a little bit of source
5 control in terms of drinking water quality is not just
6 not acceptable. And I'm just wondering what else is
7 there going to be done in the next seven years in
8 terms of water quality other than source control?

9 MR. RITCHIE: Well, I think source
10 control is the primary thing that needs to be done in
11 the next seven years. I think head and shoulders that
12 is where the emphasis needs to go on in terms of all
13 the pollutants, both for drinking water quality and
14 ecosystem quality.

15 One of the things that does not take into
16 account, for example, is the user investments in water
17 quality, and secondly, maybe a big issue for is a lot
18 of people is the research component of what kind of
19 technologies are being developed out there.

20 This number was first developed based on
21 the initial list of actions for Stage 1 which I think
22 was a fairly limited list of actions. Through the
23 review process now we are getting a whole lot more
24 feedback on what should be in Stage 1.

25 Substantially, thought, a lot of that is

1 more and better source control, I think is the real
2 key thing that will help a lot of folks out. Source
3 control in terms of what goes into the Delta, source
4 control in terms of what actually goes into the
5 aqueducts as well.

6 MS. KAMEI: I think that there needs to
7 be more demonstrated actions on water quality. When
8 you look at the conservation and recycling, there is a
9 lot of work that is already ongoing and that is going
10 to continue, regardless of whatever is decided in the
11 Stage 1 program, now the same thing with water quality
12 and other items.

13 So, you know, when you're putting this
14 together and look at the investment that the user is
15 making, I think that you need to be consistent in
16 saying, well, these are the investments that are going
17 to be made by the user, not just for example in the
18 water quality of source control only because that's a
19 very, very small figure there. What the user is going
20 to have to do in the next few years is a tremendous
21 amount of upgrade.

22 And so, if I look at the CALFED program and
23 the only thing that's going to be done in the next few
24 years is just a little bit of source control and
25 nothing else, it was very hard to go back and explain

1 it to my constituents who I'm asking for more money
2 for other parts of the program.

3 So I guess what I'm asking for is a little
4 bit of help here in trying to explain this to someone
5 that I'm going to have to go back who has not been so
6 close to the program and say, you know what, we're
7 going to have to ask you for more money in these other
8 component areas but not deal with an area that is of
9 prime importance to us, which is the water quality and
10 of which we are going to make millions in terms of
11 investment over the next few years.

12 VICE CHAIR MCPEAK: Rosemary, let me ask
13 you a question. First of all, as a both CVP and state
14 water contractor, Santa Clara Valley Water District
15 has its entire entitlement at stake here on whether or
16 not we do the other things. So I know this may not be
17 totally satisfactory, but, you know, you could say
18 back to constituents, what you get is continued water.

19 But secondly, what is it that you want --
20 you think should be done and can be done on water
21 quality that isn't here now?

22 MS. KAMEI: I understand what you're
23 saying, Sunne, but the -- we are willing to make
24 investments. But in terms of addressing issues that
25 are going to be facing us in the next seven years on

1 the water quality -- in the drinking water quality,
2 there isn't much. I mean a little bit of source
3 control is not sufficient to say, well, we need to
4 continue paying into the CVPIA, we need to continue
5 paying into these other areas. In addition, we've
6 been raising water rates to address the drinking water
7 quality.

8 So when you add these up, it gets to be a
9 little bit difficult for people to understand, well,
10 you know, if we are not going to help on the drinking
11 water quality side, then what's going to happen after
12 that in seven years? We have to wait for seven years
13 to pass before we're saying whether or not we are
14 going to get a conveyance facility, we have to wait
15 until we get to see whether or not there is going to
16 be storage. To me, it's very hard to explain to
17 someone who has not been that close to the process to
18 go through this.

19 VICE CHAIR MCPEAK: Okay. I do have a
20 response but I won't continue this one. Byron is
21 going to try to help us answer that question back to
22 his constituents.

23 MR. BUCK: I would like to amplify
24 Rosemary's point. What's in the --

25 VICE CHAIR MCPEAK: No, I wanted you not

1 to amplify it. I'll come back to you, Byron.

2 MR. BUCK: I will add --

3 VICE CHAIR McPEAK: No, no, no. I'll
4 come back to you. I thought you were going to help me
5 answer the question.

6 MR. BUCK: I will answer the point.
7 There is something that can be done in the drinking
8 water quality section that is not there now. What we
9 have got in the system now is with growth in the
10 valley we are getting an increase in salinity and
11 organic compounds to the system, so the system is
12 degrading over the seven years we're going to be
13 working with, not improving.

14 What's needed in there is a program to
15 address the increases in the degradation. We need a
16 permit system that recognizes salinity as a pollutant,
17 TOC as a pollutant; we need a drinking water policy;
18 we need to regulate these contaminants and offset them
19 as they are coming in through the permit system. This
20 is something that's unaddressed by the State Water
21 Board now, it's unaddressed in the CALFED programs.

22 If we sit here today, we are going to
23 continue to see our water supply degrade, not improve.
24 So we need to, at a minimum while we're looking at
25 long-term solution for drinking water, get a handle on

1 the increases of inputs to the system and regulate
2 them and offset them, and perhaps improve them by
3 reducing in one place where it's cost effective where
4 we are going to see the natural growth in other
5 places.

6 VICE CHAIR MCPEAK: Let me just try to
7 crystalize some of the -- see if I understand what
8 you're saying. It also goes to what Steve Hall was
9 saying yesterday and then I was pretty flip with him.
10 The position I've heard you take in the past is that
11 in order to get improved water quality you want
12 isolated conveyance and you want storage.

13 Now, point that has been made about
14 Phase 1, Phase 1 funding is, you still, even if you
15 had the money in the bank today, would not get it on
16 line and the final or definitive studies have not been
17 completed.

18 Second disagreement or argument that goes
19 into the heart of the conveyance issue is whether or
20 not if you do the improved through-Delta, do you get
21 improved water quality? Some people think you will
22 and some of you say no or it's not enough. That's yet
23 to be further resolved.

24 So what I'm asking is, what is it that
25 other than studying, A, the conveyance which is in

1 this, and B, the storage, neither of which could be
2 brought on line in the next seven years anyway, are
3 you asking for?

4 MR. BUCK: Okay, I'll just repeat it.

5 In essence, we need the permit system, the water
6 quality permit system, the MPDS discharge permit
7 system, to recognize salinity and organic compounds as
8 a pollutant and where we're getting added input of
9 those contaminants from new permits and new
10 developments within the valley, those needs to be
11 offset by reductions in other places or at the source.

12 So we need to get a handle on the increase
13 of contaminants, regardless of what we do in the
14 long-term, this is a short-term strategy we need, and
15 it complements a long-term one. Because even if you
16 built an isolated facility, you're going to have
17 increasing salts because of increasing water use
18 upstream, increasing development. That needs to be
19 offset so that you don't just continue to degrade
20 regardless of what you do with facilities.

21 So it's something that we can start now in
22 Phase 1 that is complimentary to whatever we're going
23 to do in Phase 2 or 3, if indeed we ever do anything.

24 VICE CHAIR MCPEAK: Okay. I don't mean
25 to be dense, and I did hear you the first time talk

1 about changing the permit process to recognize the
2 salinity as a pollutant, but that regulatory exercise
3 doesn't get salt out of the water. So what is it that
4 you thought was going to go on, is it that you can sue
5 under it? What is the significance of that regulatory
6 change in actually getting a higher quality water?

7 MR. BUCK: Okay. Instead of them just
8 looking at priority pollutants under the current
9 system, you'd recognize salt as a pollutant. So if
10 we've got a sewage treatment plant that's going in,
11 they would have to go to higher reclamation and get
12 that salt out of the river or go to RO systems to
13 remove some of it. You can do it with an offset
14 strategy, you could take increased growth from an
15 industrial facility or urban development and offset it
16 by taking -- calculating that increase in salt and
17 going and dealing with an ag discharge problem.

18 So you can do it as a bubble concept much
19 like you've done -- we've done in the air quality
20 arena where we're basically going to the cheapest
21 source of pollution control. We've got to recognize
22 these sources are increasing but we are not doing
23 anything to offset them. The permit system doesn't
24 even recognize salt as a problem. It doesn't
25 recognize organic compounds as a problem, yet under

1 the Safe Drinking Water Act, organic compounds are now
2 regulated as a pollutant.

3 We have not caught up in the discharge
4 system to recognize that these pollutants are causing
5 proposes for people downstream. That's what needs to
6 be regulated, is that when the permits come up and
7 when land use practices come up, we need to offset
8 their impacts on downstream water quality.

9 VICE CHAIR MCPEAK: Okay, thank you.

10 Bob Raab, Martha -- excuse me, it's Bob
11 Raab, Stuart, Martha and Hap.

12 MR. RAAB: Steve, that chart shows, if I
13 read it -- addit up correctly, two and a half
14 million -- two and a half billion dollars of
15 taxpayers' money compared to about 2 billion of user
16 funds.

17 MR. RITCHIE: Yes.

18 MR. RAAB: And I see about \$400 million
19 for -- of taxpayers' money going to storage and
20 conveyance. To me, these are nonstarters. We have
21 got close to a billion dollars, is it now, or whatever
22 it is, it's virtually all public money, except for
23 Category 3 and a few other funds. But most of the
24 money in the kitty now for, say, ERP is public money.
25 And that ties in with the suggestion that we should

1 delay the discussion of beneficiary pays. I think
2 that's another nonstarter.

3 We should be going down a path where user
4 pays in a much more serious way than it sounds like we
5 are talking about now. And that gets into a
6 philosophical discussion which is actually what I'm
7 getting out of what Rosemary and Byron are talking
8 about, and that is how valuable is water? Water
9 district directors are afraid of asking for rate
10 increases. And first of all, I don't really know how
11 much ERP is really going to cost per person per year,
12 but it may not be that -- as much that would require a
13 rate reduction, I don't know.

14 But in any case, we have to make a better
15 case in some water districts than others, that water
16 is just as valuable as a cable hookup or other
17 utilities. I spend a lot more in telephones than I do
18 on water, telephone calls, and yet I wouldn't live
19 more than three or four days without water. I can
20 live three or four days without other people in my
21 house making telephone calls and the few I make.

22 I could go on this, but the point is, in
23 the finance committee we keep bucking up against this
24 fundamental problem. People don't want to pay what
25 they have to pay now for water. Somebody is going to

1 have to start biting the bullet and maybe this is a
2 good place to do it.

3 VICE CHAIR MCPEAK: So you're opposed to
4 the split for the things that are in the Phase 1?

5 MR. RAAB: Yeah, the way it's financed.

6 VICE CHAIR MCPEAK: Right, okay.

7 Stuart.

8 MR. PYLE: It's interesting that my
9 comments are kind of on the same subject as Bob's, but
10 I wonder, Steve, if you go back to the slide that you
11 had previously on your proposal where you -- I think
12 it's the previous one.

13 MR. RITCHIE: This one?

14 MR. PYLE: Yeah. But still dealing with
15 the bottom: "User must pay full costs of new storage
16 including interest." And I assume from what we were
17 just looking at at the previous slide, the costs for
18 storage and conveyance that Bob Raab was just
19 mentioning is primarily planning costs, and that slide
20 there indicates that public funds used on planning
21 costs will be reimbursed. So, I think that works out.

22 But the point that I have is that some of
23 this storage may be used for environmental purposes,
24 and Dick said yesterday that they would like to have
25 400,000 acre feet of storage that could be used for

1 releases. And it seems to me that in this point here,
2 that there should be at least some type of an asterisk
3 that where storage is dedicated to environmental
4 purposes that there may be required public funding to
5 support that storage; that that is not a cost that can
6 be placed on water users, that is not a replacement
7 for something that water users have done to the
8 system.

9 On the other hand, there is additional
10 water that has been developed by many, many users and
11 districts that has been by means of the ESA and other
12 points reallocated to an environmental use, and there
13 is a strong feeling that somehow that rededication
14 needs to be made equal by water or money that is
15 turned back to the people who have been deprived of
16 their original project purposes.

17 So somehow that means needs to come into
18 the discussion.

19 MR. RITCHIE: This last line here comes
20 down on the other side of that that says "The
21 ecosystem portion of storage should be paid for by
22 user fees," and I think you're pointing out the other
23 side of that is no, that's not right, it should be the
24 public should pay for that portion.

25 MR. PYLE: Two views. So I would like

1 to at least get an asterisk on the chart.

2 VICE CHAIR MCPEAK: Well, part of the
3 discussion that Bob and Stu just had is -- I think
4 goes to the heart of what would be the financing of
5 any result out of Phase 1 of the studies on conveyance
6 and storage. That's the huge battle that has been
7 philosophically thrown around in the finance
8 committee.

9 This chart's pretty misleading in that most
10 of the programs are in place. We already have -- we
11 have, for better or worse, the ecosystem restoration
12 funding. That's been -- has been pretty much put in
13 place.

14 I was questioning with Byron the
15 conservation stuff. His argument is that maybe there
16 is some reason public interest because certain
17 districts aren't going to be able to finance it, but
18 that's largely been a user pay as we go.

19 Recycling, I don't -- I'd really like to
20 invite anybody else who studied this more than I have,
21 although I've spent enough of my life on it to how you
22 jump-start the recycling, that's a pretty good split
23 and it's part of the existing program.

24 Watershed management, that's a huge hit on
25 users for ecosystem restoration public benefit.

1 Water quality we just went through and I
2 still don't understand it.

3 Delta levees is an established federal
4 share -- cost share policy.

5 And the storage stuff is -- these are
6 studies. These are studies, except for fish screens.
7 And I guess we could sit here and argue about whether
8 or not the fish are in the public interest.

9 But, I mean, this is a ton of money, almost
10 four and a half billion dollars, and most of it is
11 already established practice. So the real battle that
12 I thought we were going to fight is over who pays for,
13 if anything, if anything ever gets done built in
14 Stage 2.

15 Okay, Martha.

16 MS. DAVIS: A couple of points of
17 clarification. One of them is -- if you could put the
18 chart back up, Steve -- it would be helpful to have
19 the chart clarify, particularly on the state and
20 federal side, where those funding sources have already
21 been committed and as well as on the user side. The
22 breakout on that at some point would be enormously
23 helpful for the public to understand where are the
24 existing resources already committed to these kinds of
25 programs versus where there's an "ask for something

1 new."

2 MR. RITCHIE: Actually on this chart, I
3 think it's footnoted ON the more detailed version of
4 this that CVPIA is included in the ecosystem
5 restoration and then the federal component of
6 recycling. And the PO, whatever it is for levees is
7 in the Delta levee program.

8 Those are really the only two preexisting
9 programs that are incorporated into this chart.

10 MS. DAVIS: What about 204?

11 MR. RITCHIE: And Prop 204, yeah, that's
12 the 390 million there for Prop 204.

13 MS. DAVIS: Okay. Just breaking it out
14 so the public can see, you know, where are we asking
15 for additional money I think is the key message to
16 give to the public.

17 Going to the second point that Rosemary
18 raised about the water quality program, my question
19 here is that it's my understanding under the
20 August 5th draft of the document, that the Stage 1
21 recommendations did not incorporate the work that was
22 being done by the subgroup on water quality.

23 MR. RITCHIE: That's correct.

24 MS. DAVIS: It just concluded its work
25 at the very end of July. So are the numbers here

1 reflecting that August 5th version or the proposed
2 additional actions that I believe are coming out of
3 the water group?

4 MR. RITCHIE: They are reflecting the
5 August 5th version with a little dose of professional
6 judgment as to how much money can be expended. That
7 line probably will get the most attention in terms of
8 revision as we move to the Phase 2 report draft.

9 MS. DAVIS: That would be very helpful.
10 This issue came up -- I was at a meeting with the
11 Metropolitan Water District earlier this week and this
12 question came up where what was in the draft, and they
13 were expressing concern that it wasn't adequate to
14 address the needs of the Metropolitan Water District
15 on water quality actions on Stage 1. And our question
16 was, well, gosh, gee whiz, is this integrating the
17 recommendations that we know you made as part of this
18 work group? And said they didn't know what was
19 actually going to be integrated.

20 And I said, "Well, I'll ask the question."

21 So this seems to be something that needs to
22 be addressed, and actually it's probably true of some
23 of the other programs that I know there are a lot of
24 work groups that have been working very hard to take
25 another look at the Stage 1 actions and make them as

1 strong as possible.

2 Do you anticipate that there will be a lot
3 of changes in this chart, outside of the water quality
4 based on recommendations that are being made by the
5 various work groups?

6 MR. RITCHIE: I think our intent is to
7 have this out for public discussion. There is a real
8 brief summary on the back of how the numbers were
9 basically generated. I think we will be working with
10 different work groups and different subgroups. For
11 example, we just got extensive comments from the
12 ag/urban group on water quality actions, working with
13 them, okay, what does that mean and what do you think
14 it costs to do that, working with individuals that way
15 so that we can refine this table for inclusion in the
16 Phase 2 report that will go out first part of October.

17 MS. DAVIS: Okay.

18 Actually, Byron, I appreciated your point
19 about this, you know, looking ahead at some of the
20 changes that are occurring in water quality both in
21 the Sacramento River and through the Delta as we go
22 south. It would be interesting to pursue further this
23 permit issue because there has got to be a way of
24 trying to handle some of the additional degradation of
25 the water supplies that may be occurring in the

1 future. That's going to be a part of this whole
2 picture when we get into the water quality discussion.

3 I do have one last question just for a
4 point of clarification, and that is: In the storage
5 component and as well as the conveyance component when
6 you talk about planning versus design, is the
7 environmental documentation part of the planning
8 process or part of the design process? And the same
9 question for permit.

10 VICE CHAIR MCPEAK: The planning
11 process --

12 MS. DAVIS: The environmental analysis.

13 VICE CHAIR MCPEAK: -- the environmental
14 analysis with the concept being advanced that one way
15 to introduce users pay for facilities is that the cost
16 that might be invested by the public for anything
17 constructed to be recouped in the financing of the
18 project.

19 MS. DAVIS: So I understand, the
20 proposal -- I'm sorry, I'm a little slow here today --
21 is that if the proposal moves into a permit, that the
22 actual -- that the repayment would be for the
23 environmental analysis and for all the permitting
24 process and the design work?

25 VICE CHAIR MCPEAK: I don't know, I

1 don't know. I haven't been in discussions that were
2 that definitive about differentiating between
3 environmental analysis, design and permitting. We've
4 sort of lumped them altogether actually.

5 MS. DAVIS: I'm just trying to make --
6 we have talked a lot about what does it mean to study
7 something versus what does it mean to do a feasibility
8 analysis versus what does it mean to do the
9 environmental analysis versus what does it mean to do
10 the permitting. Those are all legitimate steps in the
11 development of the project.

12 VICE CHAIR MCPEAK: Big demarcation
13 between all of that planning up until permitting and
14 design. There has been a fairly significant
15 differentiation between what you delineated or set
16 forth as, let's say, analysis and environmental
17 assessment and impact before you get to permitting and
18 design.

19 MS. DAVIS: Let me ask the question this
20 way: If this was long Los Banos Grande and there was
21 a permit issue, what portion of the environmental
22 planning and feasibility studies for Los Banos Grande
23 would be repaid under this user pays proposal?

24 EXECUTIVE DIRECTOR SNOW: You probably
25 don't want to use Los Banos Grande because that was

1 actually paid for by contractors' money. I mean,
2 that -- it was user money up front so it's not
3 analogous.

4 MS. DAVIS: All right, I'm sorry.

5 EXECUTIVE DIRECTOR SNOW: But I think
6 the concept is that all the planning money, the
7 planning period goes through site selection and you've
8 completed all your environmental documentation. So
9 you have selected a site and you now begin to do
10 design, on to construction.

11 And the idea that was advanced, and it came
12 up actually in a lot of the bond discussions, was that
13 you would use public money to do the planning process
14 that compared sites, or locations for storage -- it's
15 always unfortunate when there's a location that's
16 called sites --

17 MS. DAVIS: Does confuse everybody.

18 EXECUTIVE DIRECTOR SNOW: But anyway,
19 you would go through the planning and environmental
20 evaluation process, through site selection where you
21 have selected a reservoir site. Once you went on to
22 construction and you had worked out the financing for
23 construction, the public money would be reimbursed,
24 all of the money for that particular project.

25 Now, it does allow the issue that Stuart

1 raised, that when you're determining who should pay
2 for the reservoir that you've decided that can be
3 constructed, maybe there is a piece that's allocated
4 to the Fish and Wildlife Service or to Fish and Game.
5 But nonetheless, the original public money that was
6 for planning purposes to do an objective study
7 compared to the study would be reimbursed.

8 VICE CHAIR MCPEAK: Okay. And part of
9 what Martha is also proposing is that we clarify what
10 is already committed and that that be here, and if you
11 were to do that with respect to water quality what the
12 districts are already paying, what users are already
13 paying, you'd have a huge -- a much larger number.
14 That has been pointed out by Lester to me.

15 So I don't know if anybody wants to try to
16 get a handle on that, but just note that that would be
17 the case.

18 Martha?

19 MS. DAVIS: Well, I just -- I also
20 think -- I mean, I think it's very useful for the
21 public to understand the level of investments that are
22 already being made in all of these programs. I mean,
23 I guess it doesn't take a genius to figure this out,
24 but I think sometimes the public doesn't understand
25 all the good work that is already going forward. But

1 there will be a confusion between what is the new
2 thing we are asking for versus what is a part of -- an
3 integral part of the approach that's taken by all
4 these agencies. I think that's important to keep
5 sorted out.

6 I also think it's important to keep very
7 clearly sorted out what new sources of funding,
8 particularly on state and federal side, sources of
9 funding that are already there that are going into
10 these programs.

11 VICE CHAIR MCPEAK: I've got --
12 Rosemary, you just want to follow up on my comment
13 because I referenced you. Why don't you go ahead.

14 MS. KAMEI: Thank you, Sunne. I just
15 want to say thank you to Martha because that clarified
16 a lot. I think that having it identified is going to
17 be very, very helpful.

18 As far as going back to what Bob said, Bob
19 Raab said, it's kind of unfortunate, I mean we sit
20 here and we talk about public, private user and all
21 kinds of things, but as a water director I have
22 increased water rates. I have a constituency that I
23 have to be accountable to and I need to explain this
24 and if I don't explain it in a way that they
25 understand, it's going to be very, very difficult not

1 just for me but for others.

2 So we can sit here and talk about public,
3 private user, this and that, but we all pay for it and
4 it's all the public's money. So it's a difficult
5 thing and I guess what I'm asking for is a little bit
6 of help in being able to do that.

7 VICE CHAIR MCPEAK: Okay. Hap, then
8 Roberta.

9 MR. DUNNING: I wanted to ask for some
10 clarification as to Byron's response to your question,
11 Sunne, about what can be done in the next two years.
12 If I understood what he said, it sounded like a
13 manipulation in the regulatory system and I wondered
14 if he thought that was going to be part of CALFED
15 which is not regulatory or is that something outside?

16 MR. BUCK: It's not -- in the sense it's
17 not like the other actions here which are generally
18 non regulatory but it is -- it would need to be a
19 regulatory action. We need the permit system to
20 address those things as contaminants and to deal with
21 them as -- the State Water board as part of CALFED,
22 it's part of an overall strategy. CALFED can
23 recommend changes in legislation, changes in
24 regulation, and where we need to do that to make
25 improvement, that's what we need to do.

1 And I'm not expecting CALFED to do this
2 alone. We have got an initiative with the State Water
3 board. We are going to be probably funding them to
4 have staff -- not state, the Regional Water Quality
5 Control Board to develop a drinking water element to
6 their basin plan. So we're moving forward on other
7 fronts with this, but we need CALFED to recognize that
8 salinity is a big long-term issue. If we want to see
9 the recycling in Southern California that Tim Quinn
10 talked about yesterday to enable them to lower their
11 demands in the Delta, we have got to deal with the
12 salinity problem in Delta waters.

13 VICE CHAIR MCPEAK: Roberta.

14 MS. BORGONOVO: I raised my hand earlier
15 because I wanted to comment about the discussion on
16 water quality and I hope that upcoming discussion from
17 the panel will help eliminate that, but part of that
18 technical work that is going on that didn't begin
19 early enough I hope will be incorporated into this
20 final draft that is coming out in October. And
21 certainly one of the principles was that there is a
22 regulatory process, both federal and state, and it's
23 in place and these programs are not to undermine those
24 or to replace them, and there's a whole other State
25 Water Resources Control Board proceedings that is

1 going on that needs to go forward.

2 But I also wanted to point out that there's
3 all kinds of -- I mean, if you look at the user fees,
4 190 million that's come from the ecosystem restoration
5 fund, 80 million of it was spent on the Shasta
6 temperature control device and that benefited the
7 power users mightily. I think that there's been money
8 spent out of that on fish screens, and you can argue
9 that it's for the fish, but you can also argue that it
10 benefits the users because that would be considered a
11 traditional mitigation procedure.

12 So I would like us to continue working with
13 the numbers. We were all grateful when Steve put this
14 up in July. We were grateful when we had this
15 discussion in August so we can actually get to the
16 numbers. But I think that in putting forth the
17 principle that the storage part of any future
18 conveyance that goes to benefit the environment, does
19 go back to this ongoing argument we have had over
20 mitigation versus past histories and all of that.

21 We have argued before, and I think that
22 this acknowledges the fact that you never build dams
23 and reservoirs to benefit the environment, you leave
24 the water in the river. If you take it out, it's so
25 that ag and urban users can continue to use it.

1 And so I myself like that position that we
2 are taking. There will be lots of argument still over
3 the large amount of money that is there, quote, to
4 study storage and conveyance. That's a very large
5 amount and it was part of the big bone of contention
6 when all the water bond discussions were going
7 forward.

8 So I look forward to comments that will
9 come from many people like EDF who have been very much
10 involved in this discussion and didn't have time
11 between the meeting earlier this week and BDAC.

12 VICE CHAIR MCPEAK: Thank you, Roberta.

13 I think that there will be -- we need to
14 have Eric and Steve before we get to the end of
15 December a discussion around the split of costs,
16 should there be -- well, for facilities, we are
17 expecting there is going to be one or more kinds of
18 conveyance, and also storage, philosophically should
19 it be constructed because it's shown to be needed.
20 And I'm anxious to engage in that, it will be a pretty
21 active probably exchange among parties and we'll need
22 to have that happen. We just don't have the time
23 today.

24 And what Roberta reminded me is that is the
25 cue we're supposed to move on at this point to the

1 presentation on water quality. So if there is no
2 objection from BDAC, I would like to go back and pick
3 up that item and thank you for allowing us to take
4 finance for the last hour. Thank you. Thank you,
5 Eric and Steve.

6 We now have the water quality program
7 highlights from the expert panel and -- is Rick
8 leading off on this, Lester? Do you have any
9 preliminary comments?

10 EXECUTIVE DIRECTOR SNOW: No.

11 VICE CHAIR MCPEAK: Rick? Where is
12 Rick?

13 MR. WOODARD: What I would like to do
14 here this morning is to walk you through quickly a
15 more general view of the status of the water quality
16 program as it now stands and then get into a good deal
17 of particulars on the bromide panel that we just
18 completed on Wednesday afternoon.

19 Then I thought -- we have Bruce Macler in
20 the audience and I'd like to encourage him to say a
21 few words, and I think CUWA wishes to be allowed an
22 opportunity to put their perspectives in. And as
23 well, I'd like to invite Martha later on to perhaps
24 make a few remarks about the environmental community's
25 involvement in the program and their perspectives,

1 some of their selected perspectives on it.

2 So I will try to move through pretty
3 quickly, but I thought that there is a good deal of
4 interesting information. We are in a period of the
5 time in the water quality program where a lot is
6 happening, we're all very busy trying to generate our
7 product as I will explain to you very briefly.

8 I thought for those of you who haven't been
9 with us before, I would mention that the water quality
10 program is being advised and essentially developed
11 through the water quality technical group which is a
12 group of agency people and stakeholders that we put
13 together to help us on a continuing basis to advise in
14 the conduct of the program and its development. They
15 ever been in existence with us, now, for some year and
16 a half or thereabouts and we intend to keep them in
17 this role and working with us throughout the course of
18 the program.

19 Am I obstructing the view here? I'll try
20 to stay aside.

21 Now quickly where we are with the water
22 quality program status, we have put together -- we're
23 in the process of revising the first draft of the
24 water quality program plan. In order to do that,
25 again, we have enlisted the help of the water quality

1 technical group. Incidentally, we have about 230
2 people on that mailing list, of those probably 60 are
3 active with the program.

4 We've broken the water quality technical
5 group up into six teams composed of people who have
6 specific expertise relative to the particular sets of
7 parameters we are having them to look at. As an
8 example, one of the teams is looking at mercury, one
9 of the them is looking at pesticides and so forth.

10 These six teams have been working
11 intensively to develop more detail for the program, to
12 help us to refine the statements of the water quality
13 problems that we are trying to address, and also and I
14 think importantly trying to help us establish or
15 recommend priorities in which we should address these
16 problems.

17 These individual teams have submitted our
18 reports, their reports, to the CALFED staff beginning
19 about the end of August and continuing until the last
20 week or two. We are in the process now of
21 incorporating that input into a revised draft of the
22 program plan. We are, in fact, pretty close to being
23 done. The last estimate I heard from staff yesterday
24 was that possibly by Monday we will have completed
25 assimilating the general material we had received from

1 the six teams.

2 I point out that one of the jobs we are
3 trying to do in utilizing the output of the six teams
4 is to learn from that what's really important to go
5 into the program document, realizing that some of that
6 material may be more project specific and may belong
7 in subsequent phases. So we're going to public a
8 revised the program plan that's consistent with a
9 program level document, but we will probably also
10 publish the entire text of what the six teams offer us
11 to be used as subsequent background and also for
12 development of the first stages of implementation.

13 So I must say that I'm very pleased with
14 the group, we've got a lot of hard workers there and
15 they have done a great amount of effort to improve the
16 water quality program and make it more specific and
17 yet not so specific that it goes beyond the
18 appropriate levels for a program document.

19 We should, as I say, have a draft, an
20 internal draft ready by about the first of the week.
21 It was our intention to be able to submit that draft
22 for CALFED agency review on or about October the 1st,
23 so we are pretty well on schedule.

24 Turning now if I could to the bromide
25 expert panel, I think earlier on in the process we all

1 came to recognize through the CALFED analyses that
2 bromide is somewhat unique among the water quality
3 parameters inasmuch as it's likely to be relatively --
4 and I do say the term relatively advisedly --
5 relatively unaffected by the choice of -- relatively
6 unaffected by the work that is done in the water
7 quality program.

8 The water quality program so-called had
9 been previously known as the common program, are the
10 activities that we will undertake for water quality,
11 irrespective of which conveyance or storage
12 alternatives are chosen. Those involve a lot of
13 source control activities that would reduce the
14 parameters such as toxic substances that enter the
15 Delta through remediation actions of mines and various
16 kinds of activities. For instance, looking at
17 discharges of pathogens from boating activities in the
18 Delta and some of those kinds of things.

19 But since our studies indicate that
20 bromide, at least a very, very major source of bromide
21 through the Delta is the ocean and the choice of
22 conveyance and storage alternatives has a very great
23 deal to do with the result in terms of the bromide
24 that's exported in the drinking water supplies, then
25 that is very heavily dependent on that choice of

1 alternatives. And that's why in the Phase 2 report it
2 was identified as one of the most significant
3 characteristics that distinguish the choice that we
4 have to make among the alternatives.

5 So with that background we felt it would be
6 desirable to put together an expert panel to look at
7 bromide, and again expert in terms of independent so
8 that we're trying to get a more national perspective
9 on the problem and trying to help to put the context
10 to the problems that we're experiencing in the Delta.

11 We formulated the charge to the panel to
12 essentially provide CALFED guidance that this can use
13 in helping to come to a conclusion of preferred
14 alternative.

15 We use the water quality technical group to
16 help us put together the panel, identify its
17 objectives, identify its tasks and to select the
18 panelists themselves. One of the things that we
19 solicited were what are some of the perspectives the
20 stakeholders think that we should be bringing to this
21 work. And I think that these are important ones and
22 help to guide the panel in a way that I believe turned
23 out to be quite successful.

24 I think there's a strong inclination to see
25 us look at this from a systems standpoint, not just

1 source water quality per se as related to the Delta
2 conveyance, but also investigate all alternatives that
3 we have for controlling the product, whether that be
4 from source all the way through treatment and to the
5 taps of consumers.

6 I think a very important recognition on the
7 part of the stakeholders was that there is both a near
8 and longer term aspect to this that needs to be
9 addressed. It is planned at this moment that in the
10 year 2002, we are on the track to modify the drinking
11 water regulations for disinfection byproducts which
12 are some of the problems that are produced by bromide.

13 So timing-wise just mechanically, it's
14 obvious that whatever that new regulation is in 2002
15 will have to be met in the absence of significant
16 physical changes in the Delta because the lead time
17 for such changes is simply too long, no matter what we
18 decide to do.

19 So we have an immediate problem that has to
20 be dealt with in terms of getting us ready to be able
21 to meet those standards. And that's a somewhat
22 different problem because in the long-term, we are
23 looking at solutions that have to last us 20 or 30
24 years, the length of the program, and we think that
25 that longer term solution is going to look like

1 improving the Delta water quality -- and as I say,
2 there's a number of ways that we are looking at trying
3 to do that -- and to integrate that with advances in
4 treatment and with operational alternatives as they
5 may -- as we may discover they exist.

6 So I think a near term what do we do to
7 meet the upcoming regulations, and long term what do
8 we do to take care of a number of future uncertainties
9 are the ways that we hear from the stakeholders that
10 we should be trying to look at the problem.

11 Again, through soliciting our constituents
12 in the water quality group, we've developed the advice
13 that we need expertise, specific kinds of expertise in
14 chemistry and health effects and source control in the
15 regulation development process and in drinking water
16 treatment. So those are some of the specifications we
17 sent out to the stakeholders and asked them to tell --
18 oh, and furthermore, of course, we're interested in
19 nationally recognized expertise so that there is a
20 broad ability to compare our situation to ongoing
21 processes in other states and across the world. And
22 also, and very importantly, a reputation for
23 independence. We felt it was very important that we
24 don't get people who are all tied up in the ins and
25 outs of the CALFED process.

1 So those were basically the specifications
2 that we established for the panel. We did send out a
3 solicitation then to the water quality group asking
4 them for nominations based on these criteria. We
5 received a list of some 18, or thereabouts, nominees,
6 the vast majority of whom I think would have been
7 excellent.

8 We also essentially sent that list, a
9 longer list of candidates out to the group and had
10 them tell us which ones they felt would be most able
11 to help us. I'm very pleased to be able to tell you
12 that these particular names came up consistently
13 across the stakeholder spectrum whether through urban
14 agencies or the environmental representatives as being
15 people who are expert, also fair-minded, also able to
16 contribute and also independent of the process in
17 general.

18 So as it turned out to be extremely
19 fortunate, we actually were able to get all of these
20 people to join us. The timing is what had to be
21 adjusted. We had planned on meeting with this group
22 along toward the end of July. September 8 and 9 were
23 the first dates that we could possibly get these folks
24 together and they would have been the last dates we
25 could have gotten them together for some time to come.

1 So it just so happened that we found a little window
2 in which we were able to do it, and that's what we
3 did.

4 Perhaps I'll quickly mention the names.
5 Gary Amy, Richard Bull, Kenneth Kerry, Stig Regli from
6 U.S. EPA who is the regulation manager for the regs,
7 all of who have the expertise that was specified. So
8 I think that we really got arguably the best panel we
9 could have possibly gotten.

10 And also we talked to our group about the
11 tasks to be performed and through that solicitation we
12 came up with about 14 sort of discreet tasks that
13 folks thought that we might ask them to do. We have
14 had quite a lot of talk among others among ourselves
15 and among the stakeholders and among the panelists by
16 then about the ability to get through that kind of a
17 laundry list, and it was felt that that was much too
18 long a list for them to reasonably undertake in two da
19 and then turn a report around within a month or so.

20 We tried to narrow the task numbers but to
21 collect some of the tasks within larger tasks, such
22 that we lost as little as possible of the overall
23 thrust that was intended to be accomplished. And
24 again, I think we managed overall to do that pretty
25 well.

1 We came up with eight different basic
2 topics of deliberation that we recommended that the
3 panel consider on our behalf. The -- how bromide
4 stands in California relative to the nation, what are
5 the health effects that these brominated compounds
6 produce.

7 I think also significantly from the panel
8 we were interested in their perspectives on where is
9 the leading edge of health research, where is it
10 going, what can we reasonably anticipate happening in
11 that area within a reasonable amount of time within
12 the time of our decision making. Talking about how
13 existing treatment plans can meet the current and
14 future regulations that are anticipated, and also we
15 are very interested in their thoughts on where is the
16 leading edge in the development of treatment
17 technology for dealing with these kinds of problems at
18 the water treatment plants.

19 We also asked them to talk to us about how
20 the process by which this next round of drinking water
21 regulations and subsequent rounds would be developed.
22 There is a lot of concern about how California's
23 concerns will fit into that process. We wanted some
24 of their advice on how California could be sure that
25 it is properly represented in those processes, given

1 that they are going to effect us very significantly.
2 Source control options was a major interest and major
3 topic we hoped that they would help us to focus on.

4 And last but I think by far not least, we
5 were asking them for specific advice about what we
6 could do during the next five or seven years in the
7 first implementation phase of the program to help
8 elucidate this issue and to help us decide, make
9 subsequent decisions on the significance of bromide
10 and how we ought to be behaving relative to our
11 decisions. So those were essentially what the panel
12 was asked to tell us.

13 Quickly on the conduct of the panel meeting
14 itself, we met on September 8 and 9, which has been
15 not very long ago, and I recognize a number of faces
16 in our audience who were present at that meeting. We
17 had anticipated a good deal less audience interaction
18 than in fact materialized, but after all the thing
19 about an independent panel is they're independent. So
20 we did not prosecute the agenda for the panel as in as
21 linear a fashion as I had envisioned it might go.

22 The good news is I had talked to the panel
23 about this and they felt that that interaction was
24 enriching the discussion and I certainly agreed. And
25 looking at the total of it, I still think we pretty

1 much touched all the bases. So all in all, I thought
2 the process went rather well.

3 Now I have spent the better part of
4 yesterday trying to transcribe some of my own notes on
5 what the panel said and did, and we have several other
6 transcripts that are on the way to us that we haven't
7 collected yet. This is reflecting my notes, what I've
8 tried to pull out of those notes hurriedly as to what
9 I thought were some of the more significant things
10 that had come out of it. But I want to hasten to
11 point out that this is not intended to be a
12 comprehensive list of what was important that happened
13 and possibly I've not even gotten some of the most
14 important points. But nonetheless this is my first
15 take on it.

16 We talked a little bit about just what does
17 the bromide situation look like in California. One of
18 the panelists indicated that about 90 percent of the
19 water supplies in the nation have less than 300 parts
20 per billion or micrograms per liter of bromide. And
21 to compare, these are numbers that I've supplied from
22 the banks, pumping plant in the south Delta, from
23 Contra Costa Water Districts and from North Bay
24 Aqueduct.

25 And again, these data are over a certain

1 period of time, so it's just intended to give you some
2 idea that you'll be looking at averages of banks that
3 are a bit below the 90th percentile and somewhat above
4 that for Contra Costa on the average, at least for the
5 period that I analyzed the data. And the North Bay
6 Aqueduct is in pretty good shape in general in
7 bromide.

8 But while these reflect the averages that
9 you might experience over a long period of time, we
10 also get huge excursions. And I don't know what the
11 upper bounds of what we'll see here, but I would guess
12 that we can see easily twice the 300 that you see in
13 that 90th percentile.

14 Those are really two things, there's the
15 longer term what we get over a period of years, but
16 then there's the problems that have to be dealt with
17 when you get these excursions, which essentially
18 happens during dry years when you're getting a lot of
19 ocean influence into the system.

20 There was a good deal of discussion that
21 although we focused on bromide in this effort because
22 unlike organic carbon for which treatment mechanisms
23 may be available and for which other options could
24 exist that would have significant impact on organic
25 carbon, we felt that we ought to de-emphasize the

1 other constituents that go to make up drinking water
2 chemicals that are potentially harmful and
3 concentrated on bromide. But I think the panel had
4 some very valid points of view in suggesting that
5 organic carbon, because it reacts with bromide should
6 not be ignored in the equation.

7 In addition to organic carbon, it was
8 pointed out, for instance, that PH alkalinity and some
9 of the other water quality parameters really have a
10 very great deal to do with -- on a practical basis how
11 successful the water agencies are at being able to
12 meet the criteria.

13 So there was a good deal of discussion on
14 the panel about the importance of looking at the
15 co-occurrence of these other water quality parameters
16 as part of the broader picture. And again, I think
17 the overall thrust that I heard from the panel was
18 they were giving us information concerning a number of
19 different complex aspects of this thing that can't be
20 glossed over if you're really serious about it. And I
21 had personally hoped that would be some of the product
22 we could expect to see out of this panel and I think
23 they certainly served us well in that regard.

24 One of the things that I think came out of
25 it was that there's a realization that there are some

1 potentially very promising treatment technologies
2 under development. Membranes is one of the -- I just
3 picked this one out, there were others discussed --
4 but membranes have -- the technology of membranes, and
5 by that I mean membranes used to filter water, has
6 expanded tremendously in a number of different
7 directions.

8 Now there are a lot of other new kinds of
9 membranes being looked at and tested, some of them
10 involving electrical charges across the membranes and
11 some of them at various different size ranges that do
12 different kinds of things or have the potential of
13 doing.

14 So the panelists I think felt that that and
15 other technologies seriously deserved to be looked.
16 They pointed out as an example that there are some
17 membranes that can remove simultaneously bromide and
18 organic carbon to 50 percent levels or something like
19 that. The down side is that some of these things
20 cause cost some money and we could be looking at like
21 \$10 a month for the average consumer for some of this
22 technology.

23 They did not at all paint a bleak picture
24 about the finance end of it. I think they were
25 suggesting that new developments are coming along all

1 the time and it was something that CALFED needs to
2 actively concern itself with. So I thought that was
3 very helpful.

4 They, too, seized on the concept that we
5 are going to need to develop strategies for dealing
6 with the near term in which we will have to meet new
7 standards with essentially the same system we have
8 now. And they were talking about a number of kinds of
9 things such as source control and such as shorter term
10 strategies for tuning the treatment processes more
11 effectively; spending time understanding a number of
12 the characteristics about the treatment phenomenon,
13 about the chemical reaction phenomena that occur.
14 That knowledge then would help us to more effectively
15 tune our treatment processes and more effectively deal
16 with the situation we've got, given the basic
17 infrastructure we now have.

18 But the panel also, I think, made it clear
19 that they feel that bromide is going to be with us to
20 stay for quite some time as a concern and that there's
21 a need to focus on long-term aspects of this as well.
22 Again, I think their feelings pretty well mirror some
23 of the stakeholder perspectives that I mentioned to
24 you earlier.

25 They -- it was during the course of the

1 discussion brought out there's some several hundred
2 new disinfection byproducts that are being identified.
3 There are some 18 or thereabouts of them that contain
4 bromine, which is derived from bromide, that can be
5 potentially of health concern and probably will need
6 some further work. It was suggested that this next
7 phase, the so-called phase Stage 2 of the disinfection
8 byproduct regulation will probably not be the last
9 stage simply because some of these new compounds are
10 coming up onto the radar screen.

11 As I understood it, part of the long-term
12 perspective they wanted to be able to impart to us is
13 the concept that the very next iteration of
14 regulations is likely not to be the last and that we
15 will have to be dealing with this for a long time to
16 come, or we can expect to.

17 Now getting to one of the, what I felt
18 where was the real core of what the panel might do for
19 us is tell us what do we do, what do we start doing
20 right away? I thought they came through with some
21 extremely valuable advice, some of which we had
22 already contemplated and some not, but I'm hoping that
23 their recommendations will help stimulate emphasis on
24 these issues and will help us to find resource to
25 begin addressing some of them.

1 I thought one of the singularly important
2 recommendations we're getting out of the committee,
3 and I think this was first elucidated by Stig Regli of
4 EPA, the regulation manager, was to -- for CALFED to
5 in some way be proactively involved in helping to
6 collect the kind of information that actually goes
7 into the rule-making process, the one upcoming and
8 subsequent ones, that we ought to be -- we ought to --
9 we're in a position to capture some resources and to
10 help encourage development of this kind of thing. So
11 rather than just sit on the sidelines and wait and see
12 what happens, I think I understood him to say let's
13 get in the fray, let's help to submit information and
14 data that will -- upon which those determinations will
15 be made.

16 There was a specific recommendation to look
17 more closely at the bromide that we find in the San
18 Joaquin River. We know for a fact that bromide is
19 recycled from the Central Valley project down to the
20 valley and comes back in the San Joaquin River. What
21 we don't know is whether that is the overwhelmingly
22 largest source of bromide in the San Joaquin River,
23 and we have the specific recommendation from the panel
24 to look more closely at that question.

25 So we, I'm sure, will need to find a way to

1 try to address that. It is -- that does have
2 importance in the export water quality, no question
3 about that.

4 One of the, I thought, very enlightening
5 pieces of discussion was the need for us to
6 considerably refine the models that we're looking at
7 now, especially with regard to the specificity by
8 which they look at things. The term surrogate was
9 used pretty often and used in the context of we need
10 to look at -- right now, for instance, we are
11 monitoring electrical conductivity or modeling
12 electrical conductivity and then using that as a
13 surrogate to try to understand what is happening to
14 bromide.

15 I think they were saying that we ought to
16 look at different kinds of species of brominated
17 compounds, chemical species of brominated compounds,
18 and do more specific modeling to help us understand
19 how individual chemicals behave. And I think the idea
20 of that is to help us fine tune our ability to analyze
21 the health effects because we need to -- quite often
22 it's not enough just know how a group of chemicals
23 behaves when they all have different health effects.

24 So a need for considerable refinement, and
25 that's going to be one that's going to take us some

1 time but I think clearly it is something we want to
2 think about.

3 Also they strongly recommended that we
4 promote and encourage new treatment processes, for
5 instance, bromate which is at present probably the
6 largest -- arguably the largest chemical of concern
7 for drinking water related to bromide. There are
8 processes that have been looked, ferrous iron
9 reduction being one approach, that seems to have
10 considerable promise.

11 There has been a research paper that shows
12 that that has some promise. There's been some pilot
13 scales testing to indicate that it may be tricky to
14 employ it on a practical level, but nonetheless there
15 is more investigative work to find out whether that
16 kind of technology would really do us some good.

17 One of the things they talked about was the
18 need to form what they termed -- possibly consider
19 forming a confederation of utilities, to use their
20 exact term, to develop a so-called common metric to
21 describe plant performance.

22 In other words, right now we have a bunch
23 of different treatment plants producing data, lots of
24 data. I think if I understood them correctly, what
25 they were suggesting is we need to work with all these

1 utilities to put together sort of a comprehensive way
2 of being able to present this information so that the
3 decision makers can best understand it and also, so
4 that we can do a better job of deciding where research
5 needs to go and where development needs to go. Now
6 that would be a job that possibly CALFED would be
7 uniquely suited to try to undertake, given that we are
8 consolidation of a lot of different entities.

9 The subject of risk assessments received
10 considerable attention from the health experts on the
11 study and on the panel, and I think it was in
12 reflection that there's really a lot we don't know and
13 I think some serious flaws in the way risk assessments
14 are made now and applied to regulations. And so while
15 they recognize that CALFED may not be the agency that
16 does this, they certainly encourage us to take an
17 active interest in the subject and possibly consider
18 ways that we might promote the kinds of health effects
19 research that would enable more scientifically
20 defensible regulation setting.

21 I thought another very valuable item was
22 the recommendation that we try to look ahead a little
23 bit and start thinking about monitoring for other
24 kinds of compounds that we may need data on in the
25 future, and I think that does recognize that there is

1 lead time on these things. Most of the database we
2 have got now was generated long before CALFED existed
3 and it was only generated with the perception that
4 such data would likely be needed at some unknown point
5 in the future by some process.

6 It's very fortuitous that we have a lot of
7 the data that we do have, but I think they are trying
8 to give us a future look at this and suggesting that
9 such things as total organic bromine, which is
10 something that I don't even know how we would analyze
11 such a thing, but some of those are the kinds of
12 things that perhaps we should start incorporating into
13 our monitoring plans.

14 Also, we don't have a very strong database
15 on flows in particular for Delta agricultural drainage
16 and because they can -- are significant contributors
17 of organic carbon to the equation, there was a feeling
18 that we need to spend more money trying to get a
19 better handle on those flows.

20 Sort of the overall perspective I took away
21 from talking to the panelists, not just in the public
22 setting but talking to them around the planning of it,
23 was that CALFED will be best served if we look at the
24 bromide problem along with other water quality
25 problems as really a process, not a point in time.

1 This isn't something you go in, hired a hit squad of
2 scientific panelists to write a prescription, we do it
3 and then we're happy.

4 We really ought to be looking at this given
5 that changes are happening all the time and will
6 continue, that we need to develop an infrastructure or
7 continuing to evolve our way of approaching this so
8 that it's consistent with adaptive management we are
9 actually moving to refine our ability to do this work
10 as we go forward.

11 So, again, I felt that the panel gave us
12 precisely the sort of impression that I had hoped they
13 would. I had hoped that we would not get a lot of
14 specific information from them arguing over whether
15 Alternative 2 was better than Alternative 1, or any
16 such thing as that, or making any recommendations
17 relative to that, but to try to help us focus on how
18 we need to think about this and how CALFED should
19 behave relative to this problem, and specifically what
20 we ought to do soon.

21 So, we have --

22 VICE CHAIR MCPEAK: Are we about to wind
23 this up?

24 MR. WOODARD: I do apologize for running
25 long, but I thought that possibly you'd be interested.

1 We are expecting the panel report about
2 October 1st --

3 VICE CHAIR MCPEAK: On that last point
4 Hap as a question.

5 MR. DUNNING: When he's through.

6 VICE CHAIR MCPEAK: Okay. Go ahead,
7 Rick.

8 MR. WOODARD: That's it. We are
9 expecting the report of the panel should be due about
10 October 1st. Actually it will be about the 7th, I
11 understand, since the panelists themselves aren't
12 available to finish the job sooner. But we'll have it
13 in early October.

14 VICE CHAIR MCPEAK: Okay.

15 Hap, Howard, Alex, Richard, Byron.

16 Hap.

17 MR. DUNNING: I wanted to ask about the
18 reference to \$10 a month, which strikes me as a rather
19 modest figure. Is that a per capita or per household.

20 MR. WOODARD: That was quoted as a per
21 household number. Now the panel did not come out with
22 that number, that was one of the stakeholders. I'm
23 not suggesting that's necessarily verified, although
24 there were references cited. But that was a
25 household.

1 MR. DUNNING: It seems to me it's a
2 critical bit of information to try to develop.

3 MR. WOODARD: Well, we do also have --
4 some figures were also put out on cost per thousand
5 gallons which enables you to tailor those figures to a
6 more -- more -- more effectively. But that was
7 intended to be a household figure

8 VICE CHAIR MCPEAK: What's the bromide
9 content of the stuff you're drinking?

10 MR. WOODARD: This is Vodka.

11 VICE CHAIR MCPEAK: Good. You're
12 smarter than the rest of us.

13 Howard.

14 MR. WOODARD: It's a well known fact
15 that water quality people never touch the stuff.

16 VICE CHAIR MCPEAK: Howard, you need a
17 microphone.

18 MR. FRICK: Same question Hap had, that
19 would appear to me if an average family only used
20 about an acre foot, 120 bucks an acre feet, I can't
21 believe it would be that cheap.

22 VICE CHAIR MCPEAK: Alex.

23 MR. HILDEBRAND: Rick, I applaud the
24 work you're doing, I think it's very interesting and I
25 like your general approach. I have a couple of

1 questions or three I guess altogether.

2 First, as I recall, some years ago in your
3 examination of the relationship between the diverted
4 hydrocarbons -- carbon compounds and the return flow
5 carbon compounds, you found that in the peat areas
6 there was an increase but in the mineral soils there
7 was actually a decrease. This would seem to imply
8 that there was some potential there for reducing the
9 carbon compounds by just percolation which shouldn't
10 be terrible expensive.

11 Is that not the case, or is that something
12 that's included in what you're looking at here to
13 relieve the bromide problem by reducing the carbon
14 content?

15 MR. WOODARD: I beg your pardon, I'm not
16 sure I was able to hear all of your question. I
17 wonder if you could have the microphone turned up a
18 little bit.

19 MR. HILDEBRAND: I'll try again.

20 As I recall, some years ago you made
21 analyses that showed that when you applied water
22 with -- containing dissolved carbon compounds in the
23 Delta on peat lands, the return flow had an increase
24 in carbon compounds, but that when you applied it on
25 the mineral soils such as in the south Delta there was

1 a decrease in the return flow. This would seem to
2 imply there was some potential for removing the carbon
3 by percolation.

4 Is that something that's considered in
5 these things? And I might also ask, between the time
6 the water leaves the Delta and the time it gets, say,
7 to the Metropolitan Water District, is there an
8 increase or decrease in the carbon compound?

9 MR. WOODARD: To answer your last
10 question first, in preparation for this bromide panel,
11 we did some analyses of the state water project to see
12 what the degradation, if any, was in transit. To my
13 recollection of the organic carbon numbers were they
14 that they don't essentially change. And we do have
15 some spare copies of that supporting material that I
16 could provide to you a copy of, Alex.

17 But in the case, some of the parameters we
18 looked at did change but that one was pretty much flat
19 across the system as it moved south.

20 MR. HILDEBRAND: But you don't see a
21 potential for removing it by percolation as seems to
22 occur naturally in agricultural use on mineral soils?

23 MR. WOODARD: Well, I certainly do think
24 that the interaction between applied water and what
25 comes off from the drainage can be fairly complex,

1 certainly very complex, and that the results you get
2 are not always the same. It is possible, for
3 instance, to have mineral soils that you can apply a
4 greater concentration of organic carbon and get less
5 coming off.

6 There are seasonal phenomena as well.
7 There's the phenomenon apparently that organic carbon
8 that builds up naturally as the plant decomposes in
9 the growing season can be flushed out given enough
10 water so that you might get an early peak and see that
11 taper way down as you get more rainfall coming off.

12 So I think what that all means to me is
13 that we need to do a lot more research on
14 understanding the dynamics of where this goes and
15 what -- obviously the most important thing is what we
16 might be able to do about it.

17 MR. HILDEBRAND: My second question, as
18 you recall, I proposed a long time ago that we could
19 take care of the bromide problem and to some extent
20 the organic problem for the exporters, if the flow of
21 the cross-flow from the Sacramento River to the pumps
22 was brought down the east side of the Delta instead of
23 through the center, and Lester agreed that that should
24 be analyzed.

25 Recently, your staff put out a report which

1 purported to make that analysis but which in fact
2 analyzed something quite different, and they told me
3 they did not intend to analyze my proposal. What was
4 the reason for that?

5 MR. WOODARD: Alex, I don't think I'm
6 the one that's able to answer that. I did miss the
7 last meeting that you had with those folks, so I --
8 there's some of that information I simply don't have.
9 There may be someone here, maybe Mr. Cowan could tell
10 us something about that.

11 MR. COWAN: Well, Alex, I think you know
12 as well as I do what the discussion was that we had.
13 The problem is with how much water would be exported
14 through the hood connection to the central Delta and
15 still maintain proper fish flows in the lower
16 Sacramento.

17 So the dispute, I guess, we had between
18 what we actually evaluated and your proposal was how
19 much water would be diverted through the hood
20 connector into the central Delta, and apparently what
21 you would like us to do is evaluate a higher
22 proportion of flow through the central Delta.

23 MR. HILDEBRAND: That was my proposal,
24 yes. And obviously if you take half of it down the
25 east side and half of it down the west side, the

1 benefit from the east side is cancelled out by the
2 other. That was not the idea at all.

3 And furthermore, there's a lot of time when
4 the -- you wouldn't be having the full cross-flow
5 rate, and during those periods even under the proposal
6 that you analyze it would all come down the other way.

7 MR. COWAN: Well, the way we evaluated
8 it, just to clarify, is to put a maximum of 10,000 cfs
9 through the hood connector into the central Delta and
10 do that whenever possible, except when required to
11 release more down the Sacramento to maintain minimum
12 flows in the lower Sacramento for water quality and
13 for fish.

14 So we felt that we carried the evaluation
15 as far as we reasonably could and maintain proper
16 protections in lower Sacramento.

17 MR. HILDEBRAND: Well, it doesn't seem
18 to me very responsive to the rest of us here when we
19 asked that something be analyzed and instead you
20 analyze something different and don't address in the
21 report even why you didn't do it that way.

22 But let's pass over that, and go to another
23 topic. What effort is being made in CALFED to address
24 the rather severe salinity problem in the San Joaquin
25 River from a mud and salt slew all the way on down

1 into the south Delta?

2 MR. WOODARD: Alex, as you I'm sure are
3 aware, the water quality common program does have
4 actions directed at salinity problems in the Delta in
5 addition from the valley. And in addition, of course,
6 we are planning a number of water use efficiency
7 actions that we think will have a bearing on that.

8 While I think we can expect to see some
9 improvements, what I -- water use efficiency may help
10 to reduce the loadings in the San Joaquin River, some
11 of the water quality program actions can help to
12 change the timing of discharges such that
13 concentrations are reduced and all, or at least have
14 that potential. But at the same time, we are not
15 really developing long-term solutions for the drainage
16 problems of the valley.

17 I think -- I'm not sure that the -- maybe
18 Lester can help me to be sure that I'm not misstating
19 this, but I believe the policy group has made the
20 determination that they are going to support the San
21 Joaquin Valley drainage implementation program as the
22 correct venue for that. And while they would have the
23 charge to develop that, CALFED would intend to work
24 very closely with these folks and to help support the
25 program.

1 MR. HILDEBRAND: If you include the
2 valley drain in the program, yes, that is the only
3 long-range way to really resolve the problem, so that
4 would totally satisfy me. But I had not heard that.

5 MR. WOODARD: I'm sure that CALFED is
6 not going to be in a position to support the drain per
7 se. We are supporting the implementation program.

8 MR. HILDEBRAND: On increased
9 efficiency, the more the increase the -- the
10 efficiency, the more the increase in salinity drainage
11 water. So that doesn't help us very much.

12 EXECUTIVE DIRECTOR SNOW: I'll just make
13 one other comment to clarify that what has been the
14 case the whole time is CALFED does not have the drain
15 as part of our package and has not had it as part of
16 the package.

17 There is in Stage 1 other issues to try to
18 address some of these problems, including those of you
19 who have the document on page 34, within the
20 conveyance section, a program is designed to evaluate
21 the benefits and impacts of recirculation, which is a
22 strategy to try to deal with some of the salinity
23 issues on the San Joaquin River. That is included as
24 an effort to try to test that methodology to see how
25 it works.

1 MR. HILDEBRAND: It is true that if you
2 put in the three tidal barriers, you reduce the amount
3 of salt that comes down the river and gets pumped
4 right back down the valley, so that would help. But I
5 wasn't aware that tidal barriers were even clearly in
6 the program. The fish barrier is and you really have
7 to have the tidal barriers to mitigate that. But
8 operation of the tidal barriers at other times of the
9 year when the fish barrier isn't in has not yet been
10 permitted on an as-needed basis, and, therefore, we
11 are not getting the reduction in salinity in the DMC
12 which those can provide and which then produces salt
13 load that enters the river.

14 VICE CHAIR MCPEAK: We have four more
15 people who want to ask questions here, then another
16 presentation. I will take some public comment right
17 after we finish before we go into the next
18 presentation and yet discussion on the framework.

19 It's Richard, Byron, Martha, Rosemary.
20 Richard.

21 MR. IZMIRIAN: Perhaps building on some
22 of the answers to Alex's question, how much of this
23 bromide problem will go away when the San Joaquin
24 River is rewatered through additional releases from
25 Friant Dam and also the improved environmental flows

1 through the Delta?

2 MR. WOODARD: Well, I'm not sure that we
3 can tell you exactly, although we're working on an
4 answer to this question, just how important the San
5 Joaquin River bromide is as a fraction of the total
6 problem.

7 So with that caveat, I think that it's
8 clearly the case that to the extent that you could
9 reduce the loadings and concentrations of bromides in
10 the San Joaquin Valley, whether through additional
11 reservoir releases by providing a better quality
12 source water at the DMC or through other mechanism,
13 you would certainly experience a water quality benefit
14 by reduced bromide coming into the system.

15 So we are -- part of the modeling work that
16 we are anticipating is more specific to help us
17 identify the sources of the bromide that we are
18 seeing, and there are modeling capabilities that are
19 capable of giving us some sort of handle on that. So,
20 that's definitely in our work plan,

21 MR. IZMIRIAN: When would we have an
22 answer to that?

23 MR. WOODARD: That's a bit hard to know
24 exactly. The modeling staff have a schedule of
25 modeling activities that have to be done or are going

1 to be done. We are on that list, and it's a question
2 of priority. There are only finite modeling staff and
3 computers and resources, so I don't know just when.
4 They understand, though, that this is a matter of some
5 importance to us, so I'm sure it will be given as high
6 a priority as other priorities will allow.

7 VICE CHAIR MCPEAK: The questions that
8 Alex and Richard and others have raised, even going
9 back to Rosemary's question about how much water
10 quality improvement happens in Stage 1 or Phase 1, I
11 think is fairly interesting because as I looked at the
12 numbers and then started -- of the finance discussion
13 around conveyance on Phase 1 and then hearing the
14 discussion about water quality, I'm puzzled as to why
15 there isn't an apparent greater improvement of water
16 quality if through-Delta were optimized perhaps
17 looking at some of the options that have been
18 discussed. In fact, I think it should be.

19 So asking that question to some folks as to
20 what's going on, I'm told, well, there is this
21 conflict with the fisheries folks who don't want to
22 optimize through-Delta in Phase 1, and therefore, we
23 are setting up an inevitable conclusion that we don't
24 have enough water quality improvement from the
25 optimized through-Delta.

1 So I don't quite know how to resolve that,
2 I wanted to state it publicly that obviously there is
3 that tension issue going on. That's why, I guess,
4 staff doesn't quite fully analyze. But you know, it
5 appears to me, and I'm I guess pretty simple-minded on
6 all this, that we could get a lot more improvement on
7 water quality with optimized through-Delta. There may
8 be some issues about fisheries that can't be resolved,
9 you have to see all that data too. But clearly that's
10 probably an issue it's got to expose this.

11 We sit here, somewhat as window dressing to
12 all of the debate that goes on behind the scenes with
13 the CALFED agencies, and my tolerance for being the
14 window dressing is running low right now. So let's --
15 I suggest if that's the arena in which it's going to
16 get discussed, you better start getting a little bit
17 more honest about these conflicts on this.

18 Byron.

19 MR. BUCK: Rick, I appreciate you
20 setting up the panel. Rick did an awful lot of work
21 pulling together some pretty impressive experts from
22 all across the country and I know it was difficult to
23 get them there at once place at the right time.

24 I was able to attend the first day of it
25 and I learned a lot actually in listening to them, and

1 I had staff there for the rest of it and we took away
2 a couple of messages, some of which we know but were
3 confirmed by the panel, that sea water is the primary
4 source of bromide in water supplies exported and
5 diverted from the Delta; that brominated disinfection
6 byproducts are the most concern to public health due
7 to both long-term carcinogenic health effects and
8 long-term reproductive effects like spontaneous
9 abortions.

10 The Delta water that's exported or diverted
11 contains concentrations of bromide higher than 90 to
12 the 95 percent of the other surface waters for
13 drinking water in the U.S., and as Rick's pointed out,
14 CALFED needs to address meeting drinking water
15 standards in the short term as well ad the long term.

16 Clearly one of the things that I took away
17 from the panel is that the health effects studies
18 going on now are long term. A lot of them will not be
19 available for the Stage 2 regulatory process. We are
20 going to learn a lot from those things. My
21 interpretation of what they're intimating is that
22 given bromide is and brominated compounds are a real
23 concern, they expect this to be a long-term issue in
24 the future regulatory setting process.

25 I'd like to comment on the \$10 a month

1 bullet that was on Rick's slides since it was brought
2 up. To accomplish that and to do what actually was on
3 Rick's slide, that technology is reverse osmosis. Not
4 only would it be \$10 a month, if it were indeed even
5 feasible at some locations, which is a question,
6 that's the technology that would increase water
7 demands 10 to 20 percent over what they are now in
8 urban areas.

9 Now there are other filtration technologies
10 that are both less expensive and could potentially
11 deal with this problem in some locations, but those
12 right now are not feasible on the scale that you need
13 particularly in Southern California. The biggest
14 plants that are currently being done now are about 20
15 million gallons a day, whereas in Southern California
16 there's plants of 750 million gallons a day.

17 So there is a disconnect at least right now
18 between what you can do on a small scale feasibly and
19 at a cost that might be acceptable versus what you can
20 do on a large scale for this system.

21 Additionally what tends to get lost in this
22 discussion is it's not just bromide we're talking
23 about in terms of urban drinking water quality. The
24 bottom line from my agencies is they want water
25 quality in terms of salinity and TOC that's at the

1 national median. They don't want to be the tail on
2 the dog for the regulatory process. They also need
3 that in order to meet recycling goals.

4 If we are going to comprehensibly develop
5 water resources to try to minimize our demands on the
6 Delta, salt has to be lowered again. So it's not just
7 the bromide and drinking water quality, it's salinity
8 for overall total resources management.

9 Sunne, we have been interested and worked
10 with Alex on, gee, can you move the water down the
11 east side and meet drinking water quality standards.
12 And I think he's right, you can if you did move all
13 that water that way. But what happens is it's at
14 cross purposes with what the fisheries' biologists
15 want to do. They want to keep the fish out of central
16 Delta. So if you move the water through the Delta
17 along the east side, they feel that's very negative
18 for fisheries.

19 So for CALFED to meet all of its objectives
20 you are trading one major objective, drinking water
21 quality or water quality off for fisheries. That's
22 why they ended up on a technical basis moving towards
23 an isolated facility which improves both conditions
24 for fisheries and drinking water quality. But
25 unfortunately, in some views that's now not the

1 primary strategy but is a contingent one.

2 MR. HILDEBRAND: There are things you
3 can do to make those compatible.

4 VICE CHAIR MCPEAK: Martha and Rosemary.

5 Roberta, you then raised your hand. When
6 it's time to call on you I'm going to ask you if you
7 absolutely have to, given the schedule we're at.

8 Martha.

9 MS. DAVIS: I also wanted to express my
10 appreciation to CALFED for assembling this panel. I
11 think that -- am I on now? Thank you.

12 I think that one of the things that the
13 panel has helped us to understand is how very
14 complicated and many facets there are to this problem
15 and that we are going to need the time in Stage 1 to
16 really work through how to put all the pieces together
17 to figure out the best solution on this water quality
18 problem.

19 Two points that I wanted to raise, I have a
20 handout here that are the questions that EWC asked
21 that CALFED incorporate into the package going to the
22 panel, and thank you very much, Rick, for doing that.
23 I think -- and I'll pass them around, actually, as we
24 are talking really quickly.

25 Two points: No. 1 is that we've made an

1 assumption that water quality at the pumps, at banks,
2 is the water quality in Southern California for
3 drinking water, which is not true.

4 VICE CHAIR MCPEAK: Right.

5 MS. DAVIS: We need to address this
6 issue within the context of the CALFED solution sets,
7 and that's where you're getting at trying to
8 understand it, the impact on the San Joaquin River,
9 the recirculation, and in particular the water quality
10 down at San Luis Reservoir where water that is coming
11 from the state system commingles with the federal
12 system, and then what happens to the water is it goes
13 down the pipe.

14 And one of the -- just as an example of
15 the -- from Metropolitan Water District of an
16 implication of this is the two last pages in the
17 handout from EWC. This is from the Metropolitan Water
18 District. This represents a run that they did to look
19 at water quality at banks for the CALFED alternatives
20 versus the water quality at O'Neal Forebay which is in
21 the San Luis Reservoir of the CALFED alternatives.

22 And one of the things that took -- got my
23 notice was that under the Alternative 3 with the
24 isolated facility of 7500 cfs, in this particular run
25 you were able to attain the bromide water quality at

1 the banks' pumps, but when you went down to San Luis
2 Reservoir we were not in compliance with the bromide
3 standard.

4 This is just one run. It just raises the
5 question and I think helps to pull out the complexity
6 of this problem. As a Southern California resident,
7 I'm very concerned about protecting water quality down
8 there. But I think that part of the solution sets
9 we're coming up with are not solutions at banks, but
10 solution sets that will deliver water quality in
11 Southern California.

12 And the second point I wanted to raise was
13 just to reiterate a point that Tim Quinn raised
14 yesterday from the Metropolitan Water District about
15 the conservation, the success story in Southern
16 California and the reduction in demand for state water
17 project Water by the Metropolitan Water District:
18 Does this not provide us in the near term, the next
19 few years, with an unusual opportunity for flexibility
20 in the system to test how we might reoperate the pumps
21 and accommodate both the needs for fisheries
22 protection as well as water quality protection.

23 VICE CHAIR MCPEAK: Rosemary.

24 MS. KAMEI: First of all, thank you,
25 Rick, for bringing the panel together. There were

1 quite a few near term recommendations which I thought
2 were very good and I'm wondering to what extent will
3 they or have they been incorporated into the Stage 1
4 implementation?

5 MR. WOODARD: Rosemary, obviously, we
6 must utilize the advice of the panel. We have had one
7 day to sort through this, so I'm not sure --

8 MS. KAMEI: I'm just wondering as I look
9 at page 30 of the Stage 1 implementation, one of the
10 items, Item No. 5 on water quality talks about
11 implementation and continued refinement of needed
12 action based on results of studies, testing, piloting.
13 Is this sort of the thing that we are talking about,
14 taking your recommendations from the panel from other
15 pilot programs and sort of plugging it into this or
16 are there going to be other actions?

17 Sunne had asked me about, well, you know,
18 what type of actions would you want or what are you
19 looking for? You guys are the experts and I'm
20 wondering how -- you know, what's the relationship
21 with your findings and actually putting into place its
22 implementation?

23 MR. WOODARD: We are in the process,
24 continually really, of working with the folks who are
25 charged with putting the implementation plan together,

1 so we are feeding them information. Actually, we have
2 been ever since the end of last month when we've
3 gotten these product reports from the panels.

4 We have been -- we have developed an
5 ongoing sort of daily mechanism for feeding them the
6 information that's coming to us that helps them to
7 understand what we are going to be doing. We will
8 simply utilize that mechanism to get this information
9 over to the folks putting that into the implementation
10 plan and working with them to see that it's in there
11 correctly.

12 Beyond simply finding a way to get it in
13 the plan, we then have to still go through a process
14 whereby that plan is reviewed and priorities assigned
15 and so forth. So I don't know the exact mechanisms
16 for that, but I know that we are committed to keeping
17 the water quality group in the loop on these
18 developments and we want them to have an opportunity
19 to react to the combined implementation planning that
20 we are doing.

21 So that's about --

22 VICE CHAIR MCPEAK: For example, if
23 after you've refined the report and it's reviewed and
24 there is a conclusion as to the priorities of the
25 analysis or investigation that would provide the most

1 information, that should feed into the finance scheme
2 under -- for Phase 1 there's a lot of range in the
3 numbers there under water quality. But Rosemary is
4 asking, okay, if you conclude that there are very
5 compelling reasons for doing certain studies, are they
6 going to be identified and financed in Phase 1?
7 That's the logical next step.

8 MR. WOODARD: That is absolutely the way
9 we are anticipating doing it.

10 VICE CHAIR MCPEAK: Okay.

11 Roberta, you sat through all of that so I'm
12 going to defer to you.

13 MS. BORGONOVO: I also attended the
14 morning session of the panel and I heard more
15 uncertainty from the scientists than Byron did as to
16 the conclusions, but I think what was important was
17 that what we asked for in the questions that we wanted
18 the panel to address was a systematic approach where
19 this kind of modeling is done that you suggest, Sunne,
20 so you begin to answer some of these questions. And
21 certainly freshwater releases would be part of the
22 modeling, trying to protect the water quality at the
23 intakes.

24 So I hope that we can hear from Bruce
25 Macler from EPA who was also instrumental in helping

1 to gather these different technical panels that did a
2 lot of wonderful actions that are not yet reflected.

3 VICE CHAIR MCPEAK: Thank you.

4 Rick, thank you. Thank you for pulling it
5 together. Let me apologize for sort of rushing us
6 through. You did a very thorough job, we just have a
7 lot of things we are still trying to take care of this
8 morning.

9 MR. WOODARD: Well, I apologize for
10 running a little longer than I hoped I would.

11 VICE CHAIR MCPEAK: Okay. And I like
12 the tie, keep wearing those outrageous clothes.

13 There are two people that I had cards from
14 early this morning to talk on finance and I apologize
15 for having failed to pick up your comments immediately
16 after, but we are going to take them now. Laura King,
17 followed by Amy Fowler.

18 Laura.

19 MS. KING: Thank you, Sunne. I'm sorry
20 to give the impression that we're moving backwards
21 here on the agenda.

22 I'm Laura King with the San Luis and Delta
23 Mendota Water Authority, and I'm speaking this morning
24 also on behalf of the Ag/Urban Policy Group regarding
25 the financing straw proposals that Steve presented

1 this morning and that were discussed in the work group
2 last week. I'll try to be real brief.

3 We obviously agree with Steve's point that
4 the definition of beneficiaries is going to be
5 critical and that's a big issue for us. I just want
6 to go on the record emphasizing that.

7 We do support very strongly the direction
8 that the document is taking avoiding reparations for
9 past damage kind of approach. We agree with the
10 arguments that are put forward there.

11 We do have concerns, though, about the
12 proposal for a user fee as mitigation for ongoing
13 damage. We think that a lot of the logic that you
14 used in rejecting that approach for past damage is
15 probably also true for ongoing damage.

16 That doesn't mean that we don't support a
17 user fee, but there is a lot of concern within
18 Ag/Urban with the notion that a user fee get equated
19 with mitigation for ongoing damage. I think that's
20 going to be arbitrary and hard to assess.

21 Also, on the user fee there are going to be
22 a lot of crediting issues that need to be worked
23 through, and for us that means water crediting as well
24 as crediting that is something where we differ from
25 the environmental community but which is a key issue

1 for us.

2 The last significant point that the water
3 users are concerned about is the notion that the user
4 would pay for the ecosystem portion of storage. If
5 that is found to be needed, that is something that we
6 are going to need to have a lot of further discussion
7 on. The Ag Policy Group is working on our own straw
8 financial proposal and will be putting something in
9 writing and sharing it with you in a couple of weeks.

10 Thank you.

11 VICE CHAIR MCPEAK: Thank you, Laura.

12 Amy.

13 MS. FOWLER: I will be brief. Amy
14 Fowler from Santa Clara Valley Water District.

15 I would like to comment both on the finance
16 portion of the agenda as well as the water quality
17 portion a little bit, and I support what Laura has
18 mentioned just now as well as all of the comments made
19 by Rosemary Kamei and others.

20 I would like to emphasize one point, that
21 even though we support the beneficiaries paying
22 principle but I think, practically speaking, you have
23 to apply it in a mutually agreeable formula. Working
24 on a table is a beginning, however, I'd like to
25 caution CALFED that while we are working up the table

1 and while it may be convenient to put a number in a
2 certain column, you're also intrinsically raising
3 major policy implications by that gesture.

4 And I think what Laura had mentioned about
5 assigning the environmental storage is one example of
6 raising the policy issue of how you handle ongoing
7 mitigation; are you lumping nonflow impacts onto the
8 free side of the equation?

9 Another example is when I look at the
10 Stage 1 cost allocation table, a majority of the
11 Stage 1 cost is to be borne by users, and I question
12 when we add up the benefits of Stage 1 actions, I
13 really seriously doubt whether the costs are
14 commensurate to the benefits to be received in terms
15 of water quality areas, water supply and benefits.

16 And I also support Martha's suggestion as
17 to disclosing the sources of some of these fundings
18 because one point of contention is when we look at the
19 federal column, a lot of that federal dollar is
20 actually money paid by CVP water users in terms of
21 CVPIA restoration fund money.

22 And moving on to water quality actions, I
23 think Byron had responded to Sunne's question as to
24 what can be done in Stage 1 actions. I support a lot
25 of the actions should be done in the regulatory arena,

1 and I'd also like to see a lot of the bromide panel
2 recommendations to be implemented.

3 In addition to that, I think there are some
4 near-term actions to address total organic carbon that
5 can be done within the next seven years. Some of the
6 examples are we need to take a closer look and maybe
7 conduct some pilot studies as to how to address Delta
8 drainage pumps, on-site treatment, as well as drainage
9 management when you release that discharge and how you
10 release that discharge.

11 Speaking of discharge, there may be certain
12 agricultural drains that can be relocated that would
13 have direct and immediate benefits to drinking water
14 supplies.

15 And I also have questions on the \$10 per
16 month estimate, as far as the technology, and I'm glad
17 that Byron had addressed that adequately.

18 Thank you, Sunne.

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1 VICE-CHAIRMAN McPEAK: Thanks, Amy.

2 Also, when Roberta suggested we'd hear from
3 Bruce Macler, I did not realize that he was actually here
4 now and he has informed me.

5 So Bruce Macler.

6 BRUCE MACLER: Is this adequate
7 (indicating) for you to hear?

8 And I will be brief.

9 I'll be brief largely because what I was going
10 to say has been said in one form or another by many others
11 is this morning.

12 One of the tasks that I have taken on was to
13 get involved with Rick in helping develop the Water Quality
14 Program component with respect to drinking water. It
15 wasn't me alone but a team of folks and stakeholders,
16 everyone we could recruit, basically, out of the water
17 quality tech group to come up with some of these action
18 items.

19 Rosemary, was right on and many others were
20 right on. We've got some short-term issues, near term
21 issues that have to be addressed and most of the ideas came
22 out of the working group for this were echoed by the expert
23 panel and by him of the folks in the audience. It's not
24 too surprising. They are really pretty common ideas and
25 it's gratifying that we are all sort of coming to a

1 consensus of what to deal with.

2 I just want to point out that drinking water is
3 a function of the treatment and the source water and the
4 expert panel really did focus a whole lot on the treatment
5 side, their expertise is in that area and they had some
6 very good ideas for that, source water is certainly a key
7 issue here. And you all at the roundtable have the
8 handouts. I'm not going to spend much time on this but the
9 real issue is that the source water is too poor. Whatever
10 you do a treatment ends up being problematical for a
11 variety of reasons including the end result is expensive.
12 The consumers have a problem with that, and you have to
13 recognize this is all in an overall cost benefit kind of
14 situation and there is always going to be relative costs
15 between spending money for the source water versus the
16 money on treatment (indicating).

17 The other thing that I wanted to pointed out as
18 kind of a background on this is the constituents of concern
19 and the panel while they can spend some time talking about
20 byproducts there is always an undercurrent that the bottom
21 line are the pathogens. You treat water to deal with
22 pathogens. The byproducts are a consequence of this
23 treatment so when you disinfect and kill the pathogens
24 organic carbon and bromide may become problems. They are
25 indirect problems from regulatory compliance standpoint and

1 a public health standpoint.

2 There are other things, though, that are of
3 importance and people were touching upon this. It's not
4 just bromides.

5 We have major problems from algae growth in the
6 systems and the aqueducts as a result of taste and odor
7 issues.

8 Consumers don't like the taste of algae in the
9 water either directly or indirectly after it's been
10 chlorinated and treated and so sometimes treatment plant
11 operations are to deal with consumer issues relative to
12 necessarily public health issues.

13 I did want to touch and folks already have
14 reflected on this a bit about two rules that are here, the
15 two series of rules.

16 The treatment rules, which have to do with the
17 disinfection side of things and arguably remove the
18 pathogens that caused the byproduct problems. We have a
19 whole series of them but folks have noted that of the ones
20 in progress now they will all be in force long before a
21 long-term solution, an isolated facility or anything else
22 will really make much difference in water quality.

23 And utilities have to have enough flexibility
24 to be able to comply.

25 Whether it be from treatment or water quality.

1 Anything that water -- we can do to improve water quality
2 just gives utilities that much of a edge to compliance.

3 The same thing with these byproducts. We don't
4 know what the long-term requirements will be here but as we
5 pointed out this isn't the end of the pipe for rigs,
6 there'll always be rigs as long as we have the water
7 program. The times have changed to be concerned with water
8 quality.

9 Nevertheless, we will have to enforce what
10 might be fairly stringent rates by 2005 and that will be
11 really focusing the attention of the action items on that.

12 The points of concern as it came up by Martha
13 is that it's been recognized that it's not just the legal
14 Delta that we are concerned with. It's not just the water
15 at Clifton Court but where the water goes into the systems,
16 from the Barker Slough and aqueduct, the Contra Costa water
17 intake, Rock Slough and Old River, Clifton Court, for the
18 South Bay aqueduct folks, the Tracy Intake for Tracy folks,
19 San Luis Reservoir and actually down farther into the
20 terminal branches and into the reservoirs.

21 So we just can't improve water quality in the
22 legal Delta and allow degradation or some other activity to
23 go on that's detrimental to producing safe drinking water
24 farther on down the line.

25 This may not be great. The degradation may not

1 be that significant but we need to focus on it and more to
2 the point we wanted to focus on what to do around the
3 intakes because there might be opportunities that have to
4 be done on a local basis much more profoundly than on a
5 global basis --

6 VICE-CHAIRMAN McPEAK: Bruce Macler, I
7 apologize, but we can't go through all of these sites. Cut
8 to the chase.

9 BRUCE MACLER: Here is the point:
10 I told you that we recognize that we can't do
11 much about the bromide and the core program and we are
12 trying to do other things. Most of those other things fall
13 into either action items such as watershed management
14 activities around the intakes or kind of test type
15 projects.

16 For example, for the Rock Slough intake in
17 Contra Costa the idea of potentially moving the
18 agricultural drain from Neal Tract is very promising, and
19 we recommended that there will be a study do that.

20 For the larger area around Clifton Court it
21 suggests that we really take a look at watershed management
22 around Clifton Court, perhaps the structure of Clifton
23 Court, the activities, the urban activities and the
24 agricultural activities around that area.

25 I already mentioned the issue with the urban,

1 increasing urban loads over the future, from Sacramento and
2 from Stockton and from all of the developments around
3 Clifton Court that are very key to this and you have to
4 emphasize that. The whole permitting process may need to
5 be addressed.

6 Nevertheless, what the program has done so far
7 is come up with a long list of action items and you will
8 see that in the report. They will be basically consistent
9 with the bromide panel and with other stakeholder opinions
10 on how to improve things in the near term. Just leave it
11 at that.

12 VICE-CHAIRMAN McPEAK: Thank you very
13 much. Thank you.

14 Bruce, I will make it up to you in the future
15 but thank you for everything such wonderful overheads
16 presented to us in writing.

17 And to Cindy and to Mary you really have a
18 challenge here but the good news is as Eric waited for
19 months to finally make it to the top of the Agenda. When
20 you get put behind you get moved up in the future.

21 Cindy.

22 CINDY DARLING: That's okay. In a
23 streamline I will go ahead and do my Mary Scoonover
24 imitation.

25 All of you were recently sent information on

1 conflict of interest provisions and this is your
2 opportunity to declare if you have a remote interest or a
3 non-interest with any proposals that were submitted under
4 the 98 proposals solicitation.

5 This is your opportunity to say and you have to
6 declare on the record that you have either a remote
7 interest or a non-interest.

8 If you have a remote interest you need to step
9 down from the table for this discussion.

10 Anyone?

11 (No response)

12 I will note Bob Potter has a non-interest
13 because it's a DWR proposal.

14 Okay. Is there anyone else?

15 All right. What I'm here today to talk about
16 is the proposal solicitation and the recommended projects
17 for funding.

18 I will briefly run through the process that we
19 used to select the projects that are before you today.

20 We had a joint solicitation that went out in
21 May. There were nine separate topics, a total of
22 24.5 million dollars was available for the solicitation.

23 There was a technical review panels,
24 integration panel that went through and review and scored
25 and ranked and recommended the package to you today.

1 Those panels operated under strict conflict of
2 interest provisions and they also operated a
3 confidentiality to maintain the objectivity of their
4 review.

5 The results from the integration panel were
6 discussed on the 31st of August at the ecosystem roundtable
7 and we got there input. There was one proposal that the
8 roundtable felt very strongly. There was not a consensus
9 amongst them and we have redirected that proposal at this
10 time in response to their comments.

11 What we are bringing here today is a total of
12 sixty-four projects and they are in the 9th or in seven of
13 the nine topic areas.

14 Your package that was submitted to you earlier
15 today has a summary of the review process that I spoke
16 about very briefly as well as the summary tables and a copy
17 of this map. Obviously this map is not something that you
18 can read from where you are sitting but it shows the
19 general geographic spread and the various projects.

20 This summary table is also in your package. It
21 goes through four of the different topics and shows how
22 much was the original amount that was budgeted for the
23 topic and the amount for the projects that are recommended
24 under that topic. Two things to note:

25 Sediment management and fish management tools,

1 we had very, very few applications. None of those were
2 recommended for funding.

3 The total amount recommended is a million
4 dollars over the amount that was available. We do have
5 funds available on the State side to cover this.

6 There are a couple of the topics that are
7 slightly over and that's where the extra million dollars.

8 Flood plan management was a very competitive
9 topic as was water shed, stewardship education that were we
10 got the majority of our applications.

11 And we will ended up recommending slightly more
12 than the dollar amount that was available.

13 The questions that we're here today to get
14 input from you on is really not on the individual proposals
15 but on the overall package and we were looking to find a
16 balance geographically by the type of project, by the type
17 of applicant and by the topic area that we are looking to
18 fund. We were looking for input from you on whether or not
19 we've reached the overall balance that's satisfactory.

20 On the type of project that we are recommending
21 78 percent is our actual implementation projects. We do
22 have a fair amount of money going into planning and
23 research and a little bit to monitoring and education.

24 The education topic is one where we increase
25 the amount but it's still relatively small overall compared

1 to the rest of the funding.

2 Geographically, this was an issue that was
3 discussed very much at the last round relative to the
4 North Bay and the South Bay, which shows up as other.

5 In the last round very little funding went to
6 the North Bay. No funding went to the South Bay.

7 This proposal solicitation resulted in
8 approximately ten percent of the funds going to the North
9 Bay and two projects at South Bay.

10 It does also include two proposals for
11 watershed stewardship in the upper watershed. That was one
12 of the comments at the roundtable, is that upper watershed
13 still is not being as well represented in the results as
14 some of the roundtable members would like to see.

15 What we did as far as the Bay, we covered it
16 much better than we did last year.

17 VICE-CHAIRMAN McPEAK: Cindy, it might be
18 helpful, even though it's a very small size, to still have
19 the words South Bay up there so in another iteration do
20 that --

21 CINDY DARLING: Yeah, they got logged in
22 as other under the logging program.

23 VICE-CHAIRMAN McPEAK: It's hard for
24 Rosemary to call the Silicon Valley other.

25 CINDY DARLING: And this is also another

1 issue that many people are interested in, is who are the
2 successful applicants?

3 Local Government, which includes a lot of the
4 special districts got the lion's share of it. We do have
5 money going to both Federal and State agencies.

6 We do have a number of proposals with
7 universities, nonprofits did fairly well, public nonprofit
8 of the joint ventures where a State Agency and a nonprofit
9 apply together, but the majority of the money is still
10 going to the local Government type projects, which we feel
11 is still pretty effective. So that's a quick overview of
12 what's before you today.

13 The input that we are looking for is on the
14 overall balance of the package and we are also happy to
15 answer any questions on specific proposals that people
16 should have.

17 VICE-CHAIRMAN McPEAK: That's, Cindy.
18 That's a very efficient, thorough overview before us today.

19 There's good information in the packet are
20 there any questions to Cindy or comments in response to the
21 four questions?

22 Yes, Alex.

23 MR. HILDEBRAND: Is there money in there
24 for water acquisition and, if so, how much and where?

25 CINDY DARLING: The proposal solicitation

1 programming did not include the water requisition program
2 because of the sensitivity of it.

3 As you recall at the last meeting when you were
4 in Fresno we talked about setting money aside for a water
5 acquisition funds. None of that money is included in this
6 package.

7 VICE-CHAIRMAN McPEAK: It's funny, in the
8 framework document, if I'm recalling correctly, there is a
9 proposal for something along the order of 20,000,000
10 annually.

11 CINDY DARLING: There is some discussion
12 about that.

13 VICE-CHAIRMAN McPEAK: For discussion.
14 Any further questions or responses to Cindy?

15 (No response)

16 Thank you very much.

17 Mary, anything else you have to advise us
18 legally?

19 (No response)

20 We need to take public comment and come back to
21 Stuart on the discussion on the framework and so we have
22 right now two requests from the public. Miss Reynolds.

23 MR. HILDEBRAND: I also would like to make
24 more comments on the framework.

25 MS. REYNOLDS: Thank you. Sunne, you

1 don't have to warn me at two minutes, just can you tell me
2 off at five. Thank you.

3 I was here yesterday, Rogene Reynolds. I'm
4 from Roberts Island. I have a couple of comments to make
5 from the public sector.

6 A comment made earlier by Mr. Bobker about the
7 paranoia in the Delta area.

8 Paranoia sets in when you're not getting all
9 the information that you need.

10 I have a question. Who makes the final
11 decision, their names?

12 Who do they work for?

13 Couldn't this information be put out in the
14 Internet along with schedule of their meetings, their
15 Agendas and their decisions?

16 Who makes the decisions we don't know as the
17 public, it's couched in some secrecy. I understand
18 Governor Wilson and Mr. Babbot have a lot to do with it but
19 I'm sure they are not reviewing your documents.

20 We are absolutely in total support. When I say
21 we I mean the Delta residents of the efforts of Tom
22 Zuckerman, Margaret Errambarow (phonetic) and Mr. King 100
23 percent support.

24 I have a comment to make on the funding review
25 process because I attended the ecosystem roundtable. It

1 looked very much like this table right now, less than half
2 the participants were there to look at these projects. I
3 think that the concept that there is any public review of
4 what you're doing with the CalFed monies is untrue. There
5 is no public review.

6 In terms of regulatory reform, and that issue
7 came up today and it's extremely important as we speak
8 today. State Water Resources Control Board is issuing a
9 permit for Mountain House to discharge into the Old River.
10 We've been fighting this permit at our level four years.
11 They keep coming back to the table and degrading the limits
12 that have been placed on them.

13 If CalFed or some other entity doesn't get
14 serious about controlling the water that is discharged into
15 the ecosystem, into the water basin by municipal entities
16 who are growing you are not going to meet your standards
17 they are mutually exclusive goals. You either increase the
18 costs to the people living in these communities and treat
19 this water or you forget about saving the fish.

20 And that permit will be issued and I was
21 supposed to be there today but I'm here today.

22 It was nice to know today that Rick Saenz's
23 information was being sent now daily to the implementation.
24 Why hasn't that communication happened the last three
25 years. Why are you slam dunking us through now in the two

1 months I suggest you extend your process and come out with
2 a document that really contains all of the facts that are
3 important to the public.

4 I think that's all I have to say.

5 CHAIRMAN MADIGAN: Thank you.

6 MS. REYNOLDS: Thank you for being here.
7 I wish more had come last night to understand our concerns.
8 We will work with you if there is no isolated facility.

9 VICE-CHAIRMAN McPEAK: Thank you. We're
10 glad that you are here, able to join us here today.

11 Jean Moran.

12 JEAN MORAN: Thanks for the opportunity to
13 talk.

14 I am a geochemist at Lawrence Livermore Lab and
15 we have several projects dealing with trace elements and
16 isotopes in surface water and have looked a lot at surface
17 water in the Delta system.

18 A couple of just scientific points that I'd
19 like to clear up that came on during the water quality
20 session.

21 During recharge of water and some water
22 districts of artificial recharge facilities there is steep
23 decrease in TOC. That's sort of a recent revelation but
24 it's pretty well proven and that's a good way to remove
25 total organic carbon and some water districts are wanting

1 to get credit for that. Secondly, someone mentioned that
2 an increase in efficiency would somehow lead to an increase
3 in salts but, of course, you might have a higher
4 conservation but your total load would certainly be lower
5 so a lot of drip irrigation would help a lot in the total
6 load of salt into the San Joaquin.

7 Most importantly I think is that we have some
8 evidence for non-sea water bromide sources in the San
9 Joaquin system and this would have large implications for
10 how you would deal with the problem of bromide.

11 What's been done so far basically isn't
12 adequate to sort out sources of bromide and that was
13 mentioned in the scientific review panel and I would just
14 emphasize that more basic research needs to be done on
15 sources of bromide in the San Joaquin.

16 Furthermore, we do some research on the cycling
17 time of salts and I would caution that we're remediation
18 strategies to remove all sources of salt when they are
19 implementing several decades later the response from the
20 system will be taking place so you can't expect the
21 remediation strategy for salt to take place immediately.

22 And then lastly the scientific panel mentioned
23 several times in their recommendations for more research on
24 sources of bromide, sources of salinity, risk assessment,
25 treatment strategies, and yet the slice of the pie that we

1 were shown in this last presentation was very small for
2 research, and would I just caution against forging ahead
3 with strategies without some basic scientific information.
4 Thank you.

5 VICE-CHAIRMAN McPEAK: Thank you.

6 Peter Kiriakos.

7 PETER KIRIAKOS: I'm Peter Kiriakos, the
8 conservation chair for the San Gorgonio Chapter for the
9 Sierra Club which is in Southern California. We cover
10 Riverside and San Diego Counties. I'd like to compliment
11 you all on the effort that you've made over the long period
12 of time.

13 And I'd also like to make a statement of
14 extreme dissatisfaction as a taxpayer for those Members of
15 the Board who somehow did not have the persistence and
16 courtesy to the public who should be a part of this process
17 to stay today and listen to the comments here and to be
18 present for those comments which were made last night.
19 This is a duty. You've taken this on and I compliment you
20 who have followed through.

21 I'm quite disgusted frankly by those who are
22 not part of the process in taking their part and hanging in
23 there.

24 As far as what I wanted to say today I'm at
25 least speaking for my chapter. I cannot speak for the

1 Sierra Club of California. We are going to discuss this
2 topic in San Luis Obispo for the State of California and
3 there will be more that will come back.

4 My background, I grew up in Northern California
5 in the Carquinez Straits where the Delta meets the Bay. I
6 had an air force career. I spoke to you I think down in
7 Burbank earlier. Currently I'm dealing with many riparian
8 watershed issues in Southern California and light scale
9 habitat plans for the inland areas for the a Desert.

10 And I'd like to say on a personal scale my hero is
11 John Muir who lived many years across the Carquinez Straits
12 far before my time, across from where I was born, and his
13 efforts certainly historically brought the attention to the
14 rest of the world in the country, to the Sierra Nevada and
15 to California and Nevada certainly is a source of the water
16 we are talking about.

17 I'd like to go back and get some brief history
18 which I know you are all aware of but I think I'd like to
19 put this in the context of my statements.

20 I understand you are policies is not to assess
21 blame on past actions and I understand that but I'm a
22 member of the public. You must realize that public
23 perception does however include the historical memory of
24 many of these events which did occur so it is thought that
25 CalFed should bend over backwards to change the public

1 perception deal with the carry through of these previous
2 offenses, which were in most cases on the part of the
3 people who where water purveyors in one fashion or another
4 and three of the historical events, there are probably many
5 others that were mentioned which deserve the certification
6 which we all know about in the eastern Sierra from Mono
7 Lake southward, to get water to LA over a hundred years
8 ago, the personal tragedy for John Muir, the damming of the
9 Tuolumne River brought water to San Francisco. These
10 memories are all there and then also the damming of almost
11 every Sierra Nevada and most of the coastal streams to
12 provide water and this consequently has led to the decline
13 of many of the species which we are now dealing with and
14 trying to recover.

15 VICE-CHAIRMAN McPEAK: You have two
16 minutes.

17 PETER KIRIAKOS: I also need to remind you
18 of the some of the obvious. We are talking about spending
19 taxpayer dollars. I see an advisory board populated
20 especially by water purveyors whose predecessors were part
21 of the offenses against world populations and our
22 environment without transferring this past blame to the
23 present encumbrance you must realize the documents that
24 CalFed is putting forward are still repeating the past
25 tense by building more dams and concrete conveyances. You

1 need to deal with this public perception. This was very
2 clear last night and I'm saying this very clearly from my
3 part of the environmental dealing of Southern California.
4 For this CalFed process to succeed you must demonstrate
5 your ability to step away from past patterns and change
6 your paradigms of dams, canals and deal with water supply
7 and new and more creative more ways to minimizes the cost
8 of damage caused by new and structural systems. If you
9 don't shift to incorporate the views of the citizens of
10 California this process sadly will fail as well as reject
11 your efforts.

12 I'm going to make some specific points after
13 that background. I'd like to make one. You need to remove
14 your words about studying the isolate facility from the
15 CalFed documentation. The people of the Delta clearly
16 indicated last night and the environmental community as
17 clearly indicated we will fight this through to the end.
18 Acknowledge this is not a possibility. Drop it from the
19 verbiage in your plans. As you, the Chair, have pointed
20 out this CalFed process is nearly at an impasse over many
21 issues. You don't want any part, I'm sure of killing this
22 process. You only have two more meetings. Drop this
23 isolated facility, let it go. Retaining this is not an
24 option and will lead to the destruction of the process.
25 Seconds point, more additional storage facilities shouldn't

1 be a foregone conclusion and as you view the documentation
2 about the Phase 1 plan, as was mentioned here, that should
3 be a consideration to follow on as required after you've
4 done conservation and looking at other means of dealing
5 with the needs of the environment and water for people.

6 Third point, the California water supply is not
7 endless. I know you're all aware of this. Maybe this
8 needs to be more clearly documented as a acknowledged
9 statement from this entity.

10 I heard a member of the California Water
11 Resources Board to indicate that statewide we are now
12 disregarding the problem of the future using more water
13 than is produced so how do this we draw it under the water
14 tables. You're in the water business many of you and you
15 are well aware of this. There is not enough Central Valley
16 water to allow the society throughout California to
17 continued the same increasing use patterns definitely into
18 the future. I think the statement needs to be more clearly
19 acknowledged. This is a factor that needs to be dealt with
20 throughout the State of California but especially in other
21 arid areas, especially in the San Joaquin Valley and in
22 Southern California.

23 Fourth point waters should be primarily used in
24 the watershed where it's produced where it occurs
25 naturally. Consequently Southern California and San

1 Joaquin Valleys, that are arid and water efficient need to
2 develop more specific water use efficiency and conservation
3 programs in other regions and I also have said this
4 probably in the San Francisco Bay Area are doing a lot and
5 I do certainly want to acknowledge the major efforts that
6 are occurring for water recycling in Southern California,
7 but there is even more that needs to be done.

8 Along this line I'd like to mention this idea
9 that was mentioned last night, in other areas of the world
10 what we refer to as more primitive areas. Rain water for
11 centuries has been collected and storage during dry months.
12 This is not happening on any significant basis and
13 Moreover, the Los Angeles County little water is saved in
14 urban areas. It runs off paved yards and rushes into the
15 paved, what was the LA River, what I would call the LA
16 drainage ditch and there is an effort to try to change
17 this. It simply goes straight out to sea without being
18 retained.

19 There is a demonstration project which shows
20 using modern materials a modern version of using this
21 capability that existed in primitive societies in LA treat
22 people have working models of inexpensive rain water
23 captures systems and a demonstration home.

24 There is another facility which they have
25 designed which would work at schools and public facilities

1 that they use on a commercial basis and actually I think
2 somehow fortunately they are going to be applying some of
3 this to some of the reworking of LA schools. This concept
4 certainly needs polish. You need to deal with problems of
5 water contamination or you'll be using this for outside
6 non-potable water. But this needs to be encouraged on a
7 wide scale basis with Government support. This is a very
8 basic thing, which could immensely change the water supply
9 and water uses of Southern California.

10 Zoning --

11 VICE-CHAIRMAN McPEAK: Could you
12 summarize, please?

13 PETER KIRIAKOS: The zoning also needs to
14 be changed on a wider scale in addition to individual
15 parcels so that in neighborhood areas and these arid areas
16 we have arraign water capture and groundwater recharge.
17 This basically ignored in most of Southern California. I
18 see this happening in parts of Northern California. It
19 needs to happen down there and dual water systems, this has
20 been mentioned. This needs to be an ordinance for all new
21 construction, residential and commercial. You have words
22 in there about trying to put best management practices into
23 effect. I think we need to really be more specific and
24 some documentation has to get out to the public and
25 government bodies. Two more points. The 5th point, the

1 Southern California water quality -- this was addressed
2 last night by the MWD they were indicating that water
3 quality is now their emphasis but the point that I would
4 make is this should be dealt with not by expensive
5 construction in this area here building major projects but
6 I'd strongly suggest you look at the cost even if it's more
7 of treating the water out the other end and making it
8 potable there and even if there is additional cost to the
9 tax payer this needs to be balanced against the massive
10 cost of these construction projects that are proposed in
11 some of the other options of CalFed.

12 And the final point and again this is bringing
13 forth some of the statements last night, certain species of
14 protection and recoveries depend upon dealing with the
15 habitat and improving that and we had an address on water
16 quality here earlier by the EPA but I'd like to remind
17 about the significance of water quality and the problem of
18 pesticide contamination on the species that you are trying
19 to recover and it seems that there needs to be more
20 specific focus on that. Certainly it's significant for the
21 people but it's also significant for the species. So I
22 hope you make a focus on that and greater emphasis. Thank
23 you.

24 VICE-CHAIRMAN McPEAK: Thank you.

25 All right. Stuart. We are going to have

1 comments from people in terms of the framework.

2 I actually have on that flip chart three
3 questions. I haven't had the time. I've been struggling
4 with what might make some sense here. We've got four or
5 five different interest groups and have you begin to try as
6 caucuses come up with your best take at answering these
7 questions.

8 We are obviously not going to have time today
9 but I'm going to take a long hard look at the next meet to
10 go see if we can't do that, which is a way of trying to see
11 on the three major segments of the framework document.

12 First, what would it take, what three
13 priorities would get enthusiastic support of the common
14 program.

15 The six elements of the common program.

16 Secondly, regarding storage what changes would
17 be required for you to support the approaches in the
18 framework and thirdly regarding conveyance, what changes
19 would be required?

20 Obviously in this kind of negotiating or
21 consensus building process you ask each of the caucuses to
22 exercise as much critical thinking and restraint as
23 possible.

24 You might want to identify your full set of
25 demands to be really clear as to what it is that is your

1 bottom line and see how far we are apart.

2 So just over the next month or so keep that in
3 mind because it's only threw something such as this that we
4 could try to forge enough of a consensus to get resolution.

5 We won't do it today.

6 MR. PYLE: Okay.

7 CHAIRMAN MADIGAN: But Stuart.

8 MR. PYLE: I was a little worried there.
9 I reviewed this document and it have some comments on the
10 specific document.

11 I'm talking about the 14 page framework, which
12 is the follow-up of the three page policy statement which
13 was adopted by the CalFed operating officers, and I assumed
14 at this point they are speaking to the tape recorder, the
15 court reporter?

16 VICE-CHAIRMAN McPEAK: You are speaking to
17 the Court reporter (indicating) and to Steve.

18 I mean I am chopped liver but I am sitting here
19 listening to it.

20 MR. PYLE: To the BDAC members and the
21 audience who is here, but I feel a little stressed having
22 sat here for four hours and listened to very lengthy
23 presentations on items which are of importance to the
24 CalFed staff, I'm sure.

25 However, I'm not exactly sure how they expect

1 to present items of the extent to which were represented
2 today and to receive on the spot feedback which would
3 indicate that there is response from this group as a group.

4 Mrs. Rogers, it think it was --

5 MS. REYNOLDS: Reynolds.

6 VICE-CHAIRMAN McPEAK: From Roberts
7 Island.

8 MR. PYLE: --is right on the subject, you
9 know, how are we able to respond here?

10 So on the framework subject it is intended to
11 follow-up policy statement. My first item is on page 2.
12 There shouldn't -- it refers to the middle of the third
13 paragraph. "Each alternative includes eight integrated
14 program elements, which you can read, which are different
15 than resource areas that we talked about here yesterday.

16 In the policy it said there should be
17 continuous improvement involving all areas and I believe
18 that in this document these items which are at sometimes
19 they are referred to as in the Common Program but as Lester
20 told us yesterday when we talked about a specific program
21 they are no longer a common program but they are part of an
22 alternative. It talks about a specific alternative. These
23 items became part of the alternative and they are not
24 actually common programs anyways, but I believe that these
25 integrated program elements, common programs or whatever we

1 call them, should be identified, spelled out, in this
2 section here and given the support of the continuous
3 improvement that efforts will move ahead progressively on
4 these along with everything else.

5 I feel that's a failing of this item -- of this
6 14 page document. As you read through it discusses some
7 items. It discusses the resource areas but it does not
8 discuss directly and as serious elements these eight items
9 that are in here.

10 For instance, water use efficiency only shows
11 up in this 14 page program when it comes in over near the
12 last page, on page 14, as a linkage of pre-requirements
13 that must be done by parties before they are able to access
14 surface storage under the program.

15 And I think it's, you know, not a good, clear
16 presentation of the program to have the program cover water
17 use efficiency, water transfer, framework, et cetera, et
18 cetera, and then only discuss water use efficiency as a
19 penalty under surface storage.

20 So hopefully that will be straightened out.

21 My second program -- my second point is in
22 regard to water supply reliability.

23 This paragraph, second paragraph on page 3, is
24 only a discussion in terms of there is a mismatch between
25 demands for water supply. I think a large part of the

1 problem that the public is having -- the problem that the
2 public's having in this region, understanding what this
3 program is, that there is no clear presentation of the
4 water supply reliability problem that we are dealing with
5 here.

6 The programs that we are dealing with here are
7 not about creating more water. They are not about
8 increasing diversions from the Delta. They are not about
9 meeting the future water supply requirements of the State
10 of California.

11 They are about trying to operate the State
12 project and the Federal project and the local diversions in
13 the Delta in relationship to the ESA water rights decisions
14 other aspects that have diminished the capability of the
15 State and Federal projects to operate in the Delta.

16 The water supplies which were previously
17 initiated to those projects currently being operated have
18 been diminished by as much as two million acre feet.

19 We need an operating system in the Delta. We
20 need works in the Delta. We need improvements otherwise
21 that will help restore some of that water and bring some
22 certainty.

23 There is no information on what the water
24 supply capability of the Delta is, what the water supply
25 capability of the Delta will be under these projects.

1 So I think there needs to be more detail in
2 here as to what specifically is the water supply
3 reliability problem?

4 If you look on the next page at levee system
5 integrity you will see detail about what is in the Delta.

6 There is no reason why the same type of detail
7 couldn't be prepared, enlarged and inserted in this
8 discussion and unable the public really address and
9 understand what the water supply reliability problems are.

10 Moving on from my number two, my number three
11 point is on page 9 where we talked about the strategy and
12 the contingent strategy and, as I said the other day, I
13 have objections on the use of these terms.

14 When it comes to the action items that have
15 taken place under these terms that are spelled out in
16 section three of this report I think those action items
17 spell out basically the total capability and what can be
18 done over the next seven years.

19 I don't argue with what is projected to be done
20 but I argue with the policy contents within which CalFed is
21 setting forth these strategies.

22 I do not think that what is called the primary
23 strategy, which is to develop a through-Delta Bay system
24 should be the primary strategy. I think that should be the
25 initial strategy.

1 I was a little concerned yesterday, the
2 response that Lester made where he said the initials or
3 primary strategy really was more like Alternative 1. It
4 wasn't even Alternative 2. Alternative 2 seems to have
5 been wiped out and disappeared someplace.

6 In terms of the contingent strategy I would
7 prefer to see that expressed and adopted as a continuing
8 strategy.

9 That first seven years is simply to do those
10 things which we now know we can do which will begin to
11 improve the Delta program and operating condition to some
12 extent, but as a result of watching this program I think
13 kind of as listening to information I heard last night and
14 this revelation from Lester yesterday that the primary
15 strategy is really only Alternative 1, which is the do
16 nothing strategy, I think that this program, CalFed three
17 year program, is not ready to identify the continuing
18 strategy and I think that the follow-up contingent
19 strategy, which is listed in section three on the study
20 program, which would be North Delta, South Delta
21 improvements should continue to be an investigative study
22 to analyze the program and to analyze the capabilities of
23 projects that meet them and I think -- I don't think we're
24 ready to say that this can only be a dual Delta facility.

25 I don't think we're ready to say that the dual

1 isolated facility should be wiped out and never be
2 considered again.

3 I think there still is a continuing study that
4 has to take place and that this three year study has not
5 brought forth the information and presented it in a manner
6 which deserves acceptance.

7 I think there is still a need for the
8 continuing study on the best methods of making the
9 decisions between the through Delta Alternative 2 or
10 integrating with that some of the dual Delta facility
11 items. So that's my number three point.

12 My number four point is basically one we
13 discussed under financing in regard to stakeholder concerns
14 on page 9, lower right, the paragraph that it says some
15 stakeholders believe that new storage should be provided,
16 et cetera.

17 Others believe the beneficiary should pay the
18 full costs of any new storage, and I believe they should
19 also insert the belief of some stakeholders as we discussed
20 that there should be public payment for storage that's
21 dedicated to environmental purposes and led to stakeholder
22 concerns. That should be brought out in these boxes that
23 are on here.

24 Moving on to my -- that was number four. My
25 last point was the number five, which I already mentioned

1 on page 14, in regard to surface storage where the only
2 point in this whole 14 page document that water use
3 efficiency is mentioned is as a condition which must be
4 achieved to some degree before a party could access surface
5 storage.

6 I registered my disapproval of that, and it
7 just think that hole item ought to be reworked in regard to
8 that.

9 I just would like to reference that my
10 statements that I made yesterday that I think we should
11 move ahead on all of these items equally, forcefully, full
12 strength and not try to establish a whole series conditions
13 which are going to set some programs hostage to the
14 accomplishment levels in other programs. End of statement
15 by Stuart Pyle.

16 Thank you for listening to me and put this go
17 on the record.

18 CHAIRMAN MADIGAN: Thank you, Stuart.

19 The document that's 14 pages long is actually
20 Section One of something called "Developing a Draft
21 Preferred Program Alternative".

22 Section two is pages 15 through, I think, 36.
23 Thirty-six actually isn't on that last page. So you'll
24 have to just look at it but pages 15 through 36 is entitled
25 Section Two. Now, I'm saying that because I want to be

1 clear about the shorthand I'm using when I talk about the
2 framework document. I mean all 36 pages. Section One,
3 Section Two, but I think it should be retitled to make sure
4 we now are calling that in the general parlance out there
5 the framework and I'm raising that because Stuart rightly
6 says well we've got a framework document here but it
7 doesn't talk a lot about what we are doing in terms of,
8 say, conservation or efficient water use.

9 It is very detailed spelled out what's proposed
10 as examples of implementation criteria for performance,
11 meeting the expectation. Under those common programs there
12 at least is the working skeleton.

13 If more than that there is quite a bit of meat
14 on some of these bones for the Common Program in pages 15
15 through 36. So as a matter of just making clear what we
16 are doing I suggest we call all 36 pages the Framework for
17 Preferred Alternative. Call Section One, Section Two,
18 whatever seems then appropriate. Okay?

19 It's Alex and then it's Robert.

20 MR. HILDEBRAND: As you all know Stu and
21 it disagree about the likely desirability of an isolated
22 facility, but other than that I'm in substantial agreement
23 with what he's just discussed.

24 My major problem is that when we started this
25 whole process, the Governor assured us that the proposal

1 was that the agricultural, environmental and urban areas
2 would all get better together. That's been dropped.

3 We now are told that agriculture isn't even a
4 resource area anymore and that it doesn't need to get
5 better. In fact, it can be rated to help the other things.

6 We've never been told how that got dropped, by
7 what authority it got dropped. There is a major change of
8 enormous concern to the agricultural community.

9 And the Framework Agreement neither goes back
10 to getting that together nor does it explain why we are no
11 longer ongoing to get better together and why we are
12 actually a target of -- to be rated for the benefit of
13 other uses. So that's my most important complaint here.

14 I think that if the CalFed has decided by some
15 authority that agriculture no longer needs to be protected,
16 that we should know that and analyze the degree of the
17 effect on agriculture as we expect it to occur.

18 Now, another point is that I don't think we
19 should have triggers. I'm specifically concerned with the
20 triggers on the canal but I think it would apply also to
21 other triggers.

22 Adaptive management implies that you try
23 something. If it doesn't work or if it doesn't work as
24 well as you would like, you then figure out what to do to
25 make it better. You don't prejudge what the solution is

1 going to be.

2 If the through Delta is not satisfactory to
3 people, then the reason it's not satisfactory may be exotic
4 species or something else. It may not be something you
5 need to improve.

6 Maybe we do fix the through Delta so it takes
7 care of Byron's bromides. There are things that it's true
8 that there is some incompatibility between making the happy
9 and making the fish happy but there are some things that
10 can be done to explore how to make those less than
11 compatible.

12 And when we just decide that we won't analyze a
13 solution that will take care of Byron's needs because some
14 fish person thinks it may not be good without seeing how
15 that will be compatible I take great offense to them, and
16 it thoroughly illustrates the point that was made by Rick
17 Belstra last night that if you have a contingent thing with
18 a trigger like that, you assure that the primary proposal
19 will never work.

20 There are people who will see that it doesn't
21 work, who can see that it doesn't work and we've seen the
22 evidence of that already.

23 And so I don't think we should have any such
24 things as triggers that lead to a major decision like that
25 and prejudge what the solution might have to be.

1 I have lesser things everything to do with --
2 it talks about you can't have new storage until you make
3 demonstrated projects and progress on transfers.

4 Well, what constitutes demonstrated progress on
5 transfers that has to do with the other?

6 Transfers are reallocation of the supply. The
7 new storage to get new yield. They have different
8 objectives. One does not substitute for the other.

9 And so there are a number of things of that
10 nature but now that everydothat everybody's gone home,
11 anyway, and considering the hour of the day I won't go into
12 them night.

13 CHAIRMAN MADIGAN: Well, we are going to
14 start off with this 36 pages at the next meeting. Let me
15 ask Steve to discuss with Lester perhaps changing the
16 terminology he's used from day one of those four components
17 or aspects the water supply. That is what he means by a
18 resource area. Agriculture never was nor was any other
19 beneficiary of water called a resource area.

20 I was flip with you, too, as I'd like to avoid
21 going back and saying how come ag is no longer a resource
22 area?

23 That term resource area was confusing three
24 years ago. It's even more confusing today to everybody.
25 What Lester has meant by it is that there's four aspects of

1 the water supply system that we need to address in order to
2 get water supply to ag people, fish, the economy and
3 anybody else or any other entity that uses it and those
4 four things he's already talked about were ecosystem, the
5 levees, I can explain how that's related if people don't
6 get it, and water quality and water supply reliability.

7 That's what he says makes up the essence of
8 water supply. Let me repeat, for agriculture and everybody
9 else.

10 That term is confusing. See if we can't do
11 something about it.

12 And the issue of are we all trying to get
13 better together, we've all gotten worse together. I can
14 assure you that.

15 I haven't been told but I'm not told most
16 things that are going on, I haven't been told that there is
17 any change in that general policy but if that's important
18 to embrace it's not here explicitly as a philosophy that we
19 are all trying to have mutual benefits out of the effort
20 and maybe that would be helpful.

21 Mr. Raab.

22 MR. RAAB: As I listened to Stuart and then
23 to Alex I was saying to myself, you know, I kind of agree
24 with you and, no, I don't agree with that and then I'd say
25 maybe, and it was kind of a string of noes. But I like

1 what was being said because you were putting out your
2 position. Where you're coming from and I think we've had a
3 willful lack of membership doing that, and that leads me to
4 wondering why we never get a chance to go on the record
5 individually and send maybe clearer signals to CalFed as to
6 what we are thinking, where we are, where we stand, and we
7 need to do that.

8 VICE-CHAIRMAN McPEAK: I think that's a
9 brilliant suggestion, Robert.

10 I want to do that, at that.

11 MR. RAAB: I'd like to have a little more
12 of. See, this was brought up at the start three years ago
13 and with all due respect to our chair I've got a distinct
14 feeling that our chairs did not want to test the waters.

15 VICE-CHAIRMAN McPEAK: I give up. I gave
16 up then.

17 MR. RAAB: Pardon me?

18 VICE-CHAIRMAN McPEAK: I said I give up.
19 My goal has been to resign in the middle of this meeting
20 and I think I'm just about there but I can't wish anymore.

21 I don't know how much clearer I can be than
22 asking every time someone raises a question, what the hell
23 is your answer, and having asked yesterday everyone
24 systematically are you for or against the concepts of the
25 document. I want to invite any of you to think through

1 what process will help us get on the record and get closer
2 to resolution because getting on the record while a
3 necessary step towards resolution isn't sufficient. So I'd
4 invite you to think about it or tell me right now, Bob and
5 that's why I put up those three questions because that's
6 where I intend to start next time, getting us on the record
7 with where we are individually and as a set of interest
8 groups, the stakeholder caucuses.

9 MR. RAAB: I must be missing something the
10 last few years because I thought we were avoiding what some
11 may have perceived as sinking at least BDAC and maybe
12 CalFed by early on setting forth our position and having
13 such disagreements that we would just be avoiding each
14 other and apparently I've missed something here. I mean,
15 I'm delighted to know that you want -- that you are pushing
16 for clear speaking, speaking out where we are. But I don't
17 ever recall us having a -- something on the Agenda which
18 said "Okay, let's take a vote on this", let's take a
19 position, what is our position? Where is it?

20 VICE-CHAIRMAN McPEAK: Actually, I can
21 site some specific meetings two-and-a-half years ago where
22 I had that listed trying to get the sense of this group as
23 to whether or not, for example, we were in agreement with
24 the basic objectives of the ecosystem restoration project.

25 And actually no one opposed that when it was

1 presented and that's exactly how I asked, which surprised
2 me a year-and-a-half late when it was called and questioned
3 by some folks sitting around here that said, "Well, are we
4 really in favor of it?" But, be that as it may, I think
5 what you're urging is one I'd like to associate myself
6 with. I'd like to suggest everybody look at those
7 questions, think about it, and be ready to, A, talk with
8 your colleagues when we convene; that is, those who you
9 think are light minded to you and to help develop a
10 position that can be stated on the record and really have a
11 honest exchange.

12 Mr. Frick.

13 MR. PYLE: Are you going to mail that to
14 us?

15 VICE-CHAIRMAN McPEAK: I think that Steve
16 can do that.

17 Let me get Howard and then I'll -- I'll come
18 back to you.

19 MR. FRICK: I've got to defend you. I
20 think you've done an excellent job and given everybody an
21 opportunity to have their say. You haven't discouraged any
22 comments at all. You've been able to see all sides on
23 every issue in my opinion.

24 I think our primary job here was as I
25 understood when we were appointed was to be a receptor of

1 public opinion.

2 I know all of our opinions are important when
3 we get public input but I think it is good that we
4 represent our interests like you expect us to and get all
5 of this before CalFed. As I said yesterday, I'm not
6 disappointed. I think CalFed has made decisions based on
7 political factors way ahead of what it should be. I don't
8 think we're near ready to make a final decision on what the
9 best alternative is. And it hate to see this. You know,
10 we've gone from sliding doors one, sliding doors one. I
11 don't know where we go next but I think it's premature.

12 VICE-CHAIRMAN McPEAK: Patrick.

13 MR. WRIGHT: Yeah, my role generally in
14 these proceedings as Staff is to listen and sort of soak it
15 in because we certainly of plenty of internal opportunities
16 to have some candid discussions about these issues.

17 I have to say, though, that if I hear one more
18 stakeholder say after hearing a presentation about
19 literally four and a half billion dollars of investments
20 across the board, from water quality to ecosystem
21 restoration to groundwater banking that there is nothing in
22 this program for us, I'm going to lose it and maybe we have
23 to go so far as to have the CalFed staff actually by sector
24 say these are the benefits because we are talking about the
25 most massive Public Works program probably that's ever been

1 attempted and to have people say, "well, gee, I can't
2 convince my Board that there is anything in this for us"
3 after hearing the level of investment we are talking about,
4 maybe we are talking about a different program here or
5 maybe we need to actually start going directly to those
6 boards ourselves with some information that talks about
7 that level of investment and the risk that that level of
8 investment is not going to be there without this program.

9 I don't know. That's my vent for the two days.

10 VICE-CHAIRMAN McPEAK: You are ado a vent.

11 Yes, Bob.

12 MR. RAAB: Quick clearing the record here,
13 I made a very narrow point, I thought, not that this hasn't
14 been a very open forum for three years but that we haven't
15 done what you did when you formed the water policy group.
16 You had people sitting down for three years and then coming
17 up and voting yea or nay on what amounted to, I think,
18 eventually 33 ways of handling the California water caucus
19 and we were given a list eventually that was yea or nay and
20 we reached a consensus on many, if not most, of the things
21 that were put before us if we had consensus.

22 Now, at the very start we got into what is a
23 consensus, if I remember correctly, and the impression I
24 got was we didn't want to talk about it, whether it was 51
25 percent or 89 percent or whatever, we avoid had it and

1 we've never gotten back to it.

2 I think what you did starting in 1983 is a
3 model of what we could be doing here.

4 VICE-CHAIRMAN McPEAK: Well, thank you. I
5 can't remember what I did.

6 And at the beginning of the next discussion --
7 or the next meeting, you know, I think Mike and I can
8 restate sort of our approach to consensus, I've often asked
9 that but just so you know it's obviously greater than 51
10 percent, a substantial majority of all of the stakeholder
11 groups. You can't have a vote and end up with all of ag
12 united against it or all of the environmentalists united
13 against it, but we might end up with something on the order
14 of 70 or 80 percent on each of those caucuses that are
15 willing to sign off and clearly that's what we are driving
16 to. I would love if we could join hands and sing Cumbaya
17 and have everyone in this room agreement, and that was my
18 Pollyannaish fondest hope at the beginning on this effort
19 twenty-five years ago.

20 I think that we may end up with needing enough
21 time where we get 70 to 80 percent but, you know, my
22 experience suggests simple majority is not going to do it
23 and out voting any one interest group that's going to be
24 probably inappropriate, unfair and also unrealistic. So
25 that's my working approach to consensus.

1 Should we call it a day? Or maybe we started
2 out -- I suggest we prey.

3 At this point I think that we should yell at
4 each other just as a matter of release and, you know --

5 MR. PYLE: Let's all forgive each other.

6 VICE-CHAIRMAN McPEAK: I, too, I beg your
7 forgiveness. I confess my sins, beg your forgiveness and
8 forgive you for all that you have done to me.

9 Thank you, Ladies and Gentlemen, for being with
10 us and we will see you in October.

11

12 (Whereupon the BDAC Meeting recessed at 1:02 p.m.)

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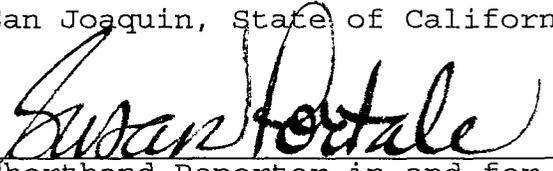
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