

MEETING SUMMARY

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BAY-DELTA ADVISORY COUNCIL
MEETING SUMMARY
December 10, 1998
Sacramento Convention Center, Sacramento

Major Outcomes

BDAC reached general consensus on the draft water management Stage 1 bundle which was the main topic of discussion for the day. The performance goals for each of the tools should be based on quantified amounts of water yield, whenever possible. There may some cases where water yield can only be estimated, and should not be used as a performance goal. Other areas of consensus are as follows: the bundle will help improve water supply reliability; federal and stage agencies, as well as water users, are beneficiaries of the CALFED Program; the investment amounts should be determined within the context of the money already spent for each of the tools; that some study and planning for surface storage during Stage 1 was reasonable and appropriate. BDAC was sharply divided over whether permitting and construction of surface storage should occur during Stage 1 under any circumstances.

1. Welcome and Introductions (Chair Mike Madigan)

Chair Mike Madigan opened the meeting at 9:15 am and introduced new BDAC member Gene Andreuccetti (California Waterfowl Association) and announced the resignation of BDAC member Roger Strelow and the eminent resignation of Martha Davis. Chair Madigan also announced that CALFED will hold several pubic meetings in January 1999 to explain and promote the draft preferred alternative and Phase II report. Meetings will be held throughout California and BDAC members will be invited and encouraged to attend.

2. Outcomes of Meetings with Secretary Babbitt and Chief of Staff Dunn: Highlights of Changes to the Phase II Report (Lester Snow)

Executive Director Lester Snow summarized the purpose of the meetings with Interior Secretary Babbitt and Governor Wilson's Chief of Staff George Dunn and the process being used to conduct the meetings. The purpose of the meetings is to clarify the CALFED related issues and to define approaches for addressing the issues. These meetings should lead to engaging the broader public in discussions on the issues during 1999 during review of a formal draft Phase II Report and a Draft Environmental Impact Statement/Report (DEIS/R) in May of 1999.

Lester Snow provided an overview of major revisions to the November 1998 Draft Phase II Report. More detail was later provided by Steve Ritchie (Chief Deputy Director) and Dave Fullerton (CALFED consultant). In response to questions from BDAC members Alex Hildebrand and Stu Pyle, Lester Snow stated that Secretary Babbitt's scheduled announcement on December 18 will focus on the Draft Phase II Report and that Governor Elect Davis' transition team has been represented at the Babbitt/Dunn meetings by Mr. Keith Brackpool.

Mr. Fullerton explained the outcomes of the meetings on fisheries and operations. The meeting participants concluded that changes to the Delta water export system to improve conditions for

fish are possible. The basic concept is to use a combination of tools including an environmental water account, storage, conveyance and money to pump more water during times when fish are not present in the Delta and less water when they are present. Decisions need to be made on default operational rules, sharing future export/storage capacity increases, sharing state and federal pumping capacities, use of existing facilities for environmental purposes, who makes the decisions, who pays for the changes, the level of endangered species act regulatory certainty afforded to water exporters and users, the amount of water that is carried over from year to year, when water purchase fees can be used to acquire habitat or storage capacity, and the size of the storage and water purchase endowments. He also explained current thinking on the environmental water account assets. They would grow over time and be used to replace water used for environmental purposes, purchase water options, pay for diversion and transport of water, water conservation and reclamation and a contingency fund, and facilitate the granting of variances to export standards.

Discussion

- Vice Chair Sunne McPeak and BDAC member Hap Dunning asked questions regarding the environmental water account. Mr. Fullerton responded that the administrator of the account could earmark funds for environmental purposes and instruct water exporters to use those funds for only that purpose. The administrator or administrating agency is unknown at this time.
- Mr. Hildebrand and BDAC member Richard Izmirian asked how the approach would change existing standards. The approach would supplement the standards and thus add flexibility for implementing the standards. In implementing the approach, potential impacts, such as those on water quality, third parties, and fisheries resources will need to be addressed. More flexibility in managing the water may afford more protections.
- Vice Chair McPeak suggested that the approach deserved a lot of merit, but required assessment of the institutional arrangements. Both she and BDAC member Pietro Parravano had questions regarding the environmental water account. The account will need about \$80 million per year for several years. With these assets, the manager will have the tools (water and money) to respond to the varying needs of the fish. It has not been determined, yet, who will contribute the necessary funding.
- Mr. Hildebrand and Mr. Pyle asked how water project operations would change and how non-project water users would be protected. The new approach should be tested during the next year to determine how operations would change. A "no harm concept" is currently vague and may need to be expanded beyond the existing protections. However, existing water contracts and water law will be followed.

- Mr. Dunning and BDAC members Tom Graff and Roberta Borgonovo asked how this approach relates to the approach for using the 800,000 af of water authorized for environmental purposes in the CVPIA. Mr. Fullerton responded that the CVPIA water is not included in the proposed environmental water account, but, the accounting and purchasing of environmental water by both programs should be integrated. It should be noted that the definition of existing conditions as it relates to water standards in the 1994 Bay-Delta Accord, Water Quality Control Plan, CVPIA and other programs is not finalized and will be based on policy decisions. Other issues that must be addressed include the make up and functions of the ecosystem restoration program entity and developing rules for operating the water distribution system.

Mr. Ritchie provided an update on the discussion on water quality and conversion. With regards to water quality the small group discussed the fact that there will be continuous improvement made during Phase 1. The group discussed the fact that the goal is to achieve 50 ppb for bromide and 3 ppm for organic carbon, or the public health equivalent through treatment or use of alternative water sources, that these and other goals would be achieved through use of incentives and integration with the current regulatory processes.

The proposed strategy for dealing with the through-Delta alternative is to focus on a through Delta alternative and use adaptive management to answer outstanding questions on whether that alternative will meet environmental and water quality conditions. To achieve this goal, CALFED is proposed to create a drinking water council, who in concert with the Environmental Restoration Program Scientific Review Panel, would help answer some of the questions. CALFED would review the policy of focusing on the through-Delta alternative in 2003 and 2007.

Discussion

- In response to a question from Mr. Hildebrand, Mr. Ritchie stated that the drinking water council membership may include some members of the national drinking water panel. Hildebrand's point was to ensure that members of the council will provide direction or how to achieve the stated water quality objectives.
- Vice Chair McPeak, Mr. Dunning, BDAC member Bob Raab and Mr. Ritchie discussed how Congressional and Legislative interests will be addressed. It was pointed out that the elected bodies will have direct interest in the outcomes of the progress reports to CALFED and that they may develop legislation independent of CALFED. Therefore, they play more than a consultative role.

3. Water Management Strategy (Steve Ritchie and Breakout Sessions)

In preparation for the scheduled morning breakout sessions, Mr. Ritchie provided an update on progress made in defining the water management strategy. He asked that BDAC comment on the

goals proposed by the Program. He then explained that the strategy addresses the large variations in water flows in California and this constantly changing hydrology causes the greatest conflicts in the water supply system. The strategy defines water supply reliability as an outcome of reducing diversion conflicts, decreasing drought impacts, increasing available water supply, increasing operational flexibility and increasing water supply utility. The strategy also identifies performance measures and is composed of a variety of objectives and tools to meet those objectives. The following Stage 1 bundle of actions and tools will move the Program towards achieving the performance goals: urban water conservation, agricultural water conservation, recycling, water transfers, groundwater storage, surface water storage and watershed management.

Mary Selkirk (CALFED consultant) provided two questions for consideration in the breakout sessions: Are the proposed performance goals moving in the right direction? What is the appropriate level of investment by Program beneficiaries or water users for each of the tools listed above.

Mr. Hildebrand and BDAC members Byron Buck and Tom Graff made some clarifying statements. That when speaking about the benefits of storage, references should be made to the expected yield of facilities rather than the storage capacity, as the amounts are different. Also, discussion in the small groups may benefit from the information on page 140 of the draft Phase II report.

Public Comment

- Prior to the breakout session, Chair Madigan introduced Interior Secretary Bruce Babbitt who made the following comments. Secretary Babbitt acknowledged the work everyone is doing on CALFED and stressed the importance of the effort. He observed that meetings are progressing to a point where CALFED can issue a draft preferred alternative and draft Phase II report in mid-December that will have tentative support from the incoming Davis administration. He stated the Program needs restraint and positive responses from stakeholders and will be threatened by negative comments from the interested parties. He asked the parties to send the signal that the Draft Phase II report is a good starting point for the work that needs to be done in 1999.
- Mr. Graff, Mr. Hildebrand, Mr. Izmirian and Vice Chair McPeak continued the discussion with Secretary Babbitt. Cautious optimism was expressed for the progress, so far, on the issues being discussed during the Babbitt/Dunn meetings. The fact that fishing interests are represented by the fish and wildlife agencies is disappointing to some stakeholders. Secretary Babbitt was advised to assign high level leadership to educate legislators and others. Secretary Babbitt wrapped up the discussion by stating that the investment in CALFED is huge and it will be difficult for stakeholder groups to leave the process in 1999. There is a lot of work to be done in 1999.

Following Secretary Babbitt's appearance, BDAC broke into two discussion groups to review and comment on the draft water management Stage 1 bundle chart handed out at the meeting. Following the breakout sessions, Chair Madigan left the meeting for a previously scheduled engagement and BDAC reconvened in plenary session to hear comments from members of the public.

Public Comment

Mr. Ed Petry (Mendota) provided comments on ensuring water supply reliability for uses in the San Joaquin basin. One of the tools which should be used is new surface storage in the basin.

Ms. Jean Auer (Environmental Water Caucus) reiterated the caucus's comments on the proposed environmental water account. She reiterated that instream water rights and ensuring a diversity of water suppliers are key points in the written comments. She also mentioned that the Caucus's paper on water supply reliability was available for comment and discussion.

4. Water Management Strategy: Plenary Session

After lunch, Ms. Selkirk and Eugenia Laychak (CALFED consultant) reviewed the outcomes from the breakout sessions. Provided below are comments on the draft water management Stage 1 bundle chart handed out at the meeting.

Urban Water Conservation

- Use loans to help districts increase conservation to the threshold of local economic cost efficiency; use grants to increase conservation beyond that threshold.
- Options for changing the performance goal: The performance goal should be based on water yield rather than on the number of plans that are implemented. It should be based on the population served. Achievement levels for each water district should consider the amount of conservation already achieved.
- More public investment may be required to fund the tool.
- Actions should include consequences for not following the Best Management Practices.

Agriculture Conservation

- Options for changing or eliminating the performance goal: use market pricing of water to even out supply and demand, change the reference from "irrigation districts" to "agricultural water servers", quantify the goal by requiring that five million acres be subject to conservation programs by the end of Stage 1, increase the amount of acreage so it is equivalent to 90% of total farmed acreage served by Delta water. Meeting a goal that requires participation of more than 5 million acres may be too ambitious.
- Use water conservation to achieve other Program goals, such as those for water quality.
- Consider and compensate for third party impacts, including those on water quality, groundwater and soils.

- Define the number of districts required to participate.
- Increase the level of investment overall, and for loans in particular.
- Link levels of investment to an overall water budget.
- Add a column to the chart that shows current levels of investment.
- Distinguish between funds that are already committed and new monies that are projected to be appropriated over the next seven years.
- Differentiate between monies for planning and monies for implementation of conservation actions.

Recycling

- Include interim milestones to encourage incremental improvement during the seven years of Stage 1.
- Conduct a cost effectiveness analysis to compare the cost to other tools and determine if public policy is best served by the proposed subsidy of \$10,000 per acre foot.
- The performance goal is about right.
- The proposed 50/50 split between Federal/State and User investment is about right.

Water Transfers

- Quantify the performance goal in terms of water gain or expected yield, if possible.
- Use of this tool, which increases supply through pricing and use of a water market, may conflict with the proposal to increase supply by increasing the storage capacity.
- Meeting any performance goal will depend on the ability to bank water.

Groundwater Storage

- Assist the agriculture community in measuring water use, defining their groundwater basins and addressing third party impacts, such as subsidence and other impacts of overdrafting.
- The goal may be overly modest. The Environmental Water Caucus goal is 900,000 to 1 million af.

Surface Storage

- There is disagreement over whether the action list and goal should include permitting and construction of surface storage under any circumstance.

Watershed Management

- The goal should be based on project outcomes, rather than on the number of projects implemented.
- Distinguish between water management benefits and other benefits to the Program.

Discussion

- Vice Chair McPeak summarized the areas of agreement on the draft water management Stage 1 bundle: that the word “beneficiary” applies to state and federal agencies, as well as water users, and that the chart include past and ongoing expenditures for each of the tools.
- Vice Chair McPeak, Ms. Borgonovo, Mr. Dunning, Mr. Buck, Mr. Raab, Mr. Andreuccetti and BDAC member Steve Hall and discussed the merits of having the urban conservation performance goal based on water yield or the amount saved. Some argued that quantified performance goals based on water yield was necessary to measure progress made toward saving water. Others argued that the CALFED program can guarantee performance but can not guarantee outcomes. Measuring the amount of water saved is an exact science. It is reasonable to expect that water yield can be estimated, but those estimates should not be used as a performance standard. With regards to funding, water districts should receive grants for conservation measures that are not cost effective. The costs of capitalizing the environmental water account should be included in the costs of implementing the tool.
- Mr. Hall, Mr. Dunning, Vice Chair McPeak and Ms. Laura King (San Luis Delta-Mendota Water District) discussed issues surrounding the proposed performance goal of having 5 million acres of agricultural land covered in the conservation program by the end of Stage 1. It was concluded that the goal seems to be a reasonable, but aggressive goal. It was suggested that the newly formed agriculture focus group review the goal to determine if it truly is reasonable and achievable. One of the tasks is to determine the number of acres currently subject to agricultural conservation programs.
- Vice Chair McPeak, Mr. Hall, Mr. Dunning, Mr. Hildebrand, Ms. Borgonovo, Mr. Izmirian, Mr. Pyle, Mr. Raab, BDAC members Rosemary Kamei and Eric Hasseltine, Mr. Patrick Wright (EPA), Ms. Selkirk and Lester Snow tried to find areas of agreement on the performance goal for surface storage. There was agreement that some study and planning for surface storage during Stage 1 was reasonable and appropriate. The discussants could not agree on the amount of money necessary to conduct the planning, the amount of planning and permitting, if any, that should be done, who should pay for planning during Stage 1, the amount of water that should be found through conservation, groundwater storage, changing operations of the water delivery system, and market mechanisms (such as water transfers and pricing) versus relying on a combination of increased water use efficiency and increasing surface storage capacity, and who should pay for additional storage for environmental purposes. References were made to two documents which explain the two approaches: a letter from Mr. Hildebrand to Lester Snow dated November 2 and “Blueprint for an Environmentally and Economically Sound CALFED Water Supply Reliability Program” by the Environmental Water Caucus, dated November 5, 1998. In addition, BDAC was reminded that the process to comply with section 404 of the Clean Water Act will require that certain tests to ensure that surface storage is indeed the least environmentally damaging alternative be met before any permits can be issued.

- Vice Chair McPeak, Mr. Hasseltine and BDAC member Robert Meacher clarified that the projected costs of the watershed management program for Stage 1 are indeed \$270 million and Mr. Meacher stated that the budget for next year should be higher than \$4 million.

Mr. Meacher also proposed that Mr. Andreuccetti be appointed as co-chair of the watershed work group, to replace outgoing member Martha Davis.

Based on advice from Mr. Pyle and Mr. Frick the location of the January 21, 1999 BDAC meeting was changed from Bakersfield to Sacramento.

Public Comment

- Mr. Petry expressed support for a multi-use surface water storage facility and proposed construction of an east/west canal between the Mendota pool and California Aqueduct.
- Mr. Cary Wright (Sweetwater Authority, San Diego County) stated that additional conservation and recycling in his district may not be affordable, as water currently costs \$632.00 per af.

Vice Chair McPeak adjourned the meeting at 4:00 pm.