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IN RE THE MEETING OF THE)
BAY-DELTA ADVISORY COUNCIL)
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TRANSCRIPT OF PROCEEDINGS
Capitol Plaza Hall, Fraternity Room
1025 Ninth Street
Sacramento, California 95814

Thursday, January 21, 1999 at 9:22 a.m.

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1 COUNCIL MEMBERS:

2 MICHAEL MADIGAN, Chairman, California Water
3 Commission

4 LESTER SNOW, Executive Director

5 SUNNE McPEAK, Bay Area Economic Forum

6 ERIC HASSELTINE, Contra Costa Council

7 ALEX HILDEBRAND, South Delta Water Agency

8 BOB RAAB, Save San Francisco Bay Association

9 RICHARD IZMIRIAN, California Sportfishing
10 Protection Alliance

11 ROSEMARY KAMEI, Santa Clara Valley Water
12 District

13 HARRISON (HAP) DUNNING, Bay Institute

14 ROBERTA BORGONOVO, League of Women Voters

15 BYRON BUCK, California Urban Water Agencies

16 MARY SELKIRK, CalFed

17 HOWARD FRICK, Friant Water Authority

18 ROBERT MEACHER, Regional Council of Rural
19 Counties

20 STUART PYLE, Kern County Water Agency

21 GENE ANDREUCETTI, California Waterfowl
22 Association

23 TIB BELZA, Northern California Water Association

24 MIKE STEARNS, San Luis Delta Mendota Water
25 Authority

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COUNCIL MEMBERS: (cont'd)

ANN NOTTHOFF, Natural Resources Defense Council

L. RYAN BRODRICK

EZE Burts

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1 (All parties present, the following proceedings were
2 had at 9:22 a.m.:)

3

4 CHAIRMAN MADIGAN: Good morning.

5 Welcome to the Vatican.

6 This is the first meeting of 1999 for the
7 Bay-Delta Advisory Council.

8 For those of you who are wondering Lester is
9 our Federal representative this morning until Wayne White
10 gets here. Wayne will be substituting for Roger Patterson.
11 Roger, of course, is in the process of retiring from the
12 bureau and moving back to Nebraska where he will be
13 Department of Water Resources, is that correct?

14 EXECUTIVE DIRECTOR SNOW: Yes.

15 CHAIRMAN MADIGAN: The entity for the State
16 of Nebraska so we will be losing Roger in this endeavor and
17 that is indeed a serious loss.

18 We will welcome Wayne in his ongoing interest
19 in this activity.

20 Ryan Broderick is still here this morning.
21 Nice to see you, Ryan.

22 MR. BRODDRICK: Thank you.

23 CHAIRMAN MADIGAN: Ryan, before we move on
24 in the Agenda I know that you have statements from both
25 Governor Davis and the new secretary for resources and I

1 wonder if you would share those with us.
 2 MR. BRODDRICK: Mr. Chairman on the
 3 assumption I can read in this light with these eyes I will
 4 read specifically from what was stated from Governor Davis,
 5 State of Address January 6th, 1999.
 6 "I'll keep the CalFed effort moving forward to
 7 address our critical water needs in a balance and
 8 responsible way. I will be sure that all parties have a
 9 stake in the process. I will require compromise by them
 10 all. No one will get everything they want but no one will
 11 come away empty handed.
 12 Statement from the secretary Mary Nichols, "On
 13 behalf of Governor Davis I want to extend the State's
 14 strong support and continued support by the progress made
 15 to date on the CalFed Program.
 16 The publication of the program is Phase II
 17 report is evidence that CalFed has forced a clear path to a
 18 balanced solution to the water needs of this State's
 19 natural resources and it is economy. However, as we all
 20 know, the path of consensus is fraught with statistical
 21 obstacles and road blocks. Each community of interest in
 22 this State is well equipped to bring this collaborative
 23 process to a standstill. The Governor and I encourage all
 24 members of the Bay Delta Advisory Council and of
 25 constituencies they represent the State accord in 1999 and

1 those meetings were quite successful in two regards.
 2 One really narrowing some of the points of
 3 disagreement, increasing the knowledge of some of the
 4 different parties, and enabling us to get out what I
 5 believe to be a very useful and a very effective progress
 6 report in the form of a revised Phase II report that we
 7 released on December 18th.
 8 There are some areas that I think we made
 9 enormous progress in and other areas that we have a lot to
 10 do yet.
 11 Hopefully, we can build this year off of the
 12 progress that was made and continue to try to close the gap
 13 in some of the other areas but I think the leadership that
 14 Secretary Babbitt provided was unique for a secretary to
 15 come out from a -- a cabinet member from Washington to come
 16 out and participate in these type of stakeholder meetings
 17 and certainly George Dunn's participation helped bring a
 18 lot of people along and so it was very useful and I suspect
 19 we'll see some version of that again as we try to draw some
 20 of these other issues to closure.
 21 As Mike mentioned some of the people in this
 22 room participated at different times and I think your
 23 observations will be useful to us.
 24 CHAIRMAN MADIGAN: Well, my own view of
 25 things was that I thought Secretary Babbitt was very, very

1 to assist Lester Snow and his fine staff in carrying the
 2 proposals laid out in the Phase II report to a successful
 3 conclusion. The State of California, its people and it is
 4 phenomenal resources demand no less.
 5 Thank you.
 6 CHAIRMAN MADIGAN: Thank you, Ryan.
 7 That's encouraging news. That reads to me very, very
 8 positive news from the Administration.
 9 Lester, would you like to share with us your
 10 evaluation of the Babbitt/Dunn meetings for the past couple
 11 of months leading up to the Phase II report and then what I
 12 would ask is that other members of BDAC who attended those
 13 meetings might wish to share some of your own comments.
 14 EXECUTIVE DIRECTOR SNOW: Yeah. As many
 15 people are aware, particularly the last two months of '98
 16 there were a series of meetings in different locations
 17 around the state that were loosely referred to as the
 18 Babbitt/Dunn meetings, Secretary of the Interior Bruce
 19 Babbitt and chief of staff to Governor Wilson George Dunn
 20 that were attended by different stakeholders at different
 21 times, some BDAC members, depending on what the issues
 22 were, different agency representatives, and a number of
 23 occasions even members of the legislature in an effort to
 24 try to push to greater consensus some of the issues that
 25 have plagued us in CalFed trying to resolve and I think

1 helpful in moving things along and in talking to both sides
 2 or all three sides or all 27 sides or however you want to
 3 calculate it, and that I would attribute a fair amount of
 4 the success of the effort and actually getting to a Phase
 5 II report to the secretary's leadership so I personally
 6 found it very, very useful.
 7 Sunne.
 8 MS. MCPHEAK: Mr. Chairman, just to add
 9 maybe a couple of comments to what you said and what Lester
 10 has said, certainly, the commitment that Secretary Babbitt
 11 and George Dunn brought to the process made an awful lot of
 12 difference and there was an additional, I think, dynamic
 13 that was very important between the election and the end of
 14 the year, and that is that Governor elect Davis, not
 15 Governor Davis, had representation in that process, and as
 16 skillful as Secretary Babbitt and George and the Governor's
 17 representatives were in understanding the issues, trying to
 18 identify where there might be opportunity for greater
 19 consensus, what I really take away was that their continued
 20 involvement and convening just provided the intensity and
 21 the obligation for all of us to continue to engage, and I
 22 say that to try to underscore what Mike and I have
 23 communicated to all of you in writing and, that is, that
 24 going forward we need to bring as much of that intensity
 25 and energy to the next phase of work of BDAC as possible.

1 While Governor Davis is calling a special
 2 session on education and in my other life will tell you
 3 that it's very important that to be the focus there are
 4 many legislators and many other policymakers that need to
 5 be briefed on BDAC and the Phase II report and likewise
 6 that we need to hear from, and so I want to, you know,
 7 really underscore how important it is that every one here
 8 around the table continue to be involved.

9 You'll hear later today about the critical
 10 actions that must take place in 1999, the issues that need
 11 to get further resolved and detailed and that should
 12 provide the vehicle for trying to bring parties closer
 13 together, but it's going to take a sustained effort and
 14 while we don't know exactly the schedule that Governor
 15 Davis and Secretary Babbitt or the Federal Government might
 16 use to re engage in such a continuing convening of
 17 stakeholders, I think it behooves us to be proactive to
 18 reach out and to look at the opportunities to brief people
 19 and to probably more importantly, hear back their response
 20 now that we have a Phase II report.

21 I say that to give everyone fair warning that
 22 while it's nice to have sort of taken a breather over the
 23 holidays and we are back trying to re group that you'll
 24 finds the pace of our schedule and the work that needs to
 25 be done pretty aggressive for 1999. So we hope you signed

1 onto that kind of time commitment. If not, there's the
 2 door (indicating).

3 CHAIRMAN MADIGAN: Yeah, not to put too
 4 fine a point on it, but those of you who have been in your
 5 never ending quest to remain young joggers or runners of
 6 some sort or other, and for those of you who have never had
 7 the unmitigated joy of running a marathon, this whole thing
 8 has been a marathon activity and anybody who has run a
 9 marathon will tell you that there are two parts to the
 10 race. There is the first twenty miles and there is the
 11 last ten K and I think we've done the first twenty miles
 12 and that required quite a bit of effort.

13 It will require an equal amount of effort to do
 14 the last few miles here and, again, those of you who have
 15 run that far understand just the kind of commitment that
 16 you are being asked to make, but this is the year and we
 17 either make this thing work this year, you know, or we
 18 don't. I think we've all put too much time into this thing
 19 to see it not work now. So you are being asked for a
 20 serious commitment of your thought and your time and your
 21 energy and your outreach and I hope that each and every one
 22 of you is willing to put in the time that it's going to
 23 require.

24 Anybody else attend those meetings who wants to
 25 add anything to the commentary on the -- Alex.

1 MR. HILDEBRAND: I would concur in the
 2 remarks that you, Mike, and Lester and Sunne have made, and
 3 I think we can congratulate ourselves on a lot of progress
 4 and I think that we could help that looking forward,
 5 though, at the job that remains to be done I think the
 6 meetings also serve to highlight those areas of controversy
 7 on basic subjects that have not been resolved and were not
 8 resolved in those meetings, and we all give credit to the
 9 good points in the Phase II report. Those issues are
 10 handled in some cases ambiguously, some other cases
 11 inadequately. The issues have not been analyzed
 12 sufficiently and in my judgment to be rationally resolved
 13 and I assume we will be talking about that when we get to
 14 the next item on the Agenda.

15 CHAIRMAN MADIGAN: True. True. True.

16 Anybody else? (No response).

17 Okay. Thank you very much.

18 They were very helpful meetings and got us to
 19 where we are today.

20 We have had now several Public Workshops on the
 21 Phase II report.

22 I understand that we have two more scheduled
 23 next week, Valerie, is that right?

24 VALERIE HOLCOMB: Yes, that's correct.

25 CHAIRMAN MADIGAN: Do you want to make any

1 comments on the workshops so far or the ones upcoming?

2 VALERIE HOLCOMB: The CalFed program has
 3 held three Public Workshops to date.

4 Last week we were in San Jose and Visalia.

5 Last night we were in Lodi.

6 Prior to each of these workshops we also met
 7 with the editorial boards of the major newspapers in the
 8 area.

9 We've had good attendance at all three
 10 workshops. All of them have been quite different in tenor.
 11 The Lodi workshop that we had last night was the longest
 12 and the best attended.

13 Many of the same types of comments there that
 14 we have heard in the past, still a great deal of distrust
 15 in that area about the program, some acknowledgment that we
 16 are making progress in the areas that they are concerned
 17 about but there is still that major question about the
 18 purpose of the program being to ship all their water to
 19 Southern California. The Visalia meeting was very
 20 gratifying, a lot of questions, some good dialogue. Some
 21 of their local newly elected county supervisors were in
 22 attendance so that we thought was pretty positive.

23 Next Tuesday we will be in Red Bluff and then
 24 next Thursday we'll be in San Diego and that will conclude
 25 these workshops for this time period.

1 CHAIRMAN MADIGAN: Thank you.
 2 You have a video you wanted to show us?
 3 VALERIE HOLCOMB: Yes, we do. The program
 4 put together, it's thirteen minutes long, a video, about
 5 CalFed and about in particular the draft preferred
 6 alternative.
 7 The purpose is mainly for those people who are
 8 not really tied into the program and to give them in a
 9 layperson's terms what's involved in the draft preferred
 10 alternative and we showed it last night to open up the
 11 meetings and we expect that it be very useful for other
 12 public meetings and presentations, et cetera, so . . .
 13 Oh, I should also -- if you're -- it's the same
 14 team that prepared the PBS documentary on the Delta for the
 15 Water Education Foundation so this is an independent
 16 producer and her videographer. They've won Emmy awards.
 17 They won awards about water issues which is why I think we
 18 were able to come up with a short, succinct piece about
 19 this.
 20 CHAIRMAN MADIGAN: Cool.
 21 (Whereupon a video was played, after which the
 22 following proceedings were had:)
 23 (Applause)
 24 CHAIRMAN MADIGAN: Okay. Nice job. Thank
 25 you, Valerie.

1 On the other hand, there is a hand full of what
 2 we would call critical issues, that if we don't get them
 3 right it's going to be impossible to get to a preferred
 4 alternative and find a form that we really want to focus on
 5 some of them.
 6 In terms of the Phase II report some of the
 7 important things that happened last year in the last
 8 several months was some refinement of the water management
 9 strategy, certainly the concept of developing an
 10 environmental water account as opposed to an increasingly
 11 rigid regulations to protect fisheries in the Delta this
 12 concept here is actually quite vital to making
 13 through-Delta work. It's one of the mechanisms that we are
 14 use to go allow the existing configuration to meet
 15 fisheries' needs, a general approach for storage, which is
 16 really a subset of water management strategy and certainly
 17 the approach for conveyance particularly as it relates to
 18 water quality, a critical feature we have to deal with.
 19 Just a general orientation if you haven't
 20 familiarized yourself. We basically have seven chapters in
 21 the report. The issues that will really occupy people's
 22 time and we will focus on objective four and five, the
 23 draft preferred program alternative and the implementation
 24 plan.
 25 Essentially what we've done in chapter four is

1 VALERIE HOLCOMB: Thank you.
 2 CHAIRMAN MADIGAN: Ah (indicating), nice
 3 job.
 4 Lester, you're up next. The highlights of the
 5 Phase II report and the outstanding issues remaining.
 6 Let me say that it's my intention to move the
 7 agricultural water use efficiency water use report up to
 8 the first item we deal with after lunch today.
 9 As I understand it, several of you have
 10 commitments that you need to fulfill and would very much
 11 like to be here for the ag water use efficiency report so
 12 we will do that.
 13 EXECUTIVE DIRECTOR SNOW: What I'd like to
 14 do, obviously, we are using that video and you're welcome
 15 to use it, too, to get more ready when you're doing
 16 presentation. Particularly, when you have some folks that
 17 haven't followed CalFed very much and I think it gives them
 18 a general orientation.
 19 But what I'd like to do now is kind of go into
 20 the Phase II report, talk about some of the significant
 21 issues that we need to focus on and kind of close my part
 22 of this morning with a discussion of what are some of the
 23 critical issues for 1999, what we really need to focus on,
 24 and what we are trying to do is there is all kinds of work
 25 that needs to be done and it just needs to go on.

1 try to describe as succinctly as possible each of the eight
 2 program elements that comprise the preferred alternative
 3 and tried to spend a little bit have time on how they
 4 linked together in the relationship.
 5 Again, as we kind of discussed a minute ago
 6 some of these, such as storage, conveyance, water quality
 7 and how we are dealing with drinking water quality ended up
 8 being the areas where we probably made the most changes and
 9 the most innovation in the last few months and over the
 10 last year.
 11 Chapter five, fairly important, obviously.
 12 That's where we are describing what we believe is going to
 13 happen in Stage One and Stage One actions. A significant
 14 issue there, of course, we have it in print but I think
 15 people forget once in a while. In the Stage One actions
 16 you have to have additional Project Level environmental
 17 documentation before you implement.
 18 Simply having CalFed say it looks like a good
 19 action would be building a separate screen. You don't go
 20 right into construction. You still have to go to
 21 environmental documentation so to some extent on the Stage
 22 One actions we are saying these actions are their
 23 equivalence until we have completed the environmental
 24 documentation.
 25 In chapter five we are dealing with water

1 operations. That's also the issue of the environmental
 2 water account, assurances and governance plan and financing
 3 plan, we need some more detail on that. In fact, we pulled
 4 out some of the text we had in previous documents. These
 5 ends up being significant issues to be addressed this year
 6 (indicating).

7 Comprehensive monitoring of the research
 8 program, monitoring progress of research to take future
 9 actions and a description of adaptive management. Now, we
 10 had talked quite a bit about water management strategy.
 11 Again, what we have attempted to do is develop a series of
 12 objectives, reduce diversion conflicts, decrease drought
 13 impacts, increase operational flexibility, improve water
 14 quality to increase the utility of the effort.

15 This is significant in what we still are
 16 experiencing in the program with people on water supply
 17 reliability wanting us to come up with a yield target. Why
 18 don't you just say you are trying to produce 1.5 million
 19 acre feet, and I guess what we are trying to say is that
 20 might have been the way you wanted to do it in 1910 but
 21 that's not the way we are going to do it in the 21st
 22 century. We are really trying to manage a lot of these
 23 different issues, and yield has almost become an arcane way
 24 of talking about water supply and now it's more talking
 25 about the ability to instantaneously shut down to avoid

1 (indicating) -- but only as it is combined with aggressive
 2 implementation of conservation, recycling, water transfers,
 3 et cetera, and groundwater conjunctive use.

4 And so it's a part of the program but it is
 5 linked to these things, and if you're familiar with one
 6 other part of the draft in terms of Section 404, there is a
 7 thought that we would have a Memorandum Of Understanding
 8 that would actually better quantify or describe this
 9 relationship in terms of when would you say that storage is
 10 necessary or is appropriate as part of the mix.

11 Obviously, an area of considerable controversy
 12 yet.

13 Conveyance, the way it's laid out in there the
 14 strategy is to go through Delta and as you move forward you
 15 evaluate the effectiveness and consider additional actions
 16 if you're not meeting your objectives.

17 The primary issue here, I think the way it ends
 18 up in the program as drinking water quality is the major
 19 driver on that, your ability to meet existing future
 20 protective public health requirements with Delta drinking
 21 water supplies, and I think the way we ended up in the
 22 program last year we had concern from the urban areas that
 23 we were not committed to protecting public health and
 24 drinking water as we were not pushing conveyance
 25 strategies. By the same token some people reading the very

1 fish conflicts and try to do that without losing water
 2 supply and the ability to have higher quality water so it's
 3 easier to recycle. So it's gotten a lot more complicated
 4 and perhaps a lot less satisfying because it's not a single
 5 target to shoot for.

6 And in making it a little more complicated I
 7 think we've ended up by trying to do all of those things
 8 you probably need to use every single tool that you have
 9 available to you.

10 Again, that gets difficult trying to precisely
 11 put together the percentage of dependence on any one tool.
 12 I think that's one of the issues that we have to deal with
 13 in '99 is trying to get a better handle on the exact
 14 relationships between these tools.

15 The Environmental Water Account is an effort to
 16 try to combine some of the certainty that you have with
 17 prescriptive standards with flexibility and be able to
 18 respond to change conditions so that you have a high amount
 19 of certainty for the species in question but you get enough
 20 flexibility so that you can manage the system to deal with
 21 uncertainties that you hadn't anticipated.

22 Let me talk a little bit about storage.

23 Essentially the way we have storage developed
 24 in the program as it stands is that new storage will be
 25 developed as appropriate -- I kind of jumped down here

1 same words thought we were setting up the isolated
 2 facilities as a slam dunk and we had no intention of
 3 pursuing other things.

4 It was interesting how people could read the
 5 exact same words and conclude the exact opposite and but
 6 that was part of our reality. And so what we tried to do
 7 is make a much stronger commitment to continuous
 8 improvement in drinking water quality but set up some
 9 options that had to be evaluated in a process to be
 10 followed in order to ever get to the point of considering
 11 an isolated facility.

12 I tried to diagram how that works. I think I
 13 used it last night and I'm not sure it worked but I'm going
 14 to try again , anyway.

15 The most interesting relationship on conveyance
 16 is the drinking water quality and how it is affected by the
 17 conveyance decisions in the Delta. It ends up being
 18 largely a bromide issue. And so the plan as it's setup
 19 right now, this is how you move forward in terms of dealing
 20 with water quality, that you have a through-Delta
 21 conveyance structure. That's how you move forward.

22 You have source control to try to reduce
 23 contamination of the water supply.

24 You have water management, such as trying to
 25 store more high quality water where it can be used by urban

1 agencies for drinking water purposes. So you try to manage
2 to a higher level.

3 You kind of evaluate that in terms of
4 continuous improvement and as you're doing it you evaluate
5 an array of options, not just one, not just additional
6 conveyance, but you look at the potential of expanded or
7 enhanced treatment in the urban areas to deal with the
8 water quality issue. You look at more aggressive source
9 control measures as a method of providing better public
10 health protection and perhaps one of the more significant
11 issues that came up was the issue of looking at alternative
12 water supply sources, trading sources, exchanging water so
13 that the urban areas end up with higher water quality from
14 a drinking water standpoint and perhaps an exchange with
15 urban areas.

16 And the fourth is looking at additional
17 conveyance modifications.

18 The first one in that category is as you
19 operate the system making modifications in the North Delta,
20 such as moving water from the Sacramento into the Mokelumne
21 system can enhance water quality, in Central Delta, South
22 Delta as well as export, but as you continue to evaluate
23 this in terms of providing adequate public health
24 protection, the mix of these things what we have pledged in
25 the report is convene a national expert panel to kind of

1 documentation. Once you figured out you need to do more,
2 whether it's a major water exchange, a significantly
3 enhanced treatment or a consideration of an isolated
4 facility.

5 So it pushes the isolated facility considerably
6 down line as a genuine contingent strategy with other
7 contingencies.

8 Okay. '99 critical issues. The issues that
9 will occupy a lot of our time in BDAC as well as staff and
10 stakeholders: working through the water management
11 strategy and those relationships.

12 And actually these are not all equal. We kind
13 of organized them in a hierarchy.

14 What I mean by that to a large extent under
15 water management strategy you have water use efficiency,
16 transfers, Section 404, potentially some of the others but
17 those clearly so we'll spends some time on those
18 relationships of how the tools fit together, what the kind
19 of percentages are in terms of the relationship, finishing
20 the environmental water account, actually working through
21 how it worked in a variety of different years, trying to
22 line up the funding and the administrative structure to
23 operate an environmental water account. Understand water
24 use efficiency we'll actually have a discussion this
25 afternoon on ag conservation, performance measure and the

1 evaluate that we are doing this right.

2 We've used expert panels in a couple of
3 situations where they come in on the ecosystem program and
4 try to provide us some grounds work on what we are doing.
5 That's been proposed here as a method of making sure that
6 we are doing it the correct way.

7 Let me jump to this before I finish the other
8 slide.

9 The other thing that was different in the
10 proposal was that the expert panel because of the
11 sensitivity of this conveyance issue would not simply
12 report to CalFed but would also provide the report for the
13 legislature, and obviously CalFed and the legislature would
14 be interacting but the panel would make assessments of the
15 progress, the continuous improvement, the options that were
16 being looked at and provide an objective report to CalFed
17 as well as the legislature.

18 It is after that evaluation, and here is where
19 I think I didn't do the chart right, is that with that help
20 you really would be looking at the appropriate actions that
21 are necessary to be taken if you are not achieving the
22 public health improvements that you want and that could
23 include consideration of an isolated facility, and I think
24 the issue here is it's kind of coincidental with this line
25 is also the need down here to do supplemental environmental

1 Senate programs.

2 Also, we will be looking at urban similarly
3 from performance measures.

4 And an area we haven't spent a lot of time on
5 that we will do more this year is reclamation, the issue of
6 how we can provide additional incentives to get more
7 reclamation projects going.

8 MR. DUNNING: (inaudible)

9 EXECUTIVE DIRECTOR SNOW: CalFed code,
10 environmental water account, DEFT no name coordination
11 team. That speaks for itself, doesn't it, Hap?
12 (Inaudible)

13 EXECUTIVE DIRECTOR SNOW: The
14 environmental water account came out of two separate
15 stakeholder agency teams working on this problem. The lead
16 group is what we called DEFT, D-E-F-T, the Diversion
17 Effects Fisheries Team, and they were looking at fishery
18 protection measures, how to operate the system for the
19 betterment of fisheries in the Delta.

20 There was a pre-existing technical workgroup
21 simply called the No Name Group. That is a group of
22 technical people familiar with operation of the projects
23 and operation of the Delta so they tended to model
24 operations on how things would actually work.

25 To bring those efforts together we formed a

1 coordination team. So that's what this code is up here
 2 (indicating).
 3 Governance, we are going to talk a little bit
 4 about governance this afternoon, obviously an important
 5 issue as we move toward implementation people really do
 6 start caring about who is doing this, who's providing
 7 oversight, how we are implementing it.
 8 Section 404, major permitting issue. It's a
 9 way to some extent to codify water management strategy in
 10 terms of providing permits.
 11 Finance, obviously the more clear we get on
 12 what we are doing, how much does it cost, who is going to
 13 pay for it?
 14 Water quality, especially what we just
 15 discussed a moment ago, on drinking water quality in
 16 relationship to conveyance.
 17 Since we are doing such large scale adaptive
 18 management monitoring of research is critical.
 19 Conservation strategy, may be terminology you
 20 are not completely familiar with. This refers to ESA
 21 compliance, endangered species, how are we going to
 22 implement this program and enhance recover endangered
 23 species and be able to have permits to be able to proceed
 24 with implementation, and, of course, the Stage One actions.
 25 We want to get very focused on these issues.

1 Go ahead.
 2 MS. BORGONOVO: I had a question about the
 3 expert panel, if you if you showed them the water quality.
 4 Does the expert panel really take a comprehensive look at
 5 all of the water quality issues and not just bromides?
 6 MR. SNOW: Let me ask -- Rick, could I get
 7 you to come up to the microphone?
 8 Roberta was asking about the expert panel that
 9 we talked about for -- I showed it here in the context of
 10 the bromide issue but what's our view on expert panel?
 11 RICK WOODWARD: Roberta, our thought was
 12 -- at least we haven't completed formulating our thoughts,
 13 but what we thought we'd do is have the -- sorry, I never
 14 can tell from where it's coming -- so we thought we would
 15 probably do what that thought they had done, and that is to
 16 say, first off, we had them -- we selected them through a
 17 stakeholder process and we haven't looked at -- help me out
 18 a little bit, whoever -- Linda, maybe -- we had them
 19 looking at -- let's see -- you really caught me cold here
 20 -- Byron, help me out a little bit here.
 21 BYRON BUCK: Sure, I think your point is
 22 well taken. They'll need more than just the bromide issue.
 23 They'll look at what are the ways to meet
 24 continuous improvement. We'll have to have some mile
 25 stones for continuous improvement as well as how we are

1 I think we feel in '99 we don't really need a lot of
 2 speculative discussion and wide ranging on the one hand
 3 this and on the other hand that.
 4 We really need to try to get focused, and to
 5 some extent that's what the memo about this BDAC
 6 assessment, how you wanted to do business, how we are going
 7 to look at issues, what that is about.
 8 It's also how we try to structure agency and
 9 stakeholder policy and technical people.
 10 We had what ended up being a effective
 11 structure last year when we had an agency head and a
 12 stakeholder kind of sharing an effort, including the
 13 stakeholder and technical people to evaluate approaches on
 14 the environmental water account and I think we are looking
 15 at some form of parallel strategies on some of these
 16 critical issues, some that will flow through here to CalFed
 17 and BDAC ultimately to the Governor and Secretary of the
 18 Interior and also to workgroups as appropriate.
 19 So we want to try to as much as possible
 20 integrate agency and stakeholder policy and technical
 21 people to make proposals to try to get this done.
 22 And I think that actually concludes what I
 23 wanted to cover.
 24 CHAIRMAN MADIGAN: Let me ask, are there
 25 questions by members of BDAC?

1 going to meet the long term goal.
 2 They'll look at have we reasonably looked at
 3 different water exchange strategies that might go onto get
 4 better source water quality to the urban area. They'll
 5 look at what's happening with drinking water regulations,
 6 which is really defining where we need to go in the
 7 long-term.
 8 So I think they really will be responsible for
 9 having an independent look of are we going to be able to
 10 get to the goals and have we evaluated all of the potential
 11 opportunities, including treatment opportunities to get to
 12 an equivalent level of public health protection that's
 13 equivalent to the source water quality goals in the
 14 document.
 15 MS. BORGONOVO: (Inaudible) and they would
 16 also be the compliance standards set up ahead of time?
 17 BYRON BUCK: That's my understanding.
 18 They've really got an overview of the whole thing.
 19 RICK WOODWARD: Yeah, I think that's
 20 pretty much right, Roberta.
 21 Originally we would probably have them just
 22 join us for that one session and then possibly follow-up at
 23 some periods of -- undisclosed periods this we haven't
 24 decided on.
 25 We've been kinds of rethinking that a little

1 bit and our current thinking is that perhaps rather than
 2 calling them in once in a while as a hit spot kind of thing
 3 we would be better off keeping them working with us in a
 4 more interactive fashion so that as we develop plans for
 5 our implementation, the kinds of things that we'll be doing
 6 as we move into the first seven years of implementation,
 7 that maybe it will be good to have them work with us more
 8 directly and give us feedback on what they think about
 9 individual proposals, how we can strengthen them from a
 10 scientific standpoint, perhaps what additional studies
 11 should we be thinking of as we go along so we're
 12 essentially thinking of maintaining that.

13 I should say we had five panelist originally
 14 looking at the regulatory developments, health aspects,
 15 treatment -- this is the part I was having trouble on --
 16 but anyway we thought that was a pretty positive
 17 experience. I think most of the people who were involved
 18 in the process feel that the person that we chose really
 19 were a very high caliber and had a very strong reputation
 20 for independence. So I think I've heard very little
 21 against the idea of our continuing to use that group
 22 basically but, as I say, we are thinking about trying to
 23 use them on a more interactive basis than just once in a
 24 while.

25 MS. BORGONOVO: But again the decision on

1 good thing to do, to get the best water quality to urban
 2 areas, you are then going to exacerbate the sodium balance
 3 in the Valley, which CalFed has so far refused to address,
 4 and so I think we need some kind of an examination here
 5 that's more comprehensive and looks to not only how you
 6 provide the drinking water but what are the consequences of
 7 those solutions to other parties?

8 The Phase II report refers to resolving the
 9 drinking water thing in the most cost effective manner.

10 I don't buy that. It might be quite reasonable
 11 for the drinking water to cost a little more in order to
 12 avoid impacting water quality for other parties.

13 CHAIRMAN MADIGAN: Byron.

14 BYRON BUCK: I think Alex made some good
 15 points there, but what I wanted to address was Roberta's
 16 question of the timing as I understand it, Rick, that we
 17 set up the structure, the expert panel while working all
 18 along with urban will be called upon to make some discreet
 19 decisions, I think in 2003 and 2007 to assess progress and
 20 report back to CalFed and the legislature on the
 21 opportunities we can have to drink water and make an
 22 assessment whether we are going to get there or not get
 23 there going this way and so therefore we have to change our
 24 strategies one way or the other and in that mix is where
 25 are the regulation's going, of course.

1 an isolated facility as a need is after several of these
 2 programs are underway, source control. I'm really asking
 3 for a timeline on that thought.

4 RICK WOODWARD: Well, Lester, I've got a
 5 problem, I need your help on this, but as I understand it,
 6 the timeline that's intended -- we are looking at, I
 7 understand, a seven year time frame as being the objective
 8 but I think Lester, as I heard him explain last night in
 9 Lodi, is that we are not necessarily insisting that we can
 10 accomplish all of this within seven years. I do think
 11 that's our initial objective.

12 CHAIRMAN MADIGAN: Alex, then Byron -- I'm
 13 sorry, Sunne.

14 MS. McPEAK: Go ahead.

15 CHAIRMAN MADIGAN: Alex.

16 MR. HILDEBRAND: The description that we
 17 just had about how this could be done, if I understood
 18 correctly, is all couched in terms of various ways in which
 19 you might meet the drinking water quality requirement
 20 without regard to the different effect of approaches to
 21 that on water quality for other entities.

22 For example, if you use the Peripheral Canal
 23 you get better drinking water quality but you degrade the
 24 quality of the water in the Delta.

25 If you make these trades, which is probably a

1 RICK WOODWARD: That's certainly correct.

2 CHAIRMAN MADIGAN: Sunne.

3 MS. McPEAK: I think that the discussion
 4 we just had or are engaged in is a good example of the kind
 5 of work yet to be done and issues to be addressed in '99.

6 The specific question about timeline on making
 7 a decision on opting to isolate a transfer, as I understand
 8 it, I think I just want to state for the record and see if
 9 Lester has any other comments is not yet determined because
 10 of what you just heard Byron say.

11 Some of the decisions to be made can't be done
 12 simply from the basis of knowledge we had today and further
 13 analysis.

14 It requires actual empirical evidence or
 15 experience. That's the essence of adaptive management.

16 We are not trying -- we are trying to deal in a
 17 realm of reality, of actual experience as opposed to
 18 theoretical analysis and modeling that may not be an
 19 accurate representation of the environment of what we
 20 achieve, and there are the trade-offs potentially that Alex
 21 talked about, but a very fundamental breakthrough as I
 22 viewed it was a simple concept and things that are profound
 23 are always very simple, of continuous improvement.

24 It did not layout the time period for achieving
 25 the ultimate goal but we ended up with as a matter of this

1 intense period of negotiation, the principle in concept of
 2 continuous improvement and a pretty good start on
 3 definition of the goal, of how would we know we achieved
 4 ecosystem regulation help?
 5 How would we know if we achieved acceptable
 6 water quality? How would we know if we achieved acceptable
 7 water supply reliability?
 8 There was continuous improvement in those three
 9 areas that are embraced with -- or is embraced in this
 10 document.
 11 So we need to see continuous improvement
 12 through in the case of conveyance, all three areas, by
 13 optimizing through-Delta at the same time there is this
 14 dimension regarding water quality. It is drinking water
 15 quality but it is water quality for in-Delta users as well.
 16 So in terms of drinking water quality what was
 17 also acknowledged and accepted as a matter of sort of a
 18 working premise, as I understand it from sitting through
 19 those meetings, and the urban agencies can correct me, is
 20 that we are looking to have a combination of source water
 21 improvement and treatment, the exact mix of that has yet to
 22 be determined and is the purpose of having a group look at
 23 drinking water.
 24 It is going to obviously -- if work of that
 25 group be impacted by any new laws and what other

1 CHAIRMAN MADIGAN: Stu.
 2 MR. PYLE: Yeah. My question is more on
 3 where we are in the process related to the NEPA/CEQA sub
 4 actions that were we're in. You are talking about things
 5 that need to be done to the revised report during '99,
 6 leading up to, I assume, to a Record of Decision, which I
 7 believe is part of the NEPA/CEQA report and I just wondered
 8 which have these things that you are talking about are
 9 driven by the legal process of NEPA and CEQA and which are
 10 more administrative processes that are just going to happen
 11 whether they happen or not.
 12 EXECUTIVE DIRECTOR SNOW: Well, that's a
 13 little difficult to answer because a lot of the things that
 14 are critical to CalFed being able to develop a real
 15 preferred alternative that's adopted aren't NEPA/CEQA
 16 requirements.
 17 They are kinds of the balance, fairness issue
 18 among the stakeholders and so we have tried to identify
 19 even in this document the things that need to happen in
 20 three time frames.
 21 And the three time frames are between now and
 22 release of the public Draft EIR EIS between now and the
 23 Record of Decision on the programmatic and then those
 24 things that should happen in Stage One, early in Stage One.
 25 And so that's how we are trying to lay out work

1 information is gathered through the actual experience of
 2 making the through Delta improvements.
 3 The only other thing I would say is that the
 4 fisheries, improvement on the fisheries, is a very
 5 important dimension to all of this and needs to be kept in
 6 mind as we are looking at the results of the through-Delta
 7 approach.
 8 Lester, where am I off?
 9 MR. SNOW: Do I have to find a place where
 10 you are off?
 11 MS. McPEAK: No. If you say it's right
 12 that's great, that's great is that an accurate
 13 representation of what we are at?
 14 MR. SNOW: Yes. I was looking at Byron to
 15 see if he agrees of I think, Sunne, one of the things
 16 that's going on right now, is we all arrived at a spot
 17 where we thought we in December and I think it's a very
 18 fruitful exercise to see if we all of the same definition
 19 of those words and so I think we need to periodically go
 20 through this to see how we are interpreting the approach,
 21 but I think you did a good job of outlining them.
 22 RICK WOODWARD: Pardon me. If any of you
 23 have failed to receive a copy of the panel report, the
 24 bromide panel report would like one, if you would let me
 25 know, I'd be happy to send you one.

1 effort to identify those things that are really important
 2 for the draft and those things that have to be resolved by
 3 the Record of Decision.
 4 And an example of the latter is I think we
 5 indicated in this report do we really want to have a
 6 memorandum of agreement on the 404 and 401 process by the
 7 time we get the Record of Decision, which gives people
 8 comfort on how we are going to treat that mix of the water
 9 management strategies.
 10 Further definition on the ag water use
 11 efficiency performance measures and a description of the
 12 incentive program I think is necessary for the draft and so
 13 we are trying to break those up into those three different
 14 time frames.
 15 And I guess since you sort have raised the
 16 schedule issue, let me comment on that I can't say that we
 17 have a final schedule for '99 because we are still
 18 attempting to work with the Davis Administration, as you
 19 know. The Governor is quite busy making appointments and
 20 has not made all of the appointments and I think to have a
 21 schedule that I can convey to you with great confidence we
 22 need to wait until a couple key appointments are made.
 23 However, kind of in a general sense I think
 24 what we are looking at is a public Draft EIR/EIS release
 25 some time in June which would lead to a public comment

1 period.

2 We would develop a response to comments, try to

3 go final by the end of the year and a record of decision

4 approximately 30 days after going final.

5 MS. McPEAK: Good.

6 CHAIRMAN MADIGAN: Okay. Mary.

7 MS. SELKIRK: One of the questions the

8 program, the CalFed staff, are particularly interested in

9 from BDAC members is the layer at the bottom, which is the

10 type of public involvement, the type of stakeholder input

11 that you as the advisory Council think is going to be

12 necessary and appropriate for each of the yellow boxes

13 there, and also the question as to whether there are some

14 critical actions that are not identified here that you

15 think are right for and are going to require some vital

16 public input over this next year.

17 Now, we had hoped to have a proposal to offer

18 to you today to bounce your ideas offer of so we are asking

19 you kind of cold.

20 In addition to the workgroups which we are

21 going to discuss I think probably later this morning. I

22 would propose we move right into the assessment this

23 morning rather than waiting until this afternoon because I

24 think it's very pertinent to the discussion that we want to

25 have this morning, but in addition to making some changes

1 the water drainage coming back into the Delta from that

2 system.

3 Who is handling that and how is that being

4 worked on?

5 CHAIRMAN MADIGAN: Lester.

6 EXECUTIVE DIRECTOR SNOW: The short answer

7 is that there isn't a workgroup dealing with the drainage

8 issue in isolation.

9 The drainage issue -- or let me be real

10 specific -- the water quality in the San Joaquin would come

11 up in two areas. You could argue that it comes up in three

12 but I think there is two primary areas, and the first is

13 water quality, overall water quality, and it's the issue of

14 certain farm practices that can contribute contaminants,

15 but, more importantly, particularly on the San Joaquin side

16 the drainage issue for salt and specifically selenium and

17 so there is an element of the program that looks at

18 measures to manage the salt and selenium, including

19 consideration of land retirement for what gets referred to

20 as the hot lands that are located there. The other place

21 that's kind of on the table now that could have a fairly

22 dramatic impact on water quality in the San Joaquin are

23 some of the storage considerations.

24 Specifically if you'll notice on our list we

25 have the potential of enlarging Millerton and undoubtedly

1 in the format and the focus of the BDAC workgroups, what

2 other types of stakeholder/public input do you as Council

3 members think will be really vital over this next year with

4 regard to water quality, for example?

5 What type of public input is necessary?

6 Alex raised a significant question and Sunne

7 (indicating) was responsive to it, but do you have some

8 recommendations about how that decision-making process

9 should be, at least the foundation of it, be built over

10 this next year?

11 Are there other types of public input that you

12 think should be integrated into the development of the

13 monitoring and research component of CalFed, which is

14 something that we've talked about very little in here?

15 These are the kind of feedback, I think, would

16 be very helpful.

17 CHAIRMAN MADIGAN: Gene.

18 MR. ANDREUCETTI: It would be helpful to

19 me and I'm relatively new to all of this, to understand

20 where agricultural drainage, which workgroups are handling

21 that feature and realizing that that drainage has a

22 significant impact on the Delta estuary?

23 We are looking at moving water through the

24 Delta, obviously, through the San Joaquin Valley and

25 further south but it's not clear how we are going to handle

1 part of that study will include consideration of re

2 connecting the San Joaquin and flowing some upper San

3 Joaquin water to the lower San Joaquin.

4 That could have a dramatic impact on water

5 quality as well as fisheries.

6 Those are probably the two areas.

7 But the third area I hesitate to put on the

8 list is watershed management because it will not have a

9 dramatic impact on the drainage issues per se. It could

10 improve water quality to the San Joaquin but not probably

11 the same level as the other two actions.

12 And maybe particularly since you're new a

13 decision that was made, not really agreed to buy everybody

14 around this table, is that CalFed would not evaluate the

15 construction of a drain in the San Joaquin, that there was

16 a process going on. The Bureau working with the State

17 Board, there is an ongoing process, and that is not an

18 element that we evaluated as a specific component of an

19 alternative to have construction of a drain. We looked at

20 other management techniques but not construction of a

21 drain.

22 CHAIRMAN MADIGAN: Gene, did that answer

23 your question?

24 MR. ANDREUCETTI: Yes. Thank you.

25 CHAIRMAN MADIGAN: No, thanks for asking

1 it. I saw Alex and by Ron, Rosemary.
 2 BYRON BUCK: Richard.
 3 CHAIRMAN MADIGAN: Richard. Hello,
 4 Richards.
 5 MR. HILDEBRAND: I wanted to make a
 6 comment first on the conveyance decision.
 7 When Lester describes the question about what
 8 we do about conveyance, it sounds very reasonable, but the
 9 problem we have is that the Phase II report is ambiguous on
 10 this subject.
 11 For example, it says on page 111, I believe,
 12 that a decision to build an isolated canal will be made
 13 when, not if, through-Delta proves inadequate.
 14 It also says that that decision will be based
 15 on the inadequacy of the initial conveyance through-Delta
 16 proposal not on adaptively improved one and some of us
 17 believe it can be improved and, in fact, it isn't very well
 18 defined in the program at the present time as to what the
 19 initial one would be so this creates a lot of uncertainty
 20 and makes people wonder what's really going to happen here.
 21 Are we really talking about an isolated facility that will
 22 be reconsidered only if nothing else works or are we merely
 23 saying that's the next step?
 24 And if you read the report, this is certainly
 25 not clear. It says one thing one place and something else

1 all that productive in BDAC workgroup sessions. I think we
 2 are better off having it worked out at smaller workgroup
 3 levels and bringing it back to BDAC and I think that makes
 4 us more useful in terms of looking at how these all
 5 interconnect.
 6 CHAIRMAN MADIGAN: Rosemary.
 7 MS. KAMEI: Yes, I would agree with Byron
 8 less workgroups is probably the way to go, considering the
 9 ambitious workload already that's coming this year I don't
 10 see how we would be able to have another workgroup.
 11 But in terms of getting more public input on
 12 the water quality issue I think that given what Alex has
 13 said previously we can't just talk about it in terms of
 14 drinking water, although it's a very major component.
 15 I think we need to talk about the drinking
 16 water quality aspect as it relates to source control,
 17 pesticides and other areas so that when you are taking this
 18 message out about it's not the only thing that will come to
 19 people's minds, drinking water quality I think is a little
 20 bit more familiar to them, as far as source control,
 21 watershed management and the other alternatives or options
 22 that will provide continuous improvement is something that
 23 needs to be emphasized, and I think that Lester, you need
 24 to change your slide and put those other sort of continuous
 25 improvements so that people can understand that those are

1 some where else.
 2 At some appropriate time I'd also like to make
 3 some comments that I guess Lester will consider arcane
 4 about descending to water supply but I guess we ought to
 5 wait until that's the subject of conversation.
 6 CHAIRMAN MADIGAN: Okay. So you'd like to
 7 be listed under the arcane part of the Agenda?
 8 MR. HILDEBRAND: That's right.
 9 CHAIRMAN MADIGAN: Thank you.
 10 Byron.
 11 BYRON BUCK: Mary asked a question of how
 12 we would receive public input in the management of the
 13 structure that we are laying out now. I think the
 14 management work team conflict involving select stakeholders
 15 would really work to knowledge these what is few months of
 16 1998 and I would certainly like to see that kind of model
 17 continue with them bringing the issues through BDAC and
 18 then perhaps going out to the public much as we've done
 19 with these Phase II hearings when we talk about movement on
 20 each of those issues because everything is connected,
 21 obviously, so having individual workgroups and individual
 22 hearings on specific issues I don't think is too
 23 productive.
 24 And finally I would urge less BDAC workgroups
 25 rather than more. I don't think by and large we've been

1 also a part of the improvements that we are looking at in
 2 terms of drinking water.
 3 CHAIRMAN MADIGAN: Richard.
 4 MR. IZMIRIAN: Quite some time ago you
 5 sent a group of people out to do some economic modeling
 6 analysis and I really have no idea where that's gone or
 7 where that's going to come back and start affecting these
 8 workgroups and decisions.
 9 Is that something that we should be considering
 10 on that bottom line?
 11 MR. SNOW: The -- I'm trying to look and
 12 see if we have a staff person here doing the economic
 13 modeling.
 14 We actually have an agent -- or excuse me --
 15 stakeholder meeting on the economic model. I think it was
 16 last week. So that is an ongoing effort and I guess by
 17 implication it would be one of those technical boxes on
 18 there. So the economic modeling is going and we do have a
 19 stakeholder group working on that.
 20 CHAIRMAN MADIGAN: Thank you.
 21 MS. McPEAK: Richard, what do you expect
 22 to come out of that modeling?
 23 MR. IZMIRIAN: I think in just about every
 24 function of CalFed there are decisions that will be made
 25 that will involve some economic decisions or economics will

1 be a factor. So I'm looking for how that economic modeling
2 will be integrated into the program, and I don't understand
3 how it will be.

4 EXECUTIVE DIRECTOR SNOW: Well, probably
5 don't completely grasp the essence of your question, but we
6 are preparing an economic evaluation, particularly of all
7 water management tools, and how they can fit together and
8 their costs and their impacts to help guide formation of
9 the water management strategy in that economics is but one
10 of many considerations as you evaluate how you put this
11 together. It is not the only one, not necessarily even the
12 lead one.

13 It really doesn't work under NEPA and CEQA that
14 you implement the cheapest option.

15 MR. IZMIRIAN: I certainly agree that it's
16 not the only factor involved but it is one and one we
17 haven't seen for quite some time here.

18 CHAIRMAN MADIGAN: Well, that might be
19 worth plugging that in for an update on how it's going.

20 EXECUTIVE DIRECTOR SNOW: All right.

21 CHAIRMAN MADIGAN: Hap.

22 MR. DUNNING: Alex a minute ago referred
23 to the current iteration of the current Phase II document
24 with regard to an isolated facility and in that connection
25 I want to ask Lester what the content of the programmatic

1 that other diagram I used with the dotted line about the
2 assessment and the proper mix, I think probably to move
3 below that dotted line to implement a large scale exchange
4 or an isolated facility you are going to have to go back
5 and supplement the origin environmental documentation so we
6 will not be issuing this year completed environmental
7 documentation to cover the isolated facility because of the
8 contingency.

9 And I'm using very imprecise words because we
10 are struggling with this right now to figure out how that
11 works, but in structuring that we are calling for
12 consideration of actions we really have not evaluated, such
13 as the exchange concept. So it occurs to us that when you
14 decide that you are actions are inadequate to maintain
15 continued improvement of drinking water quality, at some
16 point -- at that point you've made that determination you
17 are going to have to go back and supplemented your
18 environmental documentation, either through a new document
19 or supplemental of some sort.

20 Is that getting to your issue?

21 MR. DUNNING: Yes.

22 EXECUTIVE DIRECTOR SNOW: Okay.

23 MR. HILDEBRAND: Will you assist us with
24 the wording I just cited?

25 EXECUTIVE DIRECTOR SNOW: Alex, I would

1 EIR/EIS would be with regard to the isolated facility?

2 Are the environmental consequences of it going
3 to be analyzed in the document or not because if not, it
4 seems it really answers his question.

5 EXECUTIVE DIRECTOR SNOW: The consequences
6 of the isolated facility, which is a components of
7 alternative three, is part of the impact assessment. I
8 don't want to go back to old terminology but you may recall
9 the draft that we released last March evaluated the twelve
10 alternatives and focused on alternatives one, two, and
11 three, which were kind of the condensed versions and so it
12 includes considerable assessment of the isolated facility.

13 Does that answer your question?

14 MR. DUNNING: I thought you made a comment
15 before the meeting started (inaudible).

16 EXECUTIVE DIRECTOR SNOW: Well, maybe I am
17 not answering the question that you're asking so let me try
18 to expand.

19 The Environmental Impact Report will include an
20 assessment of the impacts of an isolated facility because
21 we've evaluated in alternative three and a number of
22 versions of that.

23 Perhaps the question you are asking is the
24 content of the preferred alternative and it is assessment,
25 and I think, and this is what we are struggling with, on

1 stipulate to maybe fifty or sixty improper wordings in this
2 document and that may be one of them --

3 MR. HILDEBRAND: The trouble is improper
4 wording cause a lot of consternation and make it difficult
5 for people to support CalFed.

6 MS. MCPEAK: In most cases legal documents
7 -- in this case when is supposed to mean as well so if and
8 when --

9 MR. HILDEBRAND: (Inaudible)

10 CHAIRMAN MADIGAN: Consider your points
11 made, Alex.

12 Ann.

13 MS. NOTTOFF: Well, in his usual way I
14 think Alex has hit on a real key issue here and that is,
15 you know, whether or not the decision to go forward with
16 more facilities is punted or not in Phase II document and I
17 think in terms of getting back to what the public process
18 out to be in helping us reach those decisions, I think,
19 Alex, you're kind of talking about what kind of procedure
20 shall we set up in the next seven years to allow us to
21 determine if and when we get to where we need to make this
22 next decision and I think that's going too big very
23 critical component of how we move forward because if there
24 is no faith that there is validity in that decision then we
25 are not going to be able to reach any consensus on moving

1 forward.

2 But I think that's kind of host and that

3 certainly is a process that we need to design in the next

4 year she we have legitimacy or at least give ourselves a

5 good shot at legitimacy but that's a decision that will

6 made post our deed here.

7 Mary, you're asking what do we do next

8 year so we get the kind of information we need, is that

9 right?

10 MS. SELKIRK: Yes, except what you're

11 saying is really true, that if at implementation the CalFed

12 program is going to include significant public input, I

13 think this body is particularly well placed to have

14 recommendations -- make recommendations about very

15 specifically where certain kind of deliberations on certain

16 and significant decisions need to be made and I think that

17 you're point is well taken that with regard to this very

18 crucial issue of water quality, defining continuous

19 improvement and what the decision-making process might be

20 to reach a determination some period out seven, ten years,

21 whatever, out, that that on -- beginning to build that

22 process needs to happen this year.

23 MS. NOTTOFF: I think that's right.

24 I mean precisely because we rely so much on

25 adaptive management and the range of programmatic areas on

1 extremely important and I agree also with Byron that the

2 smaller groups that are working at stake holder and agency

3 groups I think are important but it's important that they

4 come to BDAC because this is the public forum. So I like

5 that hole idea of more BDAC stakeholder presentations at

6 the meeting on some of these issues but I think the

7 economic analysis is very important.

8 I also think that the whole way which the C

9 mark operates is very important.

10 So, for example, in the water quality panel

11 there were suggestions made on what needs to be done for

12 the monitoring and research. There have been suggestions

13 in all of the different workgroups over what needs to be

14 done and it's not clear how those decisions are made, what

15 will be monitored, what will the research been and how that

16 feedback will go back to the workgroups so I also think

17 that that's an issue that needs to come before the public

18 at some point.

19 CHAIRMAN MADIGAN: Thank you. Rosemary

20 and then EZE.

21 MS. KAMEI: Yes, you touched upon it

22 earlier but I just want to make sure that we are on the

23 same page. You mentioned that the EIR and EIS would be in

24 June and the Record of Decision will be thirty days after

25 the final. Are you saying the final will be at the end of

1 the document we are going to need to have some really solid

2 processes so that -- that will allow us to determine if we

3 get to a point where we need to kick in something else or

4 when we get to it and I think maybe that's something that

5 we want to really focus on and have as a discreet task for

6 the water quality group or the ecosystem restoration, you

7 know, how are we going to determine when we kick into this

8 next phase on ecosystem restoration.

9 In terms of how we move for the next year I

10 thought the way I understood the Agenda we were going to

11 talk about that public process and revision revamping the

12 public process.

13 CHAIRMAN MADIGAN: We are.

14 MS. NOTTOFF: In this next session do you

15 want us to hold those kind of comments?

16 CHAIRMAN MADIGAN: We are leading into

17 that. I do want to formally introduce it. There are some

18 remaining questions but I do want to talk about what public

19 hearings, bodies, inputs, forums, how we go about this

20 matter and I think this morning is good. This is helpful

21 in terms of leading -- (inaudible) -- Roberta.

22 MS. BORGONOVO: My comment does lead me to

23 the next issue so I'll let Mike introduce that, but there

24 were two comments that I did want to make and one is that I

25 agree with Richard. I think the economic analysis is

1 this year in terms of a timeline? Is that what you're

2 looking at?

3 EXECUTIVE DIRECTOR SNOW: Yeah, we are

4 talking about roughly the end of the year, beginning of

5 next year, and when you go final it takes you thirty days

6 to go to a Record of Decision.

7 MS. KAMEI: So you are looking at not

8 completion in '99 but possibly moving into the next year?

9 Is that --

10 EXECUTIVE DIRECTOR SNOW: Potentially for

11 a Record of Decision, but even if you said your Record of

12 Decision is, just pick a date, February 15th of 2000, it

13 really means you have resolved a lot of these issues we are

14 talking about by the middle of summer this year. And so

15 while a lot of that stuff -- see, that makes Mary very

16 nervous --

17 MS. KAMEI: There is a lot of things that

18 still need to be resolved and I know that originally we had

19 sort of attentive we are looking at the end of this year to

20 have a Record of Decision. So I'm wondering, you know,

21 because there have been other things that have slipped a

22 little bit but I just want to know what are we looking at?

23 Are we looking at the end of this year to have

24 a final and -- I mean I just want to know how --

25 EXECUTIVE DIRECTOR SNOW: I really can't

1 elaborate any more than I said because of the issue of
2 trying to coordinate with people who have to be appointed
3 to key State positions but I think the rough target is a
4 draft in June, try to go final around the end of the year
5 and, you know, thirty, forty-five days after that a Record
6 of Decision. So it's in that general time frame at this
7 point.

8 MS. KAMEI: So you are looking at February
9 then some time?

10 CHAIRMAN MADIGAN: We are thinking the end
11 of the year, Rosemary.

12 MS. SELKIRK: Rosemary just wants to know
13 if she should plan on retiring as a member of the Council?

14 CHAIRMAN MADIGAN: EZE.

15 MR. BURTS: Yes. On the critical issue
16 listed as finance and those things that need to be decided
17 this year, what specific outcomes, what tasks, could you
18 detail some of those?

19 What do we expect to see decided this year?

20 EXECUTIVE DIRECTOR SNOW: Well I think in
21 this answer there are three levels of work effort and it
22 kind of goes from -- the first level is kind of the staff
23 effort that people will be interested in that doesn't take
24 a lot of collaboration in, and that is a lot better
25 estimate of the costs, the costs of the effort particularly

1 sources for the rest of the program and in identifying the
2 new funding sources tackle the issue of proper allocation
3 and the principles that would be applied, the cost-sharing
4 issues, which gets involved in a lot more public policy,
5 what's fair, what's the right way to go about doing this,
6 so that gets a lot more complicated, and that's what we
7 really need a lot of stakeholder, both policy and
8 interaction.

9 MR. BURTS: Thank you.

10 CHAIRMAN MADIGAN: Mary, what I would like
11 to do is go into the Agenda item that's listed on the BDAC
12 assessment and ask for public participation and then Ann
13 pick up on those subjects.

14 MS. NOTTOFF: We are not going to have any
15 comment on those subjects?

16 CHAIRMAN MADIGAN: The only three cards
17 that I have here, one is on the ecosystem roundtable, one
18 is simply on the pre public lunch Public Comment period --
19 well, two of them are, actually.

20 MS. SELKIRK: I'm not quite ready here.

21 As you know, those of you on BDAC who have been
22 contacted by either Eugenia or me we undertook this fall to
23 conduct a series of interviews of BDAC members, of CalFed
24 staff and also public participants in the BDAC workgroups
25 to really get a sense for those of you who are most deeply

1 for Stage One.

2 People are interested in kind of the long-term
3 costs of the program but now people are getting focused on
4 what are the real costs for implementation and so that's
5 kind of the first level.

6 The second level is a much better description
7 and understanding of existing funding sources, monies that
8 are currently in the queue that can be redirected or
9 applied in some other way to implement the CalFed program.

10 The best example of that is in the ecosystem
11 restoration group we've had people refer to a virtual pool
12 where you have priorities to restore the health of the Bay
13 Delta system and you use existing funds of the sources,
14 such as some funds available from USDA for weapons
15 activities.

16 You get a better handle on how much money is
17 already out there --

18 MR. BURTS: On that point, that applies
19 both to Stage One as kind of a priority for identifying
20 those elements but also existing funds that may be used for
21 the entire program?

22 EXECUTIVE DIRECTOR SNOW: Correct.

23 MR. BURTS: Okay.

24 EXECUTIVE DIRECTOR SNOW: Correct.

25 The third level then is identifying new funding

1 involved in this public input effort as to its
2 effectiveness.

3 We want to get your observations, comments both
4 on the effectiveness of the Council itself but also more
5 specifically on the effectiveness of the BDAC workgroups.
6 Now, I'm not going to go into much detail. You all have
7 probably seen the report if not read it.

8 We did interview a total of forty-four people,
9 about twenty-three BDAC members, which is about two-thirds
10 of you, as well as numerous staff and members of the
11 public.

12 And I just want to make a couple of comments.
13 I think two things.

14 One is we distilled the comments, we grouped
15 them together. We did not single out individual people's
16 comments. Some people wanted to be anonymous and others
17 particularly did not care one way or the other, but that's
18 why in the content of the report we have certain people
19 having specific comments attributed to them.

20 There were actually a lot of agreement in ways
21 in which you felt your participation in the Council has
22 been effective and maybe not so effective.

23 I would say by and large your views on your
24 effectiveness are divided in two directions, one that the
25 Council has been enormously effective as a public sounding

1 board on the complex issues of CalFed, but that not as
 2 effective as an advisory body to the CalFed program, that
 3 there was little ability of the Council to achieve one
 4 voice to make -- to pass on advice or recommendations to
 5 BDAC and many of you had opinions about why you thought
 6 that was the case.

7 I don't intend to go into, you know, the body
 8 of the report. You can read it yourself. I wanted to move
 9 right into some recommendations that I wanted to put before
 10 you to strengthen the advisory Council process for this
 11 year.

12 These are based on observations that all of you
 13 made, comments and recommendations that came from members
 14 of the council. We also have a whole series of
 15 recommendations specifically regarding the BDAC workgroups,
 16 which Eugenia is going to present to you a little later.

17 The first thing, we were asked to name the two
 18 or three critical issues that you wanted to see BDAC focus
 19 on in the next year, and out of that the general
 20 recommendations from those people who were interviewed was
 21 to narrow the focus of the BDAC deliberations, to move away
 22 from very dense Agendas with lots of staff presentations
 23 and talking heads (indicating), with presentation Q and A,
 24 that we are ready to move on to a different kind of level
 25 of discussion and a different format.

1 The recommendation about retiring certain
 2 workgroups and reconfiguring others, that's what I really
 3 hope you have a chance to focus on this morning, and
 4 Eugenia -- where is she -- will be going over that with you
 5 since she is the one who interviewed all of the workgroup
 6 chairs and members of the public who are participating in
 7 the workgroups.

8 The fourth recommendation, clarify the role of
 9 BDAC vis-a-vis other CalFed public input.

10 A number of you expressed some confusion about
 11 where BDAC falls with regard to other efforts.

12 For example, the ecosystem roundtable, which is
 13 really a very significant advisory body currently no BDAC
 14 members sit on the roundtable.

15 We see proposal comes through -- you as BDAC
 16 members see proposals come through about once a year.

17 Is there a way to beef up that kind of
 18 communication Roberta mentioned earlier this morning about
 19 the whole comprehensive monitoring component of CalFed,
 20 which will be a very significant part of this thirty year
 21 program.

22 BDAC has had little briefing on that. It
 23 hasn't really had any relationship to that hole process,
 24 just by way of example.

25 Is there a way that we can strengthen those

1 The three critical areas that most of you
 2 agreed -- you all had a whole array of recommendations --
 3 but the three front runners for the issues that you wanted
 4 to take on this year were, number one, governance; number
 5 two, the whole structure of the preferred alternative, the
 6 staged approach, the development of common -- of
 7 performance standards and all the common programs and the
 8 third was finance.

9 Now, we made some specific recommendations
 10 about workgroup changes that pertained to those, that
 11 narrow set of topics.

12 Regarding the actual structure of the meetings
 13 we are proposing a number of meetings, about half of them
 14 around the State because a lot of you expressed that
 15 you -- while it was very time intensive to travel to ditch
 16 parts of the state that it performed a very vital function
 17 in terms of both increasing the amount of public
 18 involvement and also giving each of you an opportunity to
 19 hear from people from vast parts of the State's geography
 20 and there were concerns about CalFed so we are still going
 21 to be looking at holding some meetings outside of
 22 Sacramento. However, they intend to be shorter and we are
 23 going to do our best to have public meetings and public
 24 hearings that will be relate to the BDAC meetings and also
 25 related to the BDAC Agendas.

1 kind of communication groups, which broadens your role as a
 2 council member and potentially gets you plugged in as a
 3 BDAC member to more of the public input activities that are
 4 happening in the program.

5 The fifth one, encourage greater communication
 6 between BDAC and CalFed policy group.

7 We had initially suggested convening joint
 8 meetings. I think what is more likely to happen is that we
 9 are going to do our best to assure that on an ongoing basis
 10 there are policy group members who attends BDAC public
 11 meetings. The policy group has also expressed appreciation
 12 when they have an opportunity to hear directly from
 13 stakeholders.

14 The policy group are the decision makers.
 15 Brian sits on the policy group. Mike Spears sits on the
 16 policy group those are the folks who don't meet publicly.

17 I think to the extent that we can strengthen
 18 the relationship between this body, which is the formal
 19 public arm of BDAC and the policy group, I think the more
 20 integrated the program, the stronger, the program will be.

21 And the sixth one is draft a set of guidelines
 22 for participation which you all should have seen in the
 23 letter that we sent to you. It was sent to you last week.

24 So those are the highlights of our assessment.
 25 I think the real meat of the discussion this morning will

1 be regarding the future of the workgroups and whether or
2 not we will be reconfiguring some workgroups, potentially
3 developing some other BDAC related public input, and that's
4 what, I hope we can spend the rest of the time this morning
5 on because I think that's really an important feature of
6 building this next year in terms of getting this program to
7 completion.

8 CHAIRMAN MADIGAN: Hap.

9 MR. DUNNING: With regard to workgroups
10 one aspect of the report that I didn't quite understand or
11 understand the rationale for was what you said about the
12 Ecosystem Restoration Workgroup, that it be terminated
13 after April, '99, and yet further on it's anticipated that
14 public discussion is necessary later in '99.

15 MS. SELKIRK: Right.

16 MR. DUNNING: There will be workshops at
17 universities and so forth.
18 I don't quite understand why did ecosystem
19 workgroup wouldn't just continue throughout the year and be
20 engaged in those sorts of activities.

21 MS. SELKIRK: I think the question, to
22 responsible to that and you may want to add to that as
23 well, is whether the format of the workgroup is the most
24 appropriate and most effective way to get the public
25 involved.

1 ill-defined objectives, a sense of the groups were ongoing
2 with no specific work product or task before them, and
3 those were comments that we heard pretty uniformly from all
4 of the BDAC workgroups that we interviewed.

5 MR. DUNNING: Isn't that sort of a
6 different point taking that point is true. Still you are
7 saying some should be retired and some not so presumably
8 there is some ground for saying a particular workgroup
9 should be retired and that's what I'm trying to get at.

10 MS. SELKIRK: Okay.

11 CHAIRMAN MADIGAN: well, we will ask
12 Eugenia that question.

13 MS. NOTTOFF: I would just say as a member
14 of the ecosystem workgroup I don't think it's worked very
15 well and I think it's worked into -- the issues that we are
16 addressing now have assurance linkages and bring those
17 issues up there and I think expanding the scope of the
18 assurances -- I thought that's actually what the
19 recommendation was. I was just looking back and I'm not
20 sure I see that now. Maybe I just read that into it. But
21 the HCP and all of that I think is very critical. There is
22 a linkage there and I think it was kind of artificial to
23 talk about ecosystem restoration separate from assurances
24 and I think it make sense to kind of move forward with
25 those together.

1 CalFed has a limited number of staff. You
2 know, what's the best way to ensure to have an open ended
3 workgroup model or to have a series of very focused public
4 workshops that might occur in different parts of the State
5 with, you know, a BDAC planning committee that would -- you
6 know, it's conceivable that the workgroup function as a
7 planning body for those kind of public efforts rather than
8 locating all of the input on the ERP through the workgroup
9 itself.

10 But we can certainly discuss that. That's why
11 we are raising it today, to get input from all of the BDAC
12 members on this kinds of questions.

13 MR. DUNNING: The implication from your
14 recommendation is that the workgroup is not the best way
15 and it's just not clear to me why?

16 MS. SELKIRK: I think it's just --

17 MR. DUNNING: Is something not working
18 there.

19 MS. SELKIRK: I'm going to leave that to
20 Eugenia because she is the one who interviewed most of the
21 workgroups and also the Chair -- I would say by and large,
22 though, when I interviewed BDAC members who participated in
23 not just the eco workgroup but in pretty much all of the
24 workgroups, there was some general comments that applied
25 across the board, had to do with poor attendance,

1 MR. DUNNING: Well, we responded to that
2 by having a joint meeting of the two workgroups and if you
3 look at the recommendations in the report with regard to
4 assurances they are suggesting the assurances workgroup
5 continue but meet a lot less often than it has been meeting
6 even though assurances or the governance aspect of
7 assurances on the workgroup is on the Agenda for four
8 different BDAC meetings which is another problem I have
9 with their report.

10 MS. NOTTOFF: Okay.

11 EUGENIA LAYCHECK: I think Hap is raising
12 actually a number of issues that frankly came up in my
13 discussions with the people that I interviewed.

14 Because there were people, also as Mary said,
15 that did not only talk to the workgroup Chairs but I also
16 spoke to or interviewed the CalFed staff liaisons and the
17 list of these people are on pages 13 and 14 of the BDAC
18 assessment, and also we went outside quote unquote the
19 CalFed family and spoke to people who attend the different
20 workgroup meetings.

21 So we didn't just interview or talk to people
22 here who attend these meetings and are part of, as I said
23 before, the CalFed family but also went outside.

24 In terms of our general recommendations we are
25 recommending that certain workgroups either be retired or

1 reconfigured and this really follows on what we discussed
2 earlier this morning about really refocusing and making
3 sure we are really focused on the efforts and focused on
4 addressing the critical issues that were laid out to you
5 this morning.

6 We were also looking at a variety -- we are
7 also looking at a variety of different processes to use and
8 different venues to discuss these particular issues because
9 probably any one model is not going to work for all of
10 those issues.

11 Also, what I want to reiterate to you is that
12 embodied in these recommendations on the workgroups is a
13 commitment to maintain public access to the program and
14 maintain public access to the decision making that's going
15 to occur over the next year so in addition to what I'm sure
16 is going to be a very lively discussion on the workgroups
17 is some of the other general recommendations that we are
18 making and these are on page 9 of the assessment, are to
19 convene Public Workshops and other public venue programs on
20 specific CalFed program components or policy issues for
21 1999.

22 That's what we talked about here in terms of
23 looking at other venues and look at other ways to
24 incorporate Public Comment and also to have meaningful,
25 progressive discussion on resolving these issues or at

1 of the meetings to make sure, as you know, and as you all
2 know is that when you have twenty, thirty, fifty people in
3 a room it is hard sometimes to stay focused on the goal for
4 that meeting, stay focused on that task. And so whoever is
5 doing -- facilitating the meeting make sure that it is
6 effective and make sure that the group is accomplishing the
7 task that it needs to accomplish at that meeting and at
8 that series of meetings.

9 So those are the general recommendations.

10 The specific recommendations are on pages nine
11 and ten and I will entertain questions on those
12 recommendations, but I wasn't going to go through each of
13 them at this point.

14 CHAIRMAN MADIGAN: Mr. Meacher.

15 MR. MEACHER: On the specific
16 recommendations I would like to make just a couple of
17 comments.

18 One talks about the communication between the
19 policy group and BDAC.

20 It's my -- from co-chairing the watershed
21 workgroup it's been my feeling from those stakeholders as
22 we've been developing the watershed program plan, that
23 there is a huge goal for between us and the policy group,
24 that -- and I had a discussion with Sunne on this earlier,
25 many of the stakeholders and interested parties read the

1 least addressing them.

2 Also embodied in this is that for whatever we
3 have in terms of the work team or the workgroups is make
4 sure the objectives and the tasks for those particular
5 groups are clearly laid out and that everybody who is
6 involved in that is clear on what the objective or what the
7 goal of the group is and again keep those objectives and
8 goals focused.

9 The other is to establish a clear communication
10 and accountability strategy between whatever discussions
11 are happening here, which are probably more private
12 discussions and here (indicating) in the workgroups and
13 also in BDAC to make sure that those who are involved in
14 those private discussions are aware of what's happening in
15 the public discussions and vice versa. So that there is
16 good communication across groups and also across all groups
17 and organizations

18 The other is to try to accommodate regional and
19 volunteer interests.

20 We heard this a lot, especially from the
21 members of the public, saying that, for instance, with the
22 watershed workgroup they really appreciated the fact that
23 that group moved around a lot and met in different parts of
24 the State.

25 And the other is to have effective facilitation

1 watershed program plan and sort of say, well, what's in
2 there? We don't see anything specific as far as programs
3 so we are going to have a hard time justifying the funding
4 for this, and that has resulted in a policy decision to cut
5 back on staff time to the, from what I understand, and,
6 Lester, you can correct me if I'm wrong, cut back on staff
7 time to the workgroup and to perhaps modify the budget down
8 for the first year based on there not being specific
9 programs outlined as to what we are going to do on the
10 grounds.

11 However, when I first started chairing this
12 group, I was told along with Martha Davis specifically to
13 make this a broad programmatic document and not to get
14 specific and somehow between -- and that was what the
15 policy group wanted. Now the policy group is saying we
16 don't have enough specifics to be funded. That
17 difficulties joints me and all of the stakeholders involved
18 in the process so we need to have, I feel, more direct
19 communication with that policy group as far as this
20 workgroup is concerned and the other thing we identified is
21 the fact that once we started looking at the numbers, the
22 270,000,000 or whatever it was for the first year and I
23 made the statement that that would be depending on what
24 programs may or may not be included under other common
25 programs.

1 For example, if you have a water quality
 2 program identified in the program, is that going to fall
 3 financially under water quality or is it going to be
 4 jettison from water quality into the watershed management
 5 program and there seemed to be some confusion there so we
 6 thought it was very important that we start linking up with
 7 whatever these new workgroups will look like and start
 8 communicating directly and that's when you start talking
 9 about the assurances, the financing, and let go the other
 10 common programs know where you are going as far as that
 11 goes.

12 And I would also ask that at least understand
 13 the workshop that I coordinate under these recommendations
 14 that the policy group not direct staff that the only things
 15 we can work on is what's listed here, that as this thing
 16 evolves we can add as we sit fit and need.

17 CHAIRMAN MADIGAN: Sunne.

18 MS. McPEAK: I share the level of
 19 frustration that matches many of the members around the
 20 table and Mike and I have had a lot of discussion on the
 21 results that Mary and Eugenia of compiled from the
 22 interviews, and I think we are still struggling for what's
 23 going to actually work.

24 But I wanted to sort of say very candidly what
 25 I think is part of the dynamic, and that is that the

1 Now, you know, as I'm hearing the thoughts,
 2 particularly when Bob was speaking, we need to communicate
 3 to the policy group that there has to be a closer working
 4 relationship and part of that -- those boxes at the bottom
 5 may -- I apologize to the Chairman and to Lester and Mary
 6 because it only is occurring to me right here on the spot
 7 -- we need to have some interaction or mechanism for
 8 dialogue with members of the policy group you said that,
 9 you have implied it, but it's not be -- we haven't yet go
 10 to trying to structure it that way.

11 Secondly, up until now we have had if not too
 12 broad an Agenda so many options that the dialogues in the
 13 workgroup kept sort of going in many directions.

14 There is now a Phase II report that is a new
 15 base or new plateau from which to have discussion and it
 16 seems to me, Lester, that the very laborious staffing --
 17 staff piece of work has to be done for each meeting to
 18 really structure Agendas to support the workgroup Chairs or
 19 Co-Chairs because to a certain extent you've also been
 20 pulled off trying to keep the policy group happy and that
 21 means that the staff have not be available for workgroups.

22 And I'm now going to -- I'm using the term
 23 workgroup in a very generic way, not necessarily the
 24 entities we've had before but whatever is going to be the
 25 public process, the form formalized acknowledged public

1 workgroups have become captives of certain stakeholders
 2 that without the benefit of continuous participation by
 3 BDAC members.

4 So that's one of the problems.

5 And then becomes it becomes stale mate that is
 6 also no longer the arena in which issues get resolved.

7 So they get moved often into side
 8 conversations private conversations under the open meetings
 9 act can't really do the public's business and, in fact,
 10 border on being in violation of the act under which we
 11 operate.

12 Furthermore, the policy group can give the
 13 action, whatever, about many things that we think. Ten
 14 agencies have had difficulty getting their own act together
 15 and that's a problem.

16 However, what we end up with is a self
 17 fulfilling prophecy, in physics we call it a positive
 18 feedback loop, that the difficulties, the problems, keep
 19 exacerbating themselves. So we disengage, that causes a
 20 default, that cause vacuums, other people move into it and
 21 we stop coming because it's no longer worth our time.

22 So having been on the verge of resigning from
 23 this group and you'd probably all like that if I did, I am
 24 trying to make a last, you know, real effort to make it
 25 work.

1 arena for discussion and resolution of remaining issues
 2 I'll call a workgroup has to have very good staff support
 3 with Agendas that have very focused questions about what's
 4 to be done that day.

5 What's also been missing because of the step
 6 we've been in or the phase of the process we've been in, is
 7 time frames.

8 Now, that's why the Babbitt/Dunn thing worked.
 9 They were up against a time frame, you know, and Mike and I
 10 have discussed time frames for the immediate future that
 11 require intense pieces of work so that the obligation of
 12 the Chairs of these workgroups is to say we are delivering
 13 a report back to BDAC.

14 The obligation of the BDAC members is to show
 15 up. That's not to exclude the public from these working
 16 sessions but it is to put an extra burden on members of
 17 BDAC, whether it's two or three or four participating, it's
 18 an extraordinary obligation that you need to take on, we
 19 each need to take on, in order to bring back a report that
 20 you can support and ask for action by BDAC, albeit advice,
 21 only advise into the process. I am not accusing that we
 22 have anything more than that capacity or responsibilities
 23 is advice, but as at least to have that input.

24 The last thing is the money, and EZE, you
 25 brought that up, and we are to govern money to a certain

1 extent.
 2 We are going to see a lot of debate in the
 3 legislature and I don't know exactly how to structure it
 4 but we need to have a lot of that process be public, I
 5 guess, is what I would say.
 6 I am not so naive as to think these kind of
 7 decisions ultimately are made by consensus in front of God
 8 and the public.
 9 However, what I am pretty aware of is the fact
 10 that by default and by not engaging in such a public
 11 process early enough, we end up with less than a good deal
 12 and I want to urge an engagement on that front as soon as
 13 possible.
 14 And that comes back to why am I asking about an
 15 economic analysis and what you were expecting out of that,
 16 Richard, so often these economic analyses are pretty
 17 theoretical and I want to associate myself with wanting to
 18 see cost effectiveness and economic decision made but part
 19 of what's been always missing in this arena is the reality
 20 of are you going to pay for it and, if so, how much?
 21 Because often what has been asked -- what I
 22 estimates many understanding when I hear we need an
 23 economic analysis is that people think and I do, too, that
 24 some of the efficiency measures will be more cost effective
 25 than, if you will, facilities, but what we haven't done is

1 One of those was to gain specific input from
 2 BDAC members on specific issues so that we could help shape
 3 specific aspects of the program that was going to
 4 eventually come out here the other was an opportunity for
 5 smaller groups of people to talk about the issues, not
 6 always on point to maybe that specific workgroup but to
 7 begin to bring everybody up to a level playing field so
 8 that we all understood the various aspects of what was
 9 going on around here.
 10 One of the things that happened, and I think
 11 those were -- I think those were useful goals -- one of the
 12 things that happened around here was that the workgroups
 13 started getting taken over by people who weren't members of
 14 BDAC.
 15 When that happened, and for good reasons,
 16 number one, you had very interested constituencies in
 17 specific questions.
 18 What took place is understandable enough, but
 19 we have really gone through that exercise now and I don't
 20 think can go through it anymore, especially since we are
 21 beginning to come up against the time frames that Lester
 22 was arraying for Sunne's question earlier.
 23 Therefore, to the extent that we are going to
 24 continue to have sub-groups around here on specific issues,
 25 they can no longer be debating societies, they can no

1 forced that in a real sense, and asked who is going to put
 2 the money on the table for these things?
 3 So I really want to encourage to get real this
 4 year about the money, the financing, and there is going to
 5 be a measure that's going to be discussed, certainly in the
 6 State, and it's going to be funding allocations at the
 7 Federal level. Let's figure out how to do that.
 8 So in sum I want to say we've got to get
 9 engaged in the policy group. Lester we need really good
 10 staff on these workgroups. I really want to encourage them
 11 to be the public and other stakeholders other than BDAC to
 12 participate but BDAC members very, two, three, four,
 13 however four is probably a critical mass, absolutely
 14 expected to wrestle with this in a specific time frame and
 15 come back to BDAC with a proposal.
 16 CHAIRMAN MADIGAN: when we started this
 17 process off way back when we were all much younger, we
 18 recognized this was a very large group of people and it was
 19 going to be very difficult to accomplish both the
 20 educational functions that would take place around here as
 21 well as the specific public input functions in an
 22 organization where there were thirty some odd people on the
 23 Council.
 24 There were, therefore, two reasons for coming
 25 up with workgroups.

1 longer be agencies that are largely or essentially made up
 2 of people who are not members of BDAC.
 3 They have to be specific and they have to be of
 4 short duration. They have to be very clear in terms of the
 5 objective and they have to require significant levels of
 6 BDAC participation. Otherwise, there is no point in having
 7 them.
 8 So if we come out of this exercise today with
 9 additional workgroup activity and it's okay, we can, it
 10 will require that BDAC make up the essential membership of
 11 that group, that we have short time frames, that the
 12 questions are focused and that we can expect a return
 13 pretty quickly. I mean, I think that we are at that point.
 14 We have run the first twenty miles now. We are now down to
 15 that last ten K and this is where the effort comes in.
 16 Okay. I have Roberta and then I have Alex, Hap and --
 17 MS. SELKIRK: Mike --
 18 CHAIRMAN MADIGAN: Oh, yes, I'm sorry,
 19 Mary.
 20 MS. SELKIRK: Let me make a suggestion
 21 for how to structure this discussion because there were
 22 some specific recommendations made on each of the
 23 workgroups and I was going to suggest that we look at
 24 specifically what we've posed on the ecosystem, on
 25 governance and assurances and on watershed so we are not

1 just having general comments.

2 CHAIRMAN MADIGAN: Fine.

3 MS. SELKIRK: The recommendation made

4 with regard to the ecosystem workgroup and let me remind

5 you it was based on those of you who participated in the

6 workgroup, members of the public, as well as the Chair and

7 also staff, were to continue the workgroup through the

8 completion of the spring scientific review panel.

9 In my discussion with Roberta last week her

10 recommendation was that the workgroup would continue

11 through June, approximately, that the workgroup would be

12 charged with out of that process and over the course of

13 this next period of time developing some specific proposals

14 for further public involvement on specific ERP issues

15 throughout the rest of the year.

16 However, a piece of the workgroup continuing

17 needs to be the participation of BDAC members because there

18 are very few regular members of BDAC who have continued to

19 participate in that workgroup. So that's the ecosystem

20 workgroup proposal.

21 Finance, I think, there was a general

22 declaration of exhaustion and creative, shall we say, we

23 need to do some very quick and massive restructuring of the

24 whole finance effort, and I think that's in the works.

25 That's going to happen and Eric is going to help the CalFed

1 MS. SELKIRK: Also, with regards to water

2 use efficiency which had been in BDAC for a while, which

3 has been hiatus for about a year, this is not in this

4 regard but there is an existing ag efficiency water use

5 workgroup that you are going to hear about this afternoon

6 that has been functioning extremely well.

7 There will need to be some direct BDAC effort

8 or at least public effort maybe through BDAC on the urban

9 side and for some reason water use efficiency isn't even

10 related on here. That was a mistake, but those are the

11 recommendations that we made based upon your comments and

12 I'd suggest that we go through workgroup by workgroup both

13 with regard to recommendations and also there are

14 additional -- as a BDAC member if you can propose a

15 specific kind of public stakeholder involvement on any of

16 these issues or ones that you don't even see on there that

17 you would like to propose to the program for this year,

18 this is an opportunity to voice that.

19 CHAIRMAN MADIGAN: I do have four

20 questions. Hopefully, they are on point to that because I

21 think you are right, Mary, I think we want to move on to

22 get into specifics here.

23 Roberta.

24 MS. BORGONOVO: I was going to go right to

25 specifics but I wanted to go back and comment on the

1 staff to do that.

2 The transfers workgroup, our recommendation was

3 to declare mission accomplished and retire that workgroup

4 with the possibility of specific other stakeholders efforts

5 to be developed over this coming year. However, the

6 general sense was that the workgroup had really

7 accomplished a big piece of what it was asked to do by

8 BDAC.

9 The watershed workgroup has as it charge to be

10 through to completion to the watershed plan, which I think

11 is going to take us through the end of year, very likely.

12 However, again, it needs BDAC participation. At this point

13 it's not a BDAC workgroup by and large.

14 The assurances workgroup was the one that there

15 were specific recommendations made, including commitment of

16 BDAC members to participate, a specific time schedule

17 that's completely up for revision, the addition of a

18 Co-Chair, and very specific tasks being asked of this

19 workgroup, a piece of which to include helping in

20 determining legislative language so that CalFed will have

21 and BDAC will have some input into the legislative process

22 because we think inevitably there is going to be bills

23 introduced about how to run CalFed.

24 So those were the -- did I leave anything out?

25 EUGENIA LAYCHECK: No.

1 general recommendations to BDAC and about the way BDAC

2 functions.

3 I have to agree with Bob, that I think that the

4 gap between BDAC and the workgroups and the policy groups

5 is really extremely important. I think that if there is a

6 decision to be made and the people who are involved in that

7 discussion are part of that decision, may come to the

8 meetings and so I'd very much like this attempt to have

9 this direct involvement between BDAC and the policy group I

10 also think that whatever reconfiguration is done with the

11 workgroups, that that's also important.

12 I think that the workgroups of BDAC do carry

13 this very important function of allowing public input, and

14 I don't think that we can lose sight of that.

15 So however we reconfigure the workgroups I

16 think that public input is very important.

17 Going specifically to the ecosystem workgroup

18 when you read comments about ambiguity in the workgroup or

19 it's not functioning well, I myself hold that with the

20 ecosystem workgroup does not reflect on the staff because I

21 think the staff has been responsive, nor does it reflect

22 upon the response that CalFed made from the workgroup to

23 have the scientific panel that would be helpful to develop

24 the strategic plan. So I think those aspects that have

25 come out of the workgroup have worked very well.

1 I think, however, the point is very well made
 2 about the involvement both by the BDAC members but also the
 3 time to take a look at the upcoming documentation, some of
 4 the gaps that are there, some of the work that needs to be
 5 done there, and also the linkages among the programs.
 6 There is a definite linkage between the ecosystem plan and
 7 the watershed work. There are linkages again between water
 8 use efficiency and water quality and so however we
 9 reconfigure that, then I think that that is the way to go,
 10 but, again, I think that it needs to be, again, very clear
 11 to the public how those linkages are made and how their
 12 input goes from whatever workgroup back to the BDAC back to
 13 the policy group and that we hear back from the policy
 14 group directly.

15 One of the things that's happened is the policy
 16 group has been meeting all along with stakeholders. They
 17 have not been meeting regularly with BDAC.

18 And so when I went to my one policy group
 19 meeting, I was amazed there were all of these decision
 20 makers in the room. I think it is the only time I have
 21 ever seen them assembled

22 MS. SELKIRK: Just want to respond.
 23 Roberta, I think you raised an excellent point. One of the
 24 big problems we've had is that the policy group is not a
 25 public meeting so any times there is two BDAC members it

1 terminate that one, it should be more a transformation to
 2 the next stage because so much has really been
 3 accomplished, I think, in that arena.
 4 Also, if you'll recall, Felicia Marcus at the
 5 BDAC meeting last June in Fresno ask that there be a policy
 6 -- a joint meeting with policy group members and I don't
 7 think it meant with a great deal of enthusiasm and they
 8 kept not being able to do that but I think that's an
 9 essential key that we identify and your solution addresses
 10 the real legitimate concern or legal constraint that policy
 11 group has operated under integrate back here. Right?

12 MS. SELKIRK: (inaudible)
 13 MS. MCPEAK: Them coming here is what we
 14 are saying and that's what we have to get structured and I
 15 don't know how, Lester and Mike, how we communicate that
 16 formally. I wouldn't mind signing a letter with you that
 17 says in order to really make this work, to have it be
 18 successful, to have the public process be legitimate we
 19 need to have a closer working relationships and have the
 20 policy groups involvement here in these working sessions we
 21 are now talking about.

22 MS. BORGONOVO: I need to say two more
 23 things. First of all, I did ask that it be put on the
 24 workgroup Agenda. I think it's only a courtesy to the
 25 people that have been coming for a year to tell them that

1 then becomes a -- has to be a publicly noticed meeting so
 2 there is a legal -- a very big problem in terms of the
 3 legal constraint.

4 It's a State public meeting at law. I don't
 5 think it's the fact -- If you were there and anybody from
 6 BDAC was there then suddenly there is an attendee notice
 7 requirement.

8 MS. BORGONOVO: This never happens. It's
 9 important for the public to hear those discussions and so
 10 it's perhaps done in this arena where it's publicly noticed
 11 and you have a lot of these policy people there but I do
 12 think that's very important.

13 Thank you.
 14 CHAIRMAN MADIGAN: Thank you.
 15 Sunne.

16 MS. MCPEAK: I wanted on the ecosystem
 17 workgroup to knowledge specifically, Roberta, that you will
 18 not be faulted for any shortcomings.

19 In fact, it's the one group where it's being --
 20 it is exemplary in that it's done so much of its work that
 21 it's now time to go onto another stage and part of -- I
 22 wanted just to say nobody should also forget to thank the
 23 Chairs who have functioned for that workgroup, Mary and
 24 you, and the members of that workgroup because you got us a
 25 ERPP. You've really come along way so half asked why

1 we've decided that they don't need to continue to meet so
 2 we will discuss this this coming Tuesday and whoever is
 3 interested I hope that they will come and I think the
 4 second issue is that I asked that it go through June
 5 because one of the tasks that CalFed is now undergoing are
 6 these different workers focusing very specifically on
 7 performance standards or a lot of work that needs to be
 8 done but again I think that's very important for that to
 9 come back to some sort of a public group and then to BDAC
 10 just to make sure that it gets carried forward and doesn't
 11 fall by the wayside.

12 CHAIRMAN MADIGAN: Alex.
 13 MR. HILDEBRAND: I'd like to further this
 14 discussion a little bit as it relates to the water transfer
 15 group but I think these things kind of interrelate to the
 16 process that we should have.

17 It has been judged by somebody that the work of
 18 that transfer group is completed and, therefore, it's to be
 19 dropped and that may be right.

20 However, it's not being dropped for lack of
 21 attendance. It's not being dropped because we didn't work
 22 hard with a lot of good input from a lot of people --

23 CHAIRMAN MADIGAN: No blame here.
 24 MR. HILDEBRAND: I think the element or
 25 chapter, whatever you call it, that was developed by that

1 group is a good one, very good, but if you look at the
 2 Phase II report, it's not in the Phase II report. A lot of
 3 things that are in the Phase II report are not really
 4 compatible with that element.
 5 It seems to me that if we are going to drop
 6 that committee and consider its work completed, that
 7 completed product ought to be submitted to BDAC for
 8 approval or disapproval and then if it's approved, the
 9 Phase II report ought to be revised to be compatible with
 10 it, and whereas if we just drop it and it isn't clear to me
 11 what happens. Did somebody change the old one because they
 12 didn't like it and then BDAC doesn't even know about it or
 13 did we not address the inconsistencies?

14 If it does --

15 CHAIRMAN MADIGAN: Before you go on, Mary
 16 are you in agreement in terms of having that document in a
 17 finalized form that could be circulated for comment now to
 18 BDAC?

19 MS. SELKIRK: What document are you
 20 referring to, Alex?

21 MR. HILDEBRAND: The product of that
 22 group that I was Co-Chair of it is the document which was,
 23 I think, unanimously approved by the members of the group
 24 at the last meeting and which in my judgment is a pretty
 25 good document and it would seem to me it shouldn't just be

1 reasonably been available for purchase and transfer in the
 2 event you abide by this element.
 3 And many of us are very skeptical that there
 4 will be large amounts of water available and it depends
 5 also on how much is purchased by the CVPIA.
 6 They are talking about the quantities of
 7 purchase on three tributaries of the San Joaquin. To my
 8 mind they are way out in the wild blue yonder. There is no
 9 possibilities of having that much water. I mean, I haven't
 10 talked to anybody, a knowledgeable person on the way at the
 11 shed, who thinks that it could be. So it's not so much
 12 specific things as kind of a tone through here that
 13 whatever amount of water we need to accomplishing something
 14 we can go out and buy it compatibly with -- and I don't
 15 think you can compatibly with that element.

16 If you want to say the elements no good, that's
17 one thing.

18 And then there is the other question, a
 19 committee couldn't very well resolve is, for example, there
 20 is more than one thing, but, for example, is it reasonable
 21 for CalFed to drop -- adopt a water transfer policy that's
 22 incompatible with the State and county policies on land
 23 use?

24 And it seems to me that's something we need to
25 address.

1 dropped into limbo. It ought to be approved or
 2 disapproved, and if the BDAC wants to recommend a change in
 3 it, it's a sub committee of the BDAC. They have a right to
 4 do that.

5 On the other hand, if they just drop it, how do
 6 we know whatever happens to it? We just drop into an abyss
 7 and there are some in my judgment some compatibilities
 8 between the Phase II report and that document.

9 Now, if it does come to us for approval, I
 10 think we should know there are at least a couple of
 11 items that are not resolved --

12 CHAIRMAN MADIGAN: Would you give us a
 13 couple of those examples of incompatibilities and then
 14 Lester is going to respond?

15 MR. HILDEBRAND: Yeah.

16 For example, -- oh, you mean the example of
 17 incompatibility in the document?

18 CHAIRMAN MADIGAN: Yep.

19 MR. HILDEBRAND: Well, for example, if
 20 you look at the group of bullets on page 24, there are two
 21 groups of bullets and if you look at the third bullet in
 22 each of those groups it presumes that water can be made
 23 available for purchase as needed, more or less ad
 24 infinitum, and this tone is through other places, and yet
 25 there has been no analysis of how much water might

1 CHAIRMAN MADIGAN: Lester.
 2 EXECUTIVE DIRECTOR SNOW: Well, I am
 3 actually not aware of incompatibilities between the
 4 workgroup and what we have here.

5 Now, there currently was the issue of the
 6 restructure in the final days leading up to the 18th. Some
 7 of this stuff was put together in terms of, you know,
 8 looking at the water transfer element, developing a
 9 strategic plan.

10 Well, that certainly hadn't been discussed by
 11 the workgroup but I think the context of the strategic plan
 12 was organizing all of the elements that the workgroup in
 13 fact identified and so I think -- I'm looking to Greg Young
 14 who can get up and certainly agree or disagree and add
 15 clarity to this, who is staff to Tib and any efforts on
 16 that workgroup, but I think everything in the workgroup
 17 identified in terms of meeting the process, resolve
 18 conflicts over reservoir refill criteria, carriage water
 19 criteria all of that still in here. It got reorganized a
 20 little bit and neighbor not in an operable way but Greg to
 21 you want to add or clarify --

22 MR. HILDEBRAND: Let me just say I think
 23 Greg has done a excellent job on this.

24 GREG YOUNG: Thank you, Alex.

25 Yes, I want to add a couple things and clarify

1 some of Alex's concerns here. One of the documents that's
 2 referencing that we have worked on in that workgroup is
 3 what is going to be the revised draft program plan which
 4 will be released some time in the near future to provide
 5 detail to this Phase II document and that will provide a
 6 lot of detail on the issues and background on the issues
 7 and more detail on the recommendations that are included in
 8 chapter four of this revised Phase II document so that
 9 document will be submitted and it is a CalFed document in
 10 progress.

11 With regard to his concerns on the language on
 12 page 24 there is a couple -- there is one bullet in
 13 particular that mentions increased water supply
 14 availability by providing a mean for water users and the
 15 environment to acquire additional water at high priority
 16 times and places.

17 And the concern I think if I understand, Alex,
 18 is that statement it doesn't imply that rules, such as the
 19 no injury rule and other things would be applied, and it's
 20 kind of carte blanche if you want to go out in a field and
 21 get water we can get as much as we want wherever we want
 22 irregardless of some of the existing Water Code rights and
 23 Water Code sections --

24 MR. HILDEBRAND: That's my concern.

25 GREG YOUNG: If that is your concern I

1 has completed its job.
 2 EXECUTIVE DIRECTOR SNOW: Yeah, I think
 3 the issue there, Alex, is we are trying to bring all of the
 4 different work products to BDAC but not necessarily for a
 5 vote of approval or disapproval.

6 We try to get a general sense of what people
 7 support or don't support. People recommendation
 8 modifications to the document. As Greg indicated, that
 9 document really was prepared by the committee, Greg working
 10 with the committee, is what we call a program plan. It's
 11 the detailed support for each of the program elements and
 12 so we will be releasing in early February all eight program
 13 plans where each of the CalFed Program elements, which will
 14 be a significant release -- I don't know how many pages
 15 it's expected to be but well over a thousand for each of
 16 them, and that is where that detail is, and obviously those
 17 are the subject of comments all the way through the
 18 official comment period.

19 MR. HILDEBRAND: I realize it may be too
 20 burdensome to do whatever I consider ideal on each of these
 21 items so I'm not trying to make a big issue of it. It just
 22 seems to me the Committee, I don't think, was even informed
 23 that this job was considered complete.

24 CHAIRMAN MADIGAN: Thank you.

25 Mary and then Eugenia. All right. Eugenia.

1 think what I would like to state is this is a very
 2 simplistic statement here and that the water transfer
 3 policies itself do include all of those existing rules and
 4 structures and protection and are detailed -- and are
 5 detailed more both in the appendix and in the Phase II
 6 document and will be provided in detail in the program plan
 7 soon to be released.

8 So I hope that covers some of your concern. I
 9 realize we can't -- every time we say the word water,
 10 water, water, we can't say within the framework of existing
 11 rules and regulations, et cetera, as laid out in our
 12 framework.

13 MR. HILDEBRAND: Well, I guess my problem
 14 is that the whole Phase II document doesn't say that
 15 anywhere that I can recall.

16 GREG YOUNG: Hopefully, the detail will be
 17 in the program plan and it will add support to this
 18 document and we'll provide that comfort.

19 MR. HILDEBRAND: That still gets us back
 20 to the question that should the BDAC approve or disapprove
 21 of this element or whatever terminology you have for it and
 22 if so my point -- it seems to me that the point where you
 23 dropped the subcommittee on basis of the completing this
 24 job that seems the appropriate point to address the
 25 question does BDAC agree with the output and agrees that it

1 EUGENIA LAYCHECK: what I was going to
 2 say, though, is that I think Alex is probably raising a
 3 good or general point here and that is if BDAC does decide
 4 to retire some of the workgroups, such as water transfers
 5 and some of the others, if there is quote unquote
 6 unfinished businesses, that is, if the group has come to
 7 conclusion on something and wants to report to the full
 8 BDAC because essentially they were setup as fact finding
 9 committees, that's really up to the scheduling of the
 10 Agendas and making sure that that information goes forward.

11 But I think that our recommendation does not
 12 preclude that as an option, if that is something that is
 13 necessary to do.

14 CHAIRMAN MADIGAN: Hap.

15 MR. DUNNING: I have a comment and then a
 16 comment on the Assurances Work Group.

17 My general comment is I agree with what's been
 18 said before, it's highly desirable to have BDAC members
 19 attend these workgroup meetings but I don't agree with what
 20 seemed to be the implication with what you were saying
 21 earlier, Mike, that if the BDAC were not there in some
 22 critical mass that we shouldn't be having these workgroups.
 23 I think the criteria for evaluation is whether the
 24 workgroup process contributed something useful to the
 25 overall CalFed efforts.

1 In situations such as the workgroup I'm
 2 involved in, assurances where we don't have much BDAC
 3 member participation the critical link is to have constant
 4 communication between the workgroup and BDAC so if BDAC is
 5 informed what is going on and has a chance to express his
 6 opinion and has happened on several different occasions
 7 then I think maybe it's a useful exercise, at least the
 8 question ought to be is it providing utility to the overall
 9 process and not just take this attitude well if there
 10 aren't four or five BDAC members on a regular basis that we
 11 ought to quick. So that's the general comment I want to
 12 make.

13 The specific comment is about the
 14 recommendations on the assurances workgroup.

15 When you established, Mike, the assurances
 16 workgroup in August of '96 the charge was extremely broad.
 17 The charge was to seek to ensure insofar as possible that
 18 whatever the content of the preferred alternative was it
 19 would be implemented as anticipated. We worked on that
 20 from many different angles. Some of the things we talked
 21 about never went anywhere. Some of the things we talked
 22 about emerged later on through our effort or independently
 23 as elements of the Phase II report.

24 One, for example, is an idea that we talked
 25 about a lot in the beginning meetings at the assurances

1 number one, the point that I was trying to make earlier was
 2 that one of the reasons for having the workgroups was to
 3 gain the engagement of a variety of BDAC members.

4 This organization is entirely capable of
 5 getting input from all kinds of groups they don't have to
 6 include BDAC members in order for it to be meaningful.

7 It's within of the reasons for it to be
 8 established by the workgroups was so that people in this
 9 group would not only focus on specific issues but would
 10 gain a sense of knowledge of what was going on in the
 11 operation because it's important that everybody here
 12 participates at some level if we are going to, it seems to
 13 me, reach something that approximates consensus, which is
 14 one of those other interesting questions out there, which
 15 is what is consensus for a group like this?

16 And, yes, we ought to talk about the notion of
 17 moving forward to governance which is kind of a piece of
 18 assurances but isn't the whole question of assurances as a
 19 part of our conversation today.

20 Thank you.

21 Ann.

22 MS. NOTTOFF: Well, first, I wanted to say
 23 thank you to Mary, Eugenia and Lester for listening to us.
 24 I think that it's refreshing and I think that we've heard
 25 -- those of us on BDAC have been crabby for quite some time

1 workgroup.
 2 Now, in recent times at the workgroup the
 3 emphasis has been very much non-government, which is just
 4 one part of the overall assurances problem.

5 In looking at the committee's recommendations,
 6 Eugenia and Mary's recommendations, they suggest that the
 7 proposed objective of this group be refined and they've got
 8 three bullets which both are about governance and I notice
 9 that someone in the overhead under that heading of BDAC
 10 workgroup has actually renamed our workgroup for
 11 assurances. It's now governance.

12 Now, that may be the way to but I think BDAC
 13 should be aware that this is a much narrower objective than
 14 the one we had in the workgroup and the one that's
 15 reflected in the language in the current iteration of the
 16 Phase II report.

17 In fact it might be good if this is the
 18 overall desire to re name it and stop calling it
 19 assurances. As I said on many occasions I thought the
 20 overall objective was unattainable and to a very respect,
 21 particularly when adaptive management is factored in and
 22 just re name it governance and say, okay, we are going to
 23 work on governance and the overall structure of governance
 24 and that's it.

25 CHAIRMAN MADIGAN: I think two things;

1 that we think we be use our time more effectively at these
 2 meetings and between these meetings and I think that the
 3 kind of staff work and analysis that produced these
 4 recommendations is really excellent and I think they came
 5 up with really good suggestions, and if it is indicative of
 6 the kind of staff and working analysis that we can look
 7 forward to in the next year with these new streamlined
 8 workgroups, I think that's a good sign.

9 But I do want to point out, though, I think
 10 that if BDAC members want to have more input into policy
 11 workgroup decisions it's a two way street and that means
 12 that BDAC members have to be prepared to spend more time
 13 and do their homework more and be prepared to make more
 14 substantive comments when these issues are brought into the
 15 public forum.

16 And I think -- I'm not sure that just asking
 17 more of those of us who have been here, we are actually on
 18 borrowed time. None of us expected to be here, I don't
 19 think --

20 CHAIRMAN MADIGAN: This would be true.

21 MS. NOTTOFF: And I wonder if there is
 22 something that we can get some, you know, alternates or we
 23 could get some kind of more resources for us to perform our
 24 duties more effectively.

25 I certainly know that I would be a better BDAC

1 member if I could have an alternate that would help me with
 2 some of these -- at least the workgroup responsibilities
 3 that are, I think, are reasonable to ask of us as over this
 4 next year but I think we need to think about how we can
 5 help ourselves be more engaged because I don't think that
 6 -- and I think we also need to fill up the table a little
 7 more. I know we've lost some BDAC members and I think we
 8 need to definitely replace those BDAC members if we are
 9 asking for a heightened level of involvement over this next
 10 year.

11 I think that if we can look at December as kind
 12 of there is an end in sight, maybe that will give us a
 13 little energy --

14 CHAIRMAN MADIGAN: It gives me hope.

15 MS. NOTTOFF: Huh?

16 Yeah, it gives me hope and maybe we can really
 17 chug along and make some progress for this year.

18 But I do think that there are some of those
 19 overall, you know, how can we help -- you know, you help us
 20 and we help you to be more productive members and I think
 21 rather than being defensive about how well or not well
 22 these groups have worked I think we need to figure out how
 23 to make them better and I think that certainly groups have
 24 produced, you know, phenomenal amount of work now and I
 25 think it's just trying to tailor that to going forward.

1 point and I didn't get my feelings hurt too bad --
 2 CHAIRMAN MADIGAN: No blame, no blame.
 3 MR. BELZA: On the interview list, I
 4 didn't see my name on the list so if I wasn't I gave
 5 somebody some information that probably could care less
 6 what information I was giving to them, kind of like leaving
 7 a message on an answering machine -- well, they --
 8 EUGENIA LAYCHECK: It was me, it was me,
 9 and inadvertently left it off completely, your comments
 10 were incorporated into the recommendation.

11 MS. SELKIRK: That's why I couldn't figure
 12 out why our numbers were different.

13 MR. BELZA: That's okay. Like I said, my
 14 feelings weren't hurt too bad. As long as my voice was
 15 counted.

16 CHAIRMAN MADIGAN: Lester.

17 EXECUTIVE DIRECTOR SNOW: One thing I want
 18 to indicate, I think Tib and I the last two weeks
 19 participated in a marathon phone tag --

20 MR. BELZA: All time.

21 EXECUTIVE DIRECTOR SNOW: -- for a number
 22 of issues we wanted to discuss but one of them was since I
 23 haven't talked with Tib we haven't resolved whether to
 24 close down the current transfer workgroup or whether we
 25 need to have another meet to go do that so I think that's

1 So I think that's -- what else did I want to
 2 say there -- I think that that kind of basically covers
 3 just the overview but I do think that people have to kind
 4 of think about how realistic it is to be more engaged
 5 without some more resources.

6 CHAIRMAN MADIGAN: Tib and Hap and Sunne.
 7 Tib.

8 MR. BELZA: I just wanted to make a
 9 comment on the water transfer workgroup.

10 Not to belabor but I do agree with Alex in that
 11 I don't think that we are done but at the same time we
 12 brought up a lot of good ideas. We got a lot of work
 13 product that I think is good that people need to look at
 14 and take it for what it is and either agree or disagree
 15 with the comments but I think some of the other areas that
 16 we are getting into are maybe a little more technical and
 17 out of our field and some of the discussion is that that's
 18 really going to take place in another arena and we can sit
 19 and talk about it all we want but if we are not going to
 20 have any impact with what we say or do then it's kind of a
 21 moot point so that's kind of my -- I guess I'm almost
 22 asking a rhetorical question, too -- is this, in fact, some
 23 of the thinking that --

24 CHAIRMAN MADIGAN: (Inaudible) yeah.

25 MR. BELZA: And secondly, just a small

1 still up in the air and I think Tib and I really need to
 2 get together to make a decision about that so we still need
 3 to resolve that. Hap.

4 MR. DUNNING: I have two points. One is a
 5 process point. Most of the time we talk about the CalFed
 6 program and we understand that we are advisory and we all
 7 have our say and then Lester analyst staff take it and they
 8 use it or they don't use it or whatever, but it seems these
 9 issues are a little different. This is about our very
 10 functioning as an entity, the BDAC workgroups and I would
 11 suggest that the final decisions on how BDAC works, what
 12 workgroups are terminated, what ones are restructured, be
 13 made right here by BDAC.

14 I just heard Lester said that he and Tib would
 15 talk about it and they kind of decide. I think that's the
 16 wrong way to do it. I think on this at least which is our
 17 own functioning we ought to be making those decisions

18 My second point is although I think it's very
 19 important as to how we could work motion effectively I
 20 would be against did idea of institutionalizing alternates.
 21 It's bad enough as it is with a large group and when you
 22 get new members pointed it takes awhile before they are up
 23 to speed and participating and if we start having for all
 24 thirty some people an alternate so we have sixty some
 25 people in the mix I think it goes from bad to worse so I

1 would speak against that. It was kind of done once without
 2 consultation as a group and I hope it's not done again.
 3 Thank you.
 4 Sunne.
 5 MS. McPEAK: I have three things to start
 6 with what Hap just said.
 7 Unfortunately, being sympathetic to the
 8 imposition on Annie's time I want to say there is no
 9 substitute for you and the continuity of your knowledge and
 10 participation is something that we want to build upon. So
 11 I want to suggest that it probably wouldn't work very well.
 12 Second, the two things I did want to speak on,
 13 one is on transfers and the other on governance or the
 14 assurance to governance, in the Phase II report, if I
 15 remember correctly on water transfers there is a proposal
 16 that a strategic plan be developed to implement -- figure
 17 out how to implement policies. How that strategic plan is
 18 to be done, by whom, what time frame, is not spelled out.
 19 And that's the kind of example where I think it
 20 is appropriate for Lester to consult with the Chair of the
 21 workgroup to see what you would recommend, not to have a
 22 sides decision-making process because I want to associate
 23 and underscore myself with what Hap said. We can decide
 24 here how we function, but in terms of the obligation and
 25 responsibility I think the working group Chair does have is

1 one of the most enforceable as an example.
 2 I think that the immediate aspect of assurances
 3 that we should engage on is governance and in part because
 4 we've got a whole lot of people now talking about it, how
 5 we are going to implement this and some proposals by others
 6 outside of this room that I'm glad to see at least are
 7 thinking of it but are maybe introduced in the legislature,
 8 maybe being considered in Congress, and so as an example of
 9 us deciding how to organize ourselves three of us have had
 10 some discussion, Mary, four of us, about what to do, and I
 11 want to support a governance workgroup -- working group
 12 that builds on the continuity of leadership from Hap on
 13 assurances as a Co-Chair and has a report to us by March,
 14 on all the options, that we see and if you can, a
 15 recommendation.
 16 Now, obviously, that requires setting up what
 17 is the goal of a governance structure, what principles
 18 should be infused in any structures with the options to
 19 accomplish, and if you can reach a recommendation, why, a
 20 analysis. That's a short time frame perhaps but actually
 21 it's not rocket science. It takes concentrated time but
 22 not a whole lot of more study. It just really is a
 23 dialogue and so that's what I would like to see as an
 24 example of taking something very specific that is an out
 25 growth of and builds upon a workgroup product with

1 to help us consider what the next steps would be.
 2 That Phase II report also calls for under
 3 transfers a decision to be made whether or not legislation
 4 is needed and requires a consultation with a lot of other
 5 folks other than those of us sitting around this table.
 6 So there is some work to be done by BDAC to
 7 decide how to interface with others, not just how to
 8 continue the next step on the strategic plan but how to
 9 consult others.
 10 So that's an example of an immediate task if
 11 you just looked at the Phase II report that needs to get
 12 decided as to how we approach it by BDAC under the
 13 transfers group of actions.
 14 Let me now -- wait, if I can, Mr. Chair --
 15 CHAIRMAN MADIGAN: Go ahead.
 16 MS. McPEAK: -- to the governance or
 17 assurances governance by play.
 18 The assurances full spectrum that Hap has laid
 19 out to a certain extent I think actually have been at least
 20 linkages with some bundling an attempt has been made in the
 21 Phase II report.
 22 There are certain kind of an assurances
 23 mechanisms that are yet to be determined because they are
 24 dependent on others. One that always comes to mind is
 25 contracts, contractual obligations as a part of financing,

1 leadership we already have and brings some people in with a
 2 product to give us for deliberation here in a specific time
 3 frame.
 4 So I'd like to, obviously, defer to our
 5 Chairman as to the leadership of that group but I'm going
 6 to propose that we decide to do that today so that we take
 7 action.
 8 CHAIRMAN MADIGAN: I think that's fair.
 9 All right. Here is the drill for the next
 10 health every time. We are going to brake for lunch. I do
 11 have speaker cards to from four individuals. I would like
 12 to hear from them before lunch and then we'll break for
 13 lunch and come back on the same subject.
 14 The first on the speaker cards is Mr. Ed Petry.
 15 Mr. Petry, good morning.
 16 MR. PETRY: Good morning, Mr. Chairman,
 17 members of the council, I appreciate your attendance here,
 18 the quality of the qualified people here and I appreciate
 19 the education you've been giving me over the last years and
 20 I think that you all should be congratulated.
 21 I'm sorry to see that Roger Patterson left. He
 22 had a lot of feelings for the people in our communities, in
 23 our area, through the past years in the State of
 24 California.
 25 Not only that but he was a highly knowledgeable

1 individual.

2 Where I come from, we have problems with the

3 east side flooding with the high flood flows coming out of

4 Millerton Lake a lack of flows in the San Joaquin River

5 from the east side that effected the aquifers that should

6 contribute to the high quality of water to the aquifers and

7 doesn't is programmatic.

8 Water transfers in the area we are going to

9 have to approve. If we don't approve them then our labor

10 force goes to hell because we won't have work for the farm

11 laborers.

12 So what do we do? How do we cope with the

13 problems of water supply reliability?

14 How can we do it without additional storage?

15 How can we bring the salmon back to the San

16 Joaquin River without water?

17 There is a need for that or recreation. How do

18 we get fish back in the Delta? If the fish would come up

19 and spawn in a natural way in the San Joaquin River, there

20 is a benefit for wildlife. There is a benefit for the fish

21 people. But they don't see it that way.

22 All we see is alternative solutions. Sure, we

23 are going to have to have alternative solutions. We'll

24 have to have it from here, from here until the time that we

25 have water supply reliability. It takes seven to ten years

1 it from the east side. I don't know where we are going.

2 Unless we have water supply reliability and I think that

3 that's -- it's going to come about. Irregardless if we do

4 it here and now or if we do it ten to twenty years from now

5 and the cost factors are going to increase and they are

6 going to get higher. They aren't going to get any less. I

7 want to thank you for your time and your knowledge and your

8 expertise and your advice.

9 CHAIRMAN MADIGAN: Thank you, Mr. Petry.

10 Vickie Newlin from Butte County.

11 Good morning.

12 VICKIE NEWLIN: Good morning.

13 I'd like to address some things that are going

14 on in the ecosystem roundtable.

15 We have a project in our county that was

16 brought by someone outside of our county and brought

17 forward to the ecosystem roundtable and potentially funded.

18 There was allocation for funding.

19 And in that -- in their funding package they

20 stated that they had the support of some landowners and

21 some entities in our county that were not addressed or

22 approached.

23 Specifically, -- we have \$25,000,000 worth of

24 projects and studies that were funded in Butte County by

25 CalFed and none of these were taken before the Board of

1 to build a dam depending if it's in-stream or out of stream

2 or where the location is. We are going to keep running out

3 of water.

4 Our population increase and you try to retire

5 lands, there is another burdens that we have to put up

6 with.

7 Salt intrusion, you want salt intrusion in the

8 California Aqueduct, how about the salt intrusion that's

9 getting into our aquifer. You are not drinking water over

10 1700 parts of total dissolved solids. We can't handle

11 that. We have to go back. We are going back up in the San

12 Joaquin River a mile-and-a-half or two miles out of the

13 city of Mendota on the upper confluence of the San Joaquin

14 River to acquire water because it's further from the

15 confluence and those aquifers filled before the ones on the

16 lower side and with the water transfers coming out of

17 around the Mendota pool, they are sucking the San Luis

18 drain into our aquifer. We don't want to complete the

19 San Luis drain.

20 Now you want to retire land? Where is our work

21 force going to go? People that bought houses, that built

22 on the community. The Indians years ago built tents and

23 they could move them up into higher plains where they got

24 flood flows.

25 We get flood flows from the west side and get

1 Supervisors before they were approved for funding.

2 And the stakeholder input that you are asking

3 for is incomplete.

4 The landowners were not approached before

5 funding is allocated. Specifically with the Center Hill

6 Head Dam District, Sierra Pacific Industries, Pacific Gas &

7 Electric and the Butte Creek Watershed Conservancies were

8 listed as supporters of that project. None of them had

9 been approached by the consultant from out of the area that

10 came in.

11 And, in addition to that, we had a group of

12 small landowners that are called -- call themselves the

13 Folks of Butte and they were not approached.

14 We also had some specific problem with the

15 project itself. This project would like to examine taking

16 on Center Hill Dam to open up fish migration into the upper

17 reaches of Butte Creek and the middle reach of Butte Creek

18 has not been studied, and we'd like to understand why the

19 process doesn't look at the whole project area and we would

20 like to submit some recommendations and we'd like to take

21 this to the ecosystem roundtable and we'd like to have your

22 assistance in getting that Agendized and making sure they

23 are addressed.

24 Some of these suggestions were brought up to

25 CalFed staff and members of the ecosystem roundtable last

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1 year, a year-and-a-half ago, and if you'd like me to read
 2 through the list, it's pretty short, I could do that. We'd
 3 like proof of a properly noticed hearing requiring a
 4 published legal notice.
 5 We'd like resolution and support from the Board
 6 of Supervisors and other elected or pointed officials, we'd
 7 like special districts and other geographical leaders as
 8 well as the watershed groups. We'd like disclosure of
 9 matching funding criteria. We'd like peer review of
 10 project documentation and requirement of proper reporting
 11 documentation of the projects throughout the life of the
 12 project.
 13 We'd like some type of funding to local
 14 Government for oversight of the project and attendance of
 15 these various conservancy and watershed group meetings and
 16 consultant meetings. We'd like some sort of a competitive
 17 bidding process for the consultants after the funding has
 18 been allocated to limit direct benefits to grant writers
 19 and ensure the credibility of the consultants.
 20 If you put in a fish screen, you have to do
 21 that and so we just would like to have the process
 22 reviewed.
 23 We feel like we are at a disadvantage. We are
 24 a small, rural county. We are walking around putting out
 25 fires and we'd like your help.

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1 Thank you.
 2 CHAIRMAN MADIGAN: Thank you very much.
 3 The rural counties are not unrepresented here.
 4 You are not at a disadvantage but we will get a report back
 5 from CalFed staff on that.
 6 Thank you very much for being here.
 7 MR. MEACHER: I can comment on this.
 8 Vickie attends all of the watershed workgroup
 9 meetings but the county itself and the organization which I
 10 represent have not confirmed their representation as far as
 11 the Regional Council of Rural Counties being their
 12 representative. They are still more or less going it on
 13 their own.
 14 Is that correct, Vickie?
 15 More or less so they want to participate with
 16 us but --
 17 VICKIE NEWLIN: Well, I think what we are
 18 asking is the process be looked at and I've talked to
 19 people from RCRC and I've talked to people from NAQA and
 20 what we did in our county is we got representatives from
 21 Sierra Pacific Industries and from Pacific Gas & Electric,
 22 the people from the Forks of The Butte.
 23 We got the landowners that were involved in
 24 this project that someone from the outside came in and said
 25 "Okay, we'd like to study this, we'd like to do this", and

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1 we were not consulted. The Board of Supervisors consulted.
 2 This is specific to our county.
 3 And we also have a problem with the funding
 4 aspect of not having any money come to the Board of
 5 Supervisors to use at their discretion to attend these
 6 meetings and evaluate these projects when they come
 7 forward.
 8 \$25,000,000 is a lot of money to chase.
 9 CHAIRMAN MADIGAN: Okay. I understand
 10 your point.
 11 MR. MEACHER: I just had one closing
 12 comment that I would agree with Vickie on.
 13 As far as the selection and how some of the 319
 14 grants go out it seems to some of the rural counties that a
 15 lot of times it's solely based on the agency's pet projects
 16 and Butte tends to have some of those older watershed
 17 groups that have been very well-funded in comparison to the
 18 bulk of the other counties that I represent.
 19 CHAIRMAN MADIGAN: Gotcha.
 20 MS. MCPEAK: I said Butte is a county of
 21 origin of the first order with Oroville.
 22 VICKIE NEWLIN: Right.
 23 MS. MCPEAK: And I think you've been quite
 24 patient and civil and diplomatic in the way that you've
 25 just presented the testimony. I think I can identify with

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1 the presentation.
 2 CHAIRMAN MADIGAN: We'll get a report back
 3 on it.
 4 Thank you very much for being here.
 5 VICKIE NEWLIN: Thank you.
 6 CHAIRMAN MADIGAN: The next speaker is
 7 Mr. Steve Evans, Friends of The River, regarding the Phase
 8 II report. Mr. Evans.
 9 Good afternoon.
 10 STEVE EVANS: Good afternoon. My name is
 11 Steve Evans.
 12 I'm Conservation Director of Friends of the
 13 River, and I wanted to address some brief comments to the
 14 water storage section of the Phase II report.
 15 As you know, CalFed has narrowed the arena of
 16 potential surface water storage projects from fifty-two
 17 projects down to fourteen that are under consideration to
 18 meet the CalFed goals.
 19 Happily, that means that many of the projects
 20 that were outlined in this little information piece that
 21 Friends of The River puts out -- or put out later last year
 22 are no longer under consideration and we believe that's a
 23 good step to focus on the more feasible projects.
 24 But four of the projects that are still under
 25 consideration on that list of fourteen are so-called

1 offstream storage projects in the Sacramento Valley, and I
 2 serve on the technical advisory group to the Department of
 3 Water Resources Offstream Storage Investigations, which is
 4 conducting feasibility studies for those four projects, and
 5 I wanted to make a specific comment about one of them
 6 today.

7 And I'd like to refer you to page 82, of the
 8 Phase II report, where CalFed poses general criteria that
 9 it used to identify projects to move forward on for
 10 feasibility studies and directly quoting from the first
 11 paragraph of that report "CalFed will focus on offstream
 12 reservoir sites for new surface storage but will consider
 13 expansion of existing onstream reservoirs. CalFed will not
 14 pursue storage at new onstream reservoir sites".

15 Now, that criteria apparently was functioning.
 16 The initial list in December was actually fifteen projects.
 17 One project, the Garden Bar Project on the Bear River, was
 18 eliminated from further consideration as it was indeed a
 19 reservoir -- new reservoir project on a live stream.

20 However, one of the projects that made it
 21 through the criteria and remains on the list of fourteen is
 22 the Red Bank Project, which is considered an offstream
 23 storage project, but a key facility to that project
 24 involves a new dam and reservoir on a live stream.

25 Red Bank Project would involve a 250 foot high

1 the largest undammed tributary to the Sacramento River and
 2 is acknowledged in CalFed's own ecosystem reports as the
 3 key contributor of spawning gravels to the Sacramento River
 4 for endangered salmon and steelhead.

5 Obviously, building a large dam on that creek,
 6 any tributary of that large creek is going to reduce at
 7 least to some extent the recruitment of those spawning
 8 gravels downstream into the lower Cottonwood Creek and into
 9 the Lower Sacramento system.

10 I would argue that the very definitive
 11 statement in the Phase II report that CalFed will not
 12 pursue storage at new onstream reservoir sites has to at
 13 least be revised to note that there are exceptions to the
 14 rule if CalFed indeed is going to move forward up to the
 15 Red Bank Project, preferably from the point of view of the
 16 conservation community we think the Red Bank Project should
 17 be eliminated as was the Garden Bar Project on the Bear
 18 River and we'd encourage BDAC to consider that.

19 Another issue on the storage, particularly
 20 offstream storage, the other three major offstream storage
 21 projects considered on the list of fourteen projects the
 22 Tomes Newville Project (phonetic), the Sites Project, and
 23 the Colusa Project all offstream storage projects on the
 24 west side of the Sacramento River would depend on a 5,000
 25 CSF diversion from the Sacramento diversion to fill those

1 dam, 104,000 acre foot reservoir on the south fork of
 2 Cottonwood Creek. That dam and reservoir would store and
 3 then divert water to a series of tunnels and canals and
 4 reregulating smaller reservoirs into another large storage
 5 reservoir called Shoenfield (phonetic) on Red Bank Creek.

6 Now, Red Bank Creek is a seasonal stream and
 7 therefore the definition that CalFed is using it's not
 8 alive stream but dipping that dam and reservoir on the
 9 south fork of Cottonwood Creek is most certainly a live
 10 stream.

11 That dam and reservoir would block a hundred
 12 square miles of the Cottonwood watershed and disconnect it
 13 from the rest of the Cottonwood Creek and Sacramento River
 14 ecosystem.

15 It would directly drown or block access to over
 16 fifteen miles of critical spawning and holding habitat for
 17 endangered spring run Chinook salmon and steelhead. It
 18 would drown a portion of the stream that the Bureau of Land
 19 Management has determined ineligible for inclusion in the
 20 national wild and scenic river system.

21 So by any measure of that definition of
 22 Cottonwood Creek is a live stream and this project includes
 23 a large new dam on that live stream.

24 There is other problems, indirect problems,
 25 associated with that project in that Cottonwood Creek is

1 reservoirs up.

2 Now, CalFed in its documents throughout this
 3 process has explained that this diversion would skim off
 4 flood flows from the river, to fill up these reservoirs
 5 and, therefore, the impact of that would be benign.

6 As usual the devil lies in the details.
 7 Initial computer runs done by the Department of Water
 8 Resources on flow diversions to feed those reservoirs
 9 indicate that that 5,000 cfs diversion would divert
 10 anywhere from twelve percent of the monthly flow in January
 11 to up to forty-seven percent of the monthly flow in April.

12 Now, when you combine that with the fact that
 13 the annual flood flows in the Sacramento River have already
 14 been reduced by thirty-four percent according to CalFed's
 15 own strategic ecosystem restoration plan, there is some
 16 real potential here that we are going to reduce or harm the
 17 ecological functions of the Sacramento River.

18 The bright, shining, positive note in CalFed's
 19 own restoration plan from my own personal point of view is
 20 its intent to maintain and enhance the ecological functions
 21 of the Sacramento River, its tendency to meander, to erode,
 22 to deposit and renew the critical shaded riverine aquatic
 23 and riparian forest habitat along the Sacramento River.

24 The only way to do that is to make sure it has
 25 sufficient flows that do those natural ecological functions

1 but if we're skimming nearly fifty percent of the flow in
 2 the month of April away from the river, I would suggest
 3 there could be real problems with that.
 4 The problem is right now those -- the
 5 diversions from the river are based on -- or are only
 6 constrained by fish flows, AFRP minimum flows, winter run
 7 biological opinion, water quality requirements for the
 8 Delta from the 1995 plan.
 9 There is no, as I -- as far as I know, there is
 10 no data available on what flows are necessary to maintain
 11 the ecological functions of the Sacramento River and that's
 12 a very important data gap that CalFed must fix if it's
 13 going to pursue these offshore reservoirs.
 14 Two other last quick points.
 15 CalFed decision makers should be commended for
 16 going forward on the least egregious version of potential
 17 raise of Shasta Dam, six-and-a-half feet as opposed to say
 18 200 feet but somewhere along in the process CalFed is going
 19 to have to address and grapple with the fact that State law
 20 requires that the free flowing character and outstanding
 21 values of the McCleod River be protected. That's State
 22 law.
 23 It doesn't matter whether we are going to
 24 destroy ten feet of the McCleod or a mile of the McCleod or
 25 nine miles of the McCleod. Somewhere along the line it's

1 to us the opening paragraph on page 82, which is the thrust
 2 of where we are going, and those of us who both ardently
 3 want to defend the environment, environmental qualities and
 4 improve them and restore them, and who also think we need
 5 storage, need to strike that balance if you capture water
 6 that's truly surplus in which you went to with the flows.
 7 What we don't yet have as an example is what you just
 8 cited.
 9 I have tended to focus on outflows at certain
 10 times of the year for the estuary. That does not mean to
 11 preclude flows elsewhere, which are key to making the
 12 system work and restore the fisheries, in my opinion, as I
 13 look at it.
 14 So having said that part of what could be very
 15 helpful, granted limitations in science today, and we have
 16 to still continue to discover, is to have you take the next
 17 step and get your proposal on these flows based on your
 18 reading of what knowledge science is there. I want to
 19 invite that.
 20 STEVE EVANS: Yeah, I think perhaps one of
 21 those next steps is to maybe invest some of these resources
 22 that CalFed has into a scientific study.
 23 MS. MCPEAK: which is what is called -- I
 24 mean, the next phase of investigation that I tend to call a
 25 fatal flaw but also to look at outflow as it relates to

1 going to have to deal with that State law.
 2 And then finally of the fourteen projects
 3 moving forward on feasibility studies eight are south of
 4 the Delta. Seven of those projects were initially
 5 eliminated because it did not meet CalFed's economic
 6 feasibility screening.
 7 And then they were put back into the process,
 8 put back on the list for special considerations quote
 9 unquote.
 10 In my mind that's a red flag but I'm not an
 11 economist so I won't even want to delve into that subject.
 12 The materials I gave you includes our comment
 13 letter to the Department of Water Resources on their
 14 offshore storage investigation status report, which
 15 summarizes many of these issues.
 16 Some copies are out on the table for the
 17 audience and if you have any questions, I'd be happy to
 18 answer them. Otherwise, I appreciate your time.
 19 CHAIRMAN MADIGAN: Thank you very much.
 20 Sunne. Sure.
 21 MS. MCPEAK: First of all, thank you.
 22 You gave very thoughtful testimony.
 23 I haven't read what you just distributed but
 24 listening to what you said I think it's very constructive
 25 how you approached it and you, I think, have rightly reread

1 also time of storage because you have to suck it up fast.
 2 In order to not be injuring the river systems
 3 has to go forward and the cost effectiveness I just want to
 4 underscore this again, gets proven or disproven in the
 5 crucible of the marketplace.
 6 Is anyone growing to pay for this in comparison
 7 to all of our other options to efficiently manage current
 8 supply?
 9 CHAIRMAN MADIGAN: Thank you.
 10 Hap and then Ann. Keep them short guys.
 11 MR. DUNNING: Do you have any thoughts on
 12 the Millerton Lake Enlargement Project, which is among the
 13 fourteen?
 14 STEVE EVANS: Well, that was one of the
 15 projects that was initially kicked out because of it didn't
 16 meet some of the initial economic feasibility criteria.
 17 Some of it depends on size. There are upstream
 18 reaches of the San Joaquin that can be effected. There is
 19 an entire State recreation area that could go into water if
 20 the big raise at Millerton is accomplished.
 21 There is always the lure that if you raise
 22 Millerton, you can rewater to San Joaquin and bring salmon
 23 back to the river. Maybe that's a valuable goal.
 24 But the question is we are always trying to
 25 please everybody and I'm not sure if water interests in the

1 San Joaquin Valley would want to dedicate all of the water
2 from the raise of Millerton to fish, and I think that's a
3 more appropriate issue for you folks to wrestle with.

4 CHAIRMAN MADIGAN: Thank you.
5 Ann.

6 MS. NOTTOFF: Just to thank you for your
7 testimony.

8 It's really refreshing to hear actual places
9 and get some visual imagery of a lot of technical -- a lot
10 of the often theoretical discussions that we have around
11 this table.

12 And I think the kind of thought that you've put
13 into what the real world impacts of what some of these
14 proposed policies would be as exactly precisely the type of
15 feedback in stakeholder input that I would like to expand
16 and take advantage more of in the coming year here as we
17 redesign BDAC and our workgroups.

18 CHAIRMAN MADIGAN: Thank you. Thank you
19 Mr. Evans.

20 STEVE EVANS: Well, I ask good questions
21 but I don't always have good answers, unfortunately.

22 CHAIRMAN MADIGAN: Hang on.

23 MIKE SPEAR: I, too, want to thank you and
24 I particularly took note of your comments on Red Bank.

25 I think you made a very powerful prima facie

1 as one of the three, add one more, make that four, and also
2 to encourage staff to focus on it, and that has to do with
3 strategic objectives.

4 I don't use the word strategic plan here
5 because I think that's been misused in a lot of forums.

6 The strategic objectives I'm talking about here
7 are those quantifiable, measurable objectives that we want
8 to achieve over a longer term period.

9 And those typically are not action oriented.
10 They are goal oriented. And so that's what I think you
11 ought to take a look at and perhaps focus.

12 Let me talk about just three areas that might
13 resonate with any one of your particular frustrations that
14 I and others had in terms of this process.

15 One is in terms of the assurances. Why are
16 strategic objectives important? Why do we need them now,
17 not later?

18 Well, what the assurances question really come
19 down to is what guarantees do the groups have that are
20 going to achieve our objectives, not specifically what
21 projects are we growing to achieve. We need to get the
22 agreement of that dialogue because we all have objectives
23 that we want to achieve. We need to have that dialogue on
24 what we agree we want to achieve and then we'd find the
25 actions towards that. So that's in the assurances area.

1 case. We'll take a quick look at it but what some of the
2 impacts that you say are there it indicates to me it's a
3 little surprise it's on the list.

4 So thank you.

5 STEVE EVANS: Thank you.

6 CHAIRMAN MADIGAN: All right. Thank you.
7 Mr. Jeff Phipps.

8 CHAIRMAN MADIGAN: Jeff, good afternoon.

9 JEFF PHIPPS: Good afternoon and thank
10 you.

11 And now after hearing Steve talk about real on
12 the ground stuff I want to take us back to the process, to
13 that mundane, boring stuff that I think is really the guts
14 of what Council needs to deal with.

15 And I specifically am talking about the role of
16 BDAC in terms of focusing the effort on some of the things
17 that Mary and Eugenia talked about and also how that might
18 fit into some of the discussion of the Phase II report.

19 And I provide these comments in terms of my
20 role as the public.

21 I've been involved with CalFed and CVPIA for
22 about six years now in various role but these comments are
23 as a member of the public.

24 And it has to do with I think we are missing a
25 critical link that I would like to see the Council focus on

1 The second area has to do with the Stage Two
2 report and adaptive management.

3 Adaptive management is making decisions on
4 actions so that we -- as we go along we finally get there.
5 Where are we going is the question?

6 We do not have that defined yet so what we have
7 are we have a lot of talented, capable individuals that are
8 saying based on what my own personal objectives are here is
9 what I think we should be doing and we have a tremendous
10 list of activities and so adaptive management needs a set
11 of objectives and you don't have those currently.

12 Now, as part of CalFed ecosystem there is a
13 strategic plan put together that talked about objectives.
14 It's a long list. It has not been dialogued. It was
15 brought together by six individuals, very talented, very
16 capable, but those are policy questions that you guys need
17 to be involved with are why are most important ones here,
18 not the list of a hundred objectives but what do we need to
19 achieve over the next several years?

20 The third area that I think strategic
21 objectives needs to be addressed has to do with the
22 decision-making process. We've talked about a couple of
23 things.

24 One is what does the structure need to look
25 like? Unless you know what your objectives are in terms of

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1 strategic objectives the individuals are going to want a
 2 structure that makes sure that their interests are
 3 protected and so until you get that we are going to
 4 continue to go around in a lot of do goods (inaudible) on
 5 organizational structure if you don't have agreement on
 6 your objective.

7 Also, in terms of communication we talked a lot
 8 of about communication between the technical staff and
 9 BDAC.

10 What would be it would seem like to me, the
 11 world according to Jeff, what would be most important is
 12 how are the technical things that we are doing, how are
 13 they getting us toward those objectives?

14 That's what I as a policy maker would want to
 15 hear and so it helps us in terms of communicating.

16 And the third area had to do with we just had a
 17 presentation from Butte County, has to do with the local
 18 involvement.

19 Part of what is happening now in terms of
 20 process is we are having individual staff as well as RFP's
 21 that go out and say here is the projects we want to do
 22 rather than going out to the communities and saying here is
 23 the objectives we want to achieve now, tell me what you
 24 think on watershed basis will best achieve those
 25 objectives. We don't have that kind of interaction and we

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1 need it to be able to make sure that some of the concerns
 2 are expressed earlier.

3 So in brief conclusion I think again I would
 4 appreciate -- I think you guys need to look at and
 5 encourage not only yourselves to look at and define
 6 strategic objectives but to make sure that's integrated
 7 into the planning process that we are now

8 That we now have. Thank you.

9 CHAIRMAN MADIGAN: Thank you, sir. Thank
 10 you very much.

11 Alex.

12 MR. HILDEBRAND: I'd like to ask a
 13 question but I'd be happy to defer it until after we eat.

14 CHAIRMAN MADIGAN: why don't you defer it
 15 until after we eat.

16 Mary, do you wouldn't to tell us about lunch.

17 MS. SELKIRK: Lunch is served in the room
 18 adjacent for BDAC members and we will reconvene at what
 19 time?

20 CHAIRMAN MADIGAN: Let's see. It's
 21 twenty-five after one.

22 Do you think we could get back here about ten
 23 after one? All right. Ten after one.

24 (Whereupon the noon recess was
 25 taken at 12:32 p.m.)

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1 AFTERNOON SESSION

2 CHAIRMAN MADIGAN: We are reconvened.
3 Alex, your question?

4 MR. HILDEBRAND: I have a question. To
5 explain first, as I think all of you know, the state
6 and federal projects import into the Central Valley
7 south of the Delta several million tons a year of salt
8 that otherwise wouldn't be there. This salt
9 accumulation which now amounts to many tens of
10 millions of tons is largely responsible for the
11 problems that you keep hearing about from Ed Petrie.

12 It's responsible for the salinity problem
13 in the main San Joaquin River. It's responsible for
14 some of the salinity problem in the exports to Byron
15 Buck, and so it's a real problem. It affects the
16 fishery. It affects the water quality problems. It's
17 just devastating for people like the City of Mendota.
18 And yet the -- in the Phase 2 report, it says pretty
19 explicitly that CalFed is not going to concern itself
20 with the -- either the retribution or the
21 complications to CalFed's goals of that salt
22 imbalance.

23 My question is: Has the BDAC ever either
24 concurred with that policy decision or acted to
25 question it?

1 CHAIRMAN MADIGAN: This is an advisory
2 group. Anything that we do is always open to
3 additional conversation. It's not as if we pass laws
4 around here and it's not as if we don't regularly
5 reconsider things that we have discussed earlier
6 around here, and if somebody wants to have the drain
7 conversation again, we can have the drain
8 conversation. But we have proceeded around here on
9 the assumption that it isn't one of our issues,
10 anyway.

11 MR. HILDEBRAND: Well, I would request that
12 at some appropriate time we put it on our agenda for
13 discussion.

14 CHAIRMAN MADIGAN: All right. We can do
15 that.

16 All right. Eugenia, let's get back to the
17 question before the house and particularly, I guess,
18 the joint questions of the determination of some of
19 the work groups, the restructuring of others, and the
20 restructuring, I guess, particularly of assurances
21 into a governance work group.

22 Do you want to go ahead and -- right before
23 that, would you like to bring up one of them and we'll
24 get started?

25 MS. LAYCHAK: Sure. Well, since you

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1 EXECUTIVE DIRECTOR SNOW: That aspect of
2 not having a drain as part of a consideration has been
3 part of the program probably since sometime in '95.
4 And certainly when BDAC recommended the Phase 1
5 report, consideration of drain was not included in
6 that. So how overt the consideration was, I don't
7 recall what kind of discussions we had, but it's clear
8 that construction of a San Joaquin drain either to the
9 coast or to the Delta has not been part of the
10 program.

11 MR. HILDEBRAND: No, I realize your
12 position on that's been very consistent but my
13 question is whether the BDAC has ever addressed that
14 question.

15 CHAIRMAN MADIGAN: Some of the veterans
16 around here help me. It seems to me that question
17 came up early and we did decide at that time not to
18 pursue it, but that may be -- I may be confusing us
19 with somebody else. It seems to me that it came up
20 early at BDAC, Alex, but I could be corrected on that
21 one.

22 MR. HILDEBRAND: I can't confirm that
23 recollection, but I could be wrong. I think it is a
24 subject that BDAC should reconsider if we did consider
25 it.

1 mentioned it, why don't we talk about assurances
2 first, assurances/governance first.

3 One of the things that is not on our
4 written recommendation is whether the name of the
5 group should be changed and of course that's going to
6 be really dependent on upon what its objectives will
7 be; and therefore, it's probably what should be maybe
8 one of the topics of discussion, is what should the
9 focus of the group be.

10 CHAIRMAN MADIGAN: Hap, maybe I ought to
11 call you on first in terms of your view of the
12 existing operation and the notion that's being put
13 forward in terms of the refocusing on governance.

14 MR. DUNNING: Given the time available, I'm
15 comfortable saying governance should be the central or
16 perhaps the exclusive work of the work group. Whether
17 the name is changed or not maybe is not the most
18 important thing, but that's what we have been focused
19 on and we have got governance down on a lot of the
20 agendas for upcoming BDAC meetings.

21 CHAIRMAN MADIGAN: It's a big issue. I
22 mean, it's gotten to be pretty fundamental.

23 MR. DUNNING: Right.

24 CHAIRMAN MADIGAN: All right.
25 Alex?

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1 MR. HILDEBRAND: I just have a question.
2 It's not my understanding that we have an adopted
3 assurance plan for each alternative that's now under
4 consideration. And if we don't, I don't see how we
5 can discontinue that, even though I agree with the
6 importance of the governance question.

7 CHAIRMAN MADIGAN: I guess in some ways,
8 the notion of assurance has sort of morphed into the
9 question of governance.

10 I think that Hap and his group struggled
11 mightily with how we would write this thing in such a
12 way that everybody would be -- that everybody would be
13 comfortable with the future. That sort of brought up,
14 I guess, the adaptive management view of the issue and
15 when we got to adaptive management, assurances became
16 even more difficult and I think governance, at least
17 in my mind, became the way that we deal with the
18 issue.

19 Now, Hap, you may have a different view of
20 it, but --

21 MR. DUNNING: (Inaudible) -- some of the
22 assurances points that were taken out of the program
23 and it's like one of these are a fundamental part of
24 the -- of what's in the Phase 2 document. I don't
25 think there's any need for our work group to do any

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1 more on that.

2 CHAIRMAN MADIGAN: Richard?

3 MR. IZMIRIAN: I'd just like some
4 clarification on the range of governance that will be
5 covered under Hap's work group. Does that include the
6 adaptive managers? Will they be under the governance
7 umbrella? How far up and down will those decisions
8 go?

9 MR. DUNNING: I think we are going to go
10 into what the work group has been doing on governance.

11 Just to answer quickly, Richard, there is
12 the ERP entity matter, which we have already talked
13 about at BDAC. There is the overall structural
14 arrangement which we have been working on currently
15 and we are going to talk about today. And then there
16 are potentially governance questions with regard to
17 each of the discreet programs other than the ecosystem
18 restoration.

19 CHAIRMAN MADIGAN: Eugenia, did you want to
20 add to that?

21 MS. LAYCHAK: Well, what we have been --
22 actually, maybe I should just do a very, very quick
23 review.

24 The assurances work group since your
25 October BDAC meeting where we spent a lot of time

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1 discussing the ecosystem restoration entity and also
2 overall governance, has been working on the issue of
3 overall governance of the CalFed program. If you
4 recall -- and what we mean by that, is that there has
5 been some -- there is discussion as to how the CalFed
6 program as a whole should be managed or should be
7 governed, you know, in the future and during Stage One
8 especially.

9 And the conclusion of BDAC in October was
10 that before you can even make a decision on an
11 ecosystem restoration entity, you have to make the
12 decision. You have to make a decision on what that
13 governance structure is going to be on the upper
14 level. So that's what the work group has been working
15 on now.

16 And also, before the lunch break, Sunne
17 even put a proposal to BDAC that maybe the work group
18 spend the next -- two more months working on that
19 issue, maybe invite some other BDAC members to discuss
20 it in those group meetings. We have a -- currently
21 there is an assurances work group meeting that is
22 scheduled for February 24th in the afternoon and we
23 will get the notices out to the BDAC mailing list on
24 that and also the people who regularly attend the
25 assurances work group meetings.

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1 But the point that I'm making is that the
2 work group is working on it. We now have a suggested
3 deadline for finishing up the work group discussions
4 on that topic and then bringing forth the results of
5 those discussions, the work group discussions to BDAC
6 in March.

7 CHAIRMAN MADIGAN: Hap?

8 MR. DUNNING: The only thing about the
9 March deadline is there also is work going on that
10 Michael Mantell (phonetic) is involved in trying to
11 get foundation funding in order to have sort of an
12 expert panel or something like that come together, and
13 we wouldn't want to finish our work without having
14 that process come to completion and let us benefit
15 from their insights.

16 Now, I don't know whether he'll get funding
17 and I don't know if that whole thing will happen.
18 Maybe Lester can give us an update on that. But that
19 might mean it won't be March, Sunne. It might be a
20 little bit after.

21 EXECUTIVE DIRECTOR SNOW: I don't think
22 there's any question about the expert panel -- I'll
23 use that phrase -- happening. I think some foundation
24 money has been secured to do that so that will be
25 proceeding.

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1 I think one of the issues that's driving us
2 getting a basic framework with some detail together is
3 really the legislative process. There are members of
4 the legislature that I think are entertaining bills as
5 we speak to address the CalFed governance issue. It
6 sure would be nice for CalFed to express some interest
7 and guidance in what we think that is.

8 MR. DUNNING: One thing, Lester. This
9 whole effort by Mike Mantell has been entirely
10 independent from our work group. He's never attended,
11 we've never heard from him, we've never communicated
12 to him. I would hope in working out who is going to
13 be on this panel and how it's going to proceed, there
14 would be some kind of coordination that could go on.

15 EXECUTIVE DIRECTOR SNOW: I think that's
16 reasonable.

17 CHAIRMAN MADIGAN: Okay. So the first
18 proposal then before the house is the notion of taking
19 the assurances work group and giving it a clear focus
20 on governance. And in anticipation of that happening,
21 we have asked EZE Burts if he would agree to be
22 co-chair and he has said that he would. I would
23 encourage your participation and attendance under the
24 guidelines we discussed before lunch.

25 EZE, thank you so much.

1 All right, Roberta. Thank you.
2 Alex?

3 MR. HILDEBRAND: (inaudible) But swap me.

4 CHAIRMAN MADIGAN: Okay, I understand.

5 EXECUTIVE DIRECTOR SNOW: Next.

6 MS. LAYCHAK: Do you want to go on to
7 ecosystem restoration?

8 CHAIRMAN MADIGAN: I do.

9 MS. LAYCHAK: Do you want me to review the
10 recommendations and we can work from there?

11 CHAIRMAN MADIGAN: Yep.

12 MS. LAYCHAK: Okay. Ecosystem
13 restoration --

14 CHAIRMAN MADIGAN: Hang on a second.
15 Roberta, do you want to introduce it?

16 MS. BORGONOVO: I just thought we basically
17 accepted them.

18 CHAIRMAN MADIGAN: You thought we
19 basically -- would you do me a favor and turn the mike
20 toward you when you speak? It's hard for me to hear
21 up here. I don't know whether it's bouncing off the
22 wall wrong or what, but --

23 MS. BORGONOVO: I actually thought that we
24 had discussed them and thought that they were good
25 recommendations. I think the only caveat I added is

1 All right. Eugenia, thank you. Thank you,
2 Hap.

3 MS. LAYCHAK: Other BDAC members -- I mean,
4 I'm just -- actually I'm just going to maybe throw
5 in -- throwing you for a curve here but the
6 recommendation in the assessment says that there
7 should be maybe a minimum of five BDAC members. And
8 so, I don't know if that's the correct number but I'm
9 just wondering if at this point you want to ask or --

10 CHAIRMAN MADIGAN: Do I want to seek
11 volunteers as we go?

12 VICE CHAIR McPEAK: Who else has been
13 attending, Hap?

14 MR. DUNNING: Well, Stu has been sometimes;
15 Alex has been sometimes; Roberta went to our joint
16 meeting. Am I missing anybody else that -- Bob,
17 you --

18 MR. RAAB: The first year I was there.

19 MR. DUNNING: For the first year.

20 CHAIRMAN MADIGAN: Who else wants to
21 volunteer? Stu, you're good for it. Bob, good.
22 Thank you. Mike, was that a head nod like okay?

23 No. Okay. That was a head nod like keep
24 going, don't look at me? I got you.

25 Roberta? Howard?

1 that I would like the work group to discuss it, which
2 we will on Tuesday, and then allow us to come back if
3 there is any further direction.

4 CHAIRMAN MADIGAN: Okay.
5 Hap?

6 MR. DUNNING: Well, the recommendations are
7 a little odd because they say basically terminate the
8 work group soon, and they also say appoint a minimum
9 of four BDAC members.

10 Also, if I can go back to assurances, Mike,
11 one of the assurances recommendations in addition to
12 having five BDAC members was to have one member of the
13 policy group.

14 VICE CHAIR McPEAK: Yes.

15 MR. DUNNING: Can we produce that somehow?

16 CHAIRMAN MADIGAN: Lester?

17 VICE CHAIR McPEAK: Lester will.

18 CHAIRMAN MADIGAN: Lester will see to that.

19 VICE CHAIR McPEAK: Mr. Chairman, when we
20 went through the list I think we've picked up -- we've
21 got at least one representative from the agricultural
22 community perspective, a couple from
23 environmentalists. What I'm not hearing is urban, and
24 that's why I went over to talk to Byron. And he
25 assured me that somehow, either we could draft him or

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1 he would have representation there and I'm happy to
 2 draft him so he has that directive.
 3 CHAIRMAN MADIGAN: All right.
 4 VICE CHAIR McPEAK: What do you want to do,
 5 Mr. Chairman?
 6 CHAIRMAN MADIGAN: What do you want to do,
 7 Byron? Are you going to volunteer in the absence of
 8 somebody else stepping forward?
 9 MR. BUCK: Which group are you talking
 10 about?
 11 VICE CHAIR McPEAK: Your group.
 12 MR. BUCK: We will have --
 13 CHAIR McPEAK: EZE and Byron.
 14 VICE CHAIR McPEAK: EZE's business. He's
 15 business.
 16 MR. BUCK: That's separate from urban?
 17 VICE CHAIR McPEAK: Separate from urban
 18 water.
 19 MR. BUCK: We will have folks there engaged
 20 in it at the technical level, but if you're looking
 21 for BDAC policy representation --
 22 CHAIRMAN MADIGAN: Yeah, BDAC policy.
 23 MR. BUCK: Now I can tell my board you
 24 asked me and that would be okay.
 25 CHAIRMAN MADIGAN: Great.

1 MS. LAYCHAK: That's the proposal, is that
 2 it stay kind of as a separate group until the
 3 scientific review panel process is finished in the
 4 spring.
 5 MS. NOTOFF: Are we going to add some new
 6 blood, though, then? Because I think a lot of times
 7 it's just Roberta by herself as a BDAC member.
 8 MS. SELKIRK: That's what I'm saying.
 9 CHAIRMAN MADIGAN: Yes.
 10 MS. SELKIRK: That's what I'm asking for.
 11 MS. LAYCHAK: So those BDAC members who are
 12 interested in helping put together and help -- put
 13 together the scientific review panel process, which I
 14 believe will be scheduled for mid-April, and possibly
 15 a follow-up meeting after that, right, to kind of wrap
 16 up from that process. That would be -- it would be
 17 very helpful to get some BDAC members to help with
 18 that.
 19 CHAIRMAN MADIGAN: Gene, there's one.
 20 Thank you.
 21 Yeah, we will follow up with people that
 22 aren't here. We will get a representative
 23 cross-section of BDAC to participate in it.
 24 All right.
 25 MS. NOTOFF: What are the groups we are

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1 Okay. Let's go back to ecosystem and
 2 Roberta's point that we have looked at this and Hap's
 3 subsequent point that we are going to add people to
 4 it.
 5 Mary?
 6 MS. SELKIRK: I just want to acknowledge
 7 there was some -- as Hap pointed out, some confusion
 8 in the recommendation. What -- bottom line is we are
 9 looking for commitment from BDAC members to reinvest
 10 some time in the work group along with Roberta and
 11 the -- some of -- I think there is -- Annie I know has
 12 been attending intermittently on the work group. No,
 13 not recently.
 14 Anyway, there is going to be another
 15 spring -- another scientific review panel in the
 16 spring that has a very specific task that I think
 17 would benefit extremely well from input from people
 18 from this council. So on that basis, I encourage
 19 those of you who have time to make available to get in
 20 on the design of that panel and participate in the
 21 work group in the next several months.
 22 CHAIRMAN MADIGAN: Ecosystem restoration.
 23 MS. SELKIRK: Yeah.
 24 MS. NOTOFF: So it's going to be separate
 25 from the other group then for a while?

1 trying to enlist more support for?
 2 MS. SELKIRK: Governance, ecosystem and
 3 watershed.
 4 MS. NOTOFF: Just those three?
 5 MS. SELKIRK: Right.
 6 MS. LAYCHAK: So in terms of watershed
 7 management, we're just continuing -- what we're
 8 suggesting in the recommendation is that the group
 9 kind of continue with the role and with the
 10 responsibilities that it has had over its short six to
 11 seven months which is to really help with development
 12 of the watershed management program.
 13 CHAIRMAN MADIGAN: Mr. Meacher, who has
 14 been attending with you on --
 15 MR. MEACHER: Martha Davis, she's the
 16 co-chair.
 17 CHAIRMAN MADIGAN: The late Martha Davis?
 18 MR. MEACHER: Yes, but even though --
 19 CHAIRMAN MADIGAN: Who is resigning
 20 eminently I noticed in our --
 21 MR. MEACHER: Even though Martha is no
 22 longer on BDAC --
 23 MR. DUNNING: She's eminent.
 24 MR. MEACHER: Even though she's no longer
 25 on BDAC, she -- we checked into it and there is

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1 apparently no legal reason why she can't continue
2 co-chairing that. So she's in as a stakeholder.
3 CHAIRMAN MADIGAN: Well, I think Martha's
4 involvement in anything we do is obviously welcome,
5 but the issue however is to get some current members
6 of BDAC on the panel.

7 Roberta and then Ann.
8 MS. BORGONOVO: I just have a comment.
9 Perhaps the eco work group can also look at
10 opportunities if the watershed sets up different
11 meetings at different places, if there are ecosystem
12 elements that might be a discreet meeting that people
13 from BDAC might attend.

14 MR. MEACHER: One of our goals is, I think
15 I said earlier, is to meet with whatever is left
16 standing of the other work groups or however they are
17 reconfigured, to establish those linkages. Because
18 what we hear, as I said earlier, is that the other
19 common programs, if they are seeing a watershed
20 component to it, are jettisoning those assuming that
21 the watershed will pick it up. And we just hear that;
22 we don't know if it's actually taking place.

23 So linking what we are doing with the other
24 common programs, I think, is one of our work group
25 goals of the year and that would mean meeting with

1 position as Executive Director of California Lands,
2 and apparently legally there is nothing that keeps her
3 from co-chairing. And the work group participants,
4 stakeholders, thought it would break the continuity if
5 she wasn't still there.

6 So that -- that's a comfort level on their
7 part to keep Martha co-chairing with me. However, I
8 think there is still room for some discussion because
9 we've always wanted more interest from other BDAC
10 stakeholders to attend those meetings. So, any of you
11 folks that can see your way there, we'd appreciate it.

12 MS. BORGONOVO: I wanted to support Martha
13 continuing as chair if there is no objection to that,
14 but also follow up on Annie's suggestion. I think
15 what Annie is saying is that if there's additions to
16 BDAC, we should still need to fill the place. There's
17 still room on BDAC and there will be further energy
18 coming into the work groups. So I don't see that one
19 decision excludes the other.

20 CHAIRMAN MADIGAN: Do I detect by your
21 silence, agreement that watershed moves forward, that
22 we re -- that we pull in Martha's replacement as well
23 as other interested members of the group to keep it
24 moving forward, okay?

25 Eugenia?

1 those other work groups and the staff and the policy
2 group.

3 CHAIRMAN MADIGAN: Ann?
4 MS. NOTOFF: I was just going to suggest I
5 think we need to -- as I was talking about earlier, we
6 need to fill out the BDAC table. We clearly have one
7 empty seat with Martha leaving and I certainly think
8 that we should replace her with at least a
9 representative from the watershed -- another watershed
10 representative so maybe that would be a likely
11 co-chair, if we have a new person.

12 CHAIRMAN MADIGAN: Yeah, if we can find
13 somebody who --

14 MS. NOTOFF: If there is not somebody else
15 in obviously interested in coaching.

16 CHAIRMAN MADIGAN: Yeah.

17 Okay, Mary says we will have new members by
18 the next meeting.

19 Okay.

20 MR. MEACHER: I understand the Sierra
21 Nevada Alliance will be appointing someone to take
22 Martha's place. I think that's who she was
23 representing here, but Martha and the Alliance were
24 sort of interested in her continuing on. The only
25 reason she left BDAC was a conflict with her new

1 MS. LAYCHAK: (Inaudible).

2 CHAIRMAN MADIGAN: Then they will be --
3 yes, we will. Yeah, yeah. It's one of the two. We
4 are no longer in the education phase of the activity
5 or the seeing where the easy-consensus-is phase.
6 Everybody has got to play that. And I'm telling you
7 the last 10-K is no fun.

8 MS. SELKIRK: We are getting the ball.

9 MS. NOTOFF: I support that.

10 MS. LAYCHAK: With the other two work
11 groups, we are actually recommending that they be
12 retired and we talked about a little about both of
13 them, water transfers and finance. And so I guess
14 really what we are looking for here is a decision from
15 BDAC as to whether that is the direction it wants to
16 go with those two work groups.

17 CHAIRMAN MADIGAN: Eric?

18 MR. HASSELTINE: In looking at this, I
19 don't have a problem with retiring the finance group,
20 per se. But obviously this is going to be a very key
21 factor in where we go from here for this whole
22 program, and it's always been an issue that has been
23 there as being critical to the whole program. It just
24 seems like the time never really came where we could
25 put the resources and effort into it previously.

Need watershed
Members by
2/24 mtg.

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1 I guess I would prefer not to see documents
2 that say -- declare that the work group's objective
3 was attained or reached or accomplished. I don't
4 think it was. Certainly not the objectives that the
5 work group set forth for itself when we started, what
6 was it, two or three years ago.

7 We had hoped to start with the whole
8 benefits base approach and to sort of define what that
9 meant and to somehow work our way into a method of
10 determining the beneficiaries and the allocation of
11 benefits to those beneficiaries and then convert that
12 somehow into an allocation of costs for the programs.
13 And we never got to that, really, for a variety of
14 reasons and we spent a lot of time developing basic
15 principles and other supporting policies for what
16 would eventually be the finance plan. But we never
17 really got to the finance plan.

18 Now looking at the financing plan that's in
19 the Phase 2 document, I agree 100 percent with what it
20 says. It's a very good summary, I think, of where we
21 need to go from here and contains several of the
22 elements which we originally had been trying to
23 accomplish through the work group.

24 The work group did meet pretty regularly,
25 good attendance, a lot of interest. We ran into some

1 bring a little of the theory back into play.

2 MR. HASSELTINE: Yeah, I think that's
3 critical. One of the things that we were going to try
4 to do and it was talked about earlier today, was to
5 try to identify where the deficiencies in funding are
6 for the various components of this plan. And
7 actually, life sort of got progressively simpler as we
8 moved from the whole program where we were trying to
9 do everything at once for all time into the Stage One
10 and began to focus more on the common programs because
11 they were going to be the initial portions of
12 Stage One.

13 And so we did attempt to define what the
14 existing funding streams were for the Phase 1 programs
15 and to look over the seven to ten years for Phase 1 as
16 to how those streams would be maintained and whether
17 or not they in and of themselves would be adequate for
18 that program; if not, where were the deficiencies and
19 how would they be met.

20 And I think we did a fair amount of work on
21 that as it pertains to the ecosystem restoration,
22 which was the easiest one because that had the most
23 money already assigned to it. We had hoped to get
24 into each of the other common programs, but never
25 really got to that in the time that we had.

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1 obstacles and got ourselves into loops that we just
2 couldn't get out of on certain issues, which I think
3 was unfortunate.

4 Perhaps, you know, a restructuring and a
5 modification of the approach having been through that
6 exercise, is appropriate at this time and so that we
7 don't get into that same kind of thing as we try to
8 move ahead to address this financing plan that's been
9 set forth. So --

10 CHAIRMAN MADIGAN: It would seem, and Sunne
11 said it earlier today, that there is a value to this
12 operation because of its background and knowledge and
13 all of the various issues affecting CalFed, that we
14 ought to be playing more of a role in terms of
15 assisting the legislature when they put together the
16 next bond package, the next billion dollar run at this
17 affair. And maybe we ought to be thinking about how
18 the finance work group effort perhaps augmented
19 becomes part of that effort, Mary and Eugenia, because
20 for all of the theory embedded in much of the
21 financing here, it does tend to get pretty practical
22 at the end of the day over in the legislature and
23 maybe we could be of a little more use by
24 participating a little more formally in that end of
25 things. And then as things shape up, maybe we can

1 So, I mean, I think this has to come
2 together and I think what you're saying is a --
3 something that we definitely should be involved in and
4 should certainly stay on top of, but it's also only
5 part of the overall picture that we want to look at
6 here because that only relates to a portion of the
7 public funding.

8 CHAIRMAN MADIGAN: I agree, but maybe for
9 the moment because we are being just intentionally
10 practical about that, we ought to -- we maybe ought to
11 either call it by a different name but maintain the
12 same expertise and bring in a couple of other people,
13 the obvious people being somebody like a Steve Hall as
14 Sunne mentioned earlier, who was so intimately
15 involved in the last couple of rounds of negotiations,
16 and attempt to apply some of what we have learned
17 around here to those -- to that next bond package when
18 it goes together and maybe you can come back next
19 month with a recommendation as to how we might do
20 this.

21 Mary and Eugenia, would that be okay?

22 MS. SELKIRK: Okay.

23 CHAIRMAN MADIGAN: All right, okay.
24 Sunne, did you want to add to that?

25 VICE CHAIR McPEAK: No.

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1 CHAIRMAN MADIGAN: Okay. Bob?
 2 MR. RAAB: I just want to back up what
 3 Eric's summary was on the finance committee. I took a
 4 count -- head counts at several meetings and I would
 5 say greater than 80 percent of the attendees at the
 6 finance committees, they were pretty well attended,
 7 18, 20, 25 people, more than 80 percent were from
 8 irrigation districts, urban districts, state water
 9 projects, DWR, and Bureau of Reclamation. Now it may
 10 or may not be a coincidence that, as Eric says, we
 11 just did not engage in beneficiary pays in what I
 12 thought was a meaningful way.
 13 And I put it to you, Mr. Chairman, given
 14 that there should be another attempt to have some kind
 15 of a BDAC finance work group, if there is any credence
 16 in what I say, it's likely that 80 percent or more of
 17 the people who will attend finance meetings will be
 18 from water districts.
 19 CHAIRMAN MADIGAN: And it seems to me that
 20 what we have to do around here, and this applies to
 21 ecosystem restoration as well as to finance, is have a
 22 cross-section of participation in BDAC in those
 23 precisely for that reason. I don't want all the water
 24 districts attending finance and only the environmental
 25 interests attending ecosystem restoration or only the

1 before lunch. One of the suggestions was that some of
 2 the discussions were getting possibly a little bit --
 3 we are getting very technical and so maybe we need a
 4 different group of people to discuss those issues, and
 5 also those discussions may not necessarily have to
 6 happen under the BDAC umbrella.
 7 CHAIRMAN MADIGAN: Comments, anybody?
 8 Roberta.
 9 MS. BORGONOVO: I like the idea, however,
 10 if it's a topic that's come before BDAC that it would
 11 come back here. I really thought that's what Alex was
 12 suggesting. So I don't think it's important if it's,
 13 quote, a BDAC work group, but what is important is
 14 whatever the deliberations are, it comes back with the
 15 policy decisions so there's some discussion.
 16 CHAIRMAN MADIGAN: Okay, all right.
 17 Okay. Have we covered the issues that you
 18 wanted to talk about, Eugenia, Mary?
 19 MS. LAYCHAK: Yes.
 20 CHAIRMAN MADIGAN: All right, fine. Thank
 21 you all very much for your participation in that.
 22 I said earlier that I would take out of
 23 order the progress report on agricultural water use
 24 efficiency recognizing that several of you had a
 25 potential conflict later in the afternoon. I want to

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1 governance specialists attending governance or
 2 anything else. That's what we've got to avoid.
 3 If we've got any shot at consensus on some
 4 of these things, it's going to be because we've had
 5 broad participation in the variety of issues before
 6 the house. I agree with you completely.
 7 I'm simply picking up on what I thought was
 8 a really good idea this morning and saying that this
 9 gives us an opportunity to focus on some of the
 10 intense practicalities of the matter at this moment,
 11 bringing to bear on that some of the expertise that's
 12 been developed in some of these conversations, perhaps
 13 the more theoretical conversations that have
 14 transpired in terms of finance around here. And then
 15 at some point, when we have some sense of what the
 16 practical limits are of finance, bring it back because
 17 I think it is going to come back. It's going to come
 18 back, you know, with some regularity over the next 30
 19 years. We might as well have a home for it.
 20 Okay. Next?
 21 MS. LAYCHAK: Water transfers.
 22 CHAIRMAN MADIGAN: Water transfers.
 23 MS. LAYCHAK: We are recommending
 24 retirement of that work group but related discussions
 25 to occur in other venues and we discussed that briefly

1 do that now.
 2 Mary is going to introduce the subject
 3 or --
 4 MS. SELKIRK: Thank you, Mike.
 5 Since the late fall, CalFed had convened
 6 a -- two efforts to address some of the specific
 7 outstanding issues on this and with regard to ag water
 8 use efficiency and developing the CalFed program. The
 9 first was an ag focus group that has met through up
 10 into the Christmas holiday, did a discreet piece of
 11 work that is going to be presented to you today.
 12 But in addition to the ag focus group,
 13 BDAC -- I think Roberta was one BDAC member who
 14 participated on that focus group, there are also at
 15 least one other member of the ag focus group who is
 16 here today. I know you had a very short summary of
 17 the proceedings of that focus group at the last BDAC
 18 meeting in December. But we're going to have a full
 19 progress report from Tom Gohring, who is CalFed's
 20 staff, along with Bennett Brooks, who works with
 21 Concur and with Scott McCreary and has been involved
 22 in the facilitation of the focus group, and also Tom
 23 Hagler from US EPA who has been extremely active with
 24 the focus group. Also, Tom is going to give you --
 25 describe to you the outcomes of the ag water use

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1 efficiency expert panel that was convened in early
2 December. I think they convened pretty much right in
3 the same week that BDAC last met in December.

4 So, I think this whole effort is a good
5 example of how focused stakeholder CalFed interaction
6 and deliberation can really work to the benefit of
7 deepening the program in a way that has broad or
8 hopefully will have broad constituent support and
9 broad public support.

10 MR. GOHRING: Thanks, Mary. Appreciate
11 being here today.

12 Before I jump in I would like to introduce
13 a few people. First of all, sharing the makeshift
14 podium with me up here is Bennett Brooks. Bennett is
15 an associate with Concur, Inc. out of Berkeley. You
16 may remember Concur and one of its principals, Scott
17 McCreary, were involved in facilitating the ecosystem
18 expert panel about a year ago, a year and a half ago.
19 Concur, both Scott McCreary and Bennett were really
20 instrumental in helping us work through both the
21 expert panel on water use efficiency and the focus
22 group.

23 And so Bennett has been kind enough to be
24 here today to help us talk not as much about where we
25 ended up but how we got there because, at least for

1 about the two efforts that Mary mentioned, both the
2 independent review panel on ag water use efficiency
3 and the stakeholder focus group on the ag section.
4 For each of those topics I'm going to talk about the
5 purpose, the process and the outcome.

6 And finally, I'm going to throw out what I
7 think are some implications at least for the water use
8 efficiency program, maybe some broader implications
9 for CalFed in general.

10 Before I jump into my overall progress
11 report there are a few other people I want to
12 introduce. Mary already mentioned that Roberta
13 Borgonovo was one of the members of the ag focus
14 group. We have a few other members here today. Tom
15 Hagler from EPA is in the back of the room. Steve
16 Schaeffer from Department of Food and Ag is also here,
17 and Ronnie Cohen from NRDC is here as well.

18 And at a few points in my talk I'm --
19 pardon? Laura, did I leave you out? And Laura King
20 is here as well from the San Luis Delta Mendota Water
21 Authority.

22 At a few points in my talk I'm going to ask
23 the indulgence of those folks to sound in and give
24 their two cents' worth on some of these topics.

25 So really quickly, where the program is at

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1 me, the process we used was quite new. And so I
2 thought it worthy to mention a little bit about that.

3 CHAIRMAN MADIGAN: Stu?

4 MR. PYLE: Would you please explain Concur,
5 that is a new term to me.

6 MR. GOHRING: I --

7 MR. PYLE: I understand the dictionary
8 meaning. I mean I don't know the group.

9 MR. GOHRING: Bennett, would you like to --

10 MR. BROOKS: We are a consulting firm with
11 offices in Berkeley and Sacramento, and also in Santa
12 Cruz, and we work facilitating public policy disputes
13 in environmental natural resource land use areas, also
14 provide training in dispute resolution and strategic
15 planning.

16 MR. PYLE: Thank you.

17 CHAIRMAN MADIGAN: Thank you.

18 MR. GOHRING: Thanks, Bennett. Stu,
19 thanks.

20 I'm going to cover three broad points
21 today. One is a quick progress report on the water
22 use efficiency program in general. And, in essence,
23 what I'm going to do is just summarize our Stage One
24 actions which you will find in your Phase 2 report.

25 Then I'm going to talk most of the time

1 right now, in your Phase 2 report you will find a set
2 of Stage One actions that list 14 separate actions. I
3 didn't want to list all 14 of them here. I had the
4 opportunity twice over the last two weeks to present
5 those 14 actions to a couple of different agricultural
6 groups, and it just put them to sleep. And I didn't
7 want to do that to you all, so instead, I've got a few
8 quick bullets that hit the highlights.

9 I think one of the cornerstones of the
10 program is an incentive based approach and that
11 includes both -- that covers both the ag, urban,
12 refuge and the recycling programs. I think the
13 recognition there is that a regulatory approach tends
14 to put people in the mode of looking for loopholes.
15 The incentive approach kind of, we hope, will unlock
16 people's creativity.

17 We have got some actions related to agency
18 assistance, things that we hope will help build on
19 existing programs at the -- conservation programs at
20 the NRCS, Bureau of Reclamation, and Department of
21 Water Resources, et cetera. Our program uses to some
22 extent some of the existing conservation efforts; the
23 Ag Water Management Council, the California Urban
24 Water Conservation Council, and the Interagency
25 Cooperative Program which is a refuge program.

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1 I want to mention, though, that although
2 the program, particularly the ag program is using --
3 is planning to rely on -- at least partially on the Ag
4 Water Management Council, I wouldn't -- I think it
5 would be a stretch to say that we have broad agreement
6 among the environmental community on strong reliance
7 on the council. I think for now, the environmental
8 reps have said, we are willing to use them for part of
9 the program but development of some of the other
10 pieces are definitely important for continuing support
11 of that idea.

12 We have got some actions related to doing
13 research and establishing some reference conditions.
14 We plan to set up some public advisory committee work.
15 We have some stuff on developing measurement of water
16 use in California, and finally there are some
17 references to looking at water rights and water
18 marketing.

19 Roberta, do you have any comments on those
20 before I move on to the -- particularly the ag
21 sections?

22 MS. BORGONOVO: No, I think that if you go
23 all the way through, what was interesting to me was
24 that it definitely was building on the work that had
25 already been done. It was also bringing in

1 terms used in the debate. I know that personally on
2 several occasions I had the opportunity to have some
3 debates with some of my colleagues about the meaning
4 of the word efficiency. And so we had -- we were
5 trying to have a dialogue and I don't even think we
6 were communicating with the same vocabulary.

7 I think there was a lot of disagreement
8 over the program potential, both what the overall
9 objectives of the program are, and the numerical
10 potential, the quantitative potential of conservation.

11 We had real disagreement over assurances,
12 you know, how do you guarantee that a good faith
13 effort of conservation is being done. As a result, we
14 had no real clear foundation to work on, no trust, and
15 I think -- I think as a staff member we saw one of our
16 big challenges was trying to bound the problem because
17 I think the world of conservation is a really big
18 world and putting boundaries on that and making
19 something that's practical and workable was a really
20 key part of the challenge.

21 So -- you know, I know that this thing is
22 crooked and I keep trying to compensate and I keep
23 going the wrong way. There we go.

24 We came up with a two-track approach. And
25 when I say "we" came up with it, it was really the

1 stakeholders with some balance. I think there was an
2 attempt also to really jump-start the program and to
3 see if we could get past some of the barriers that had
4 been there. So, I'll just let you go all the way
5 through, see how it goes.

6 MR. GOHRING: Okay, thanks. Feel free to
7 cut me off if I go afield, would you?

8 Let me go back. I'm going to really focus
9 now on the ag part of the water use efficiency program
10 because I think that six months ago or so the program
11 really had a big rift in it. You may recall that the
12 water use efficiency program received over a thousand
13 comments from the draft EIS that was put out last
14 March and as we all know, you know, no one ever
15 submits a happy comment. So, you know, there was a
16 lot of criticism of where we went. Back in July, we
17 had no real consensus around where the ag program was
18 going.

19 We -- as we are now we were talking about
20 incentives, we were talking about using existing
21 programs but, boy, there was a lot of disagreement. I
22 think we really had some entrenched stakeholder
23 positions. I think by and large we had people talking
24 at each other, not with each other.

25 We had significant disagreements over the

1 result of some really nice input from stakeholders
2 from other agency reps. One of the approaches was a
3 technical component. We said, we will go and convene
4 an independent review panel on ag water conservation
5 potential.

6 That concept was not new. We, for the most
7 part, tried to model that panel after the ecosystem
8 restoration panel. The key question we tried to
9 answer there was, what's the potential of ag
10 conservation and how do we get there? And again, by
11 "potential," I mean what are the overriding objectives
12 of the conservation program and what are the
13 quantitative potentials as well.

14 We also had a parallel policy effort which
15 was the ag focus group. The question we were asking
16 there is, how can CalFed assure that good faith
17 conservation, meaningful conservation happens? We've
18 been told loud and clear that a strong demonstration
19 of efficient water use will be a cornerstone to much
20 of CalFed. So how do we do that? How do we know we
21 got there?

22 I think a big advantage of the parallel
23 tracks is that it allowed us to get together a small
24 group of policy folks who could focus on policy and a
25 small group of eggheads, of technical experts who

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1 could focus on the technical questions. And in a way,
2 we lucked out because we had staff and facilitators
3 who are involved in both so we were able to really
4 keep our eye on where the overlaps were and where the
5 gaps were.

6 So let's see, first I'm going to talk
7 about -- oh, I've got one other overview piece. We
8 had some guiding principles. Of course, CalFed's
9 solution principles are always a given, but we added
10 to those for our -- our short effort on this policy
11 and technical effort. We said, we want a credible
12 process, something that if a member of the National
13 Science Foundation came in and said, "What did you
14 do," we would feel that we could hold our head up and
15 say, "We did a credible job."

16 We wanted relevant and timely work
17 products. We didn't want to convene a bunch of people
18 and talk and when we're done have nothing to show for
19 it.

20 We wanted strong stakeholder involvement.
21 And I don't need to tell BDAC members why that's
22 important. But we wanted to balance -- we wanted to
23 balance -- stakeholder balance and we were looking for
24 a way to kind of unlock the creative process of our
25 members. And we were looking for a way to have a

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1 focus group, which I'll talk more about in a moment,
2 has sent a memo to staff asking that their work in
3 some way continue during 1999. That was a joint memo
4 from that group.

5 So let me shift gears and talk a little bit
6 more about the technical effort, the independent
7 review panel on water conservation. The purpose of
8 that effort was to review, critique, and provide
9 recommendations for strengthening the ag part of the
10 water use efficiency report. That program report for
11 the water use efficiency program had a lot of
12 doubters; a lot of folks said the numbers are too
13 high, the numbers are too low. We were looking for a
14 way to either -- either verify that the numbers are
15 okay or give us some idea how to straighten them if
16 they are not okay.

17 We also wanted a pathway, how to make a
18 connection between these things we want to happen in
19 the Bay-Delta system and things that can happen out in
20 the ag water management landscape. So those were the
21 things we were looking for and we wanted a set of
22 technical experts to help us get there.

23 I'm going to talk little bit about process
24 now, but actually what I'd like to do is turn this
25 part over to Bennett, being the process guru, to tell

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1 willingness to discuss, you know, things outside the
2 box.

3 We wanted small groups because we wanted it
4 to be a working group, not a congress. We wanted
5 strong direction and, basically, the way we got that
6 was through a strong set of facilitators and neutral
7 facilitation. Before I go into some information on
8 the -- each of those individual tracks, let me give
9 you just a hint of where we ended up, kind of the big
10 picture results.

11 Does it only bother me that that's crooked
12 or does it is bother others?

13 We got people talking. We have
14 environmental representatives and ag representatives
15 talking about conservation. Talking, not screaming.
16 That's pretty significant. We've got some agreement
17 on key concepts, the old definitions of irrecoverable
18 loss and recoverable loss. I think we're on the same
19 page on that stuff, and I think that's pretty
20 significant also.

21 We've got some emerging consensus. As I
22 mentioned a moment ago, some of that consensus is
23 contingent on some continued progress, but for now it
24 looks like we've got some agreement and we've got a
25 foundation for continued discussions. In fact, the ag

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1 us a little bit about the process and I can get a
2 drink of water.

3 MR. BROOKS: Okay. Thanks, Tom.

4 First let me apologize that Scott McCreary,
5 one of the firm's two principals isn't here today.
6 He's actually in Israel participating in a conference
7 on water disputes in the Middle East. So I'm assuming
8 when he gets back he'll have some insights that will
9 make us feel better about where we are right now.

10 CHAIRMAN MADIGAN: Hopefully we've trained
11 him well for that task.

12 MR. BROOKS: We'll find out.

13 What I would like to do is talk a little
14 bit about the process of the independent review panel,
15 and really the over-arching structure of how we
16 approached this panel was driven by two main factors.
17 One really goes back to the guiding principles.

18 We needed to create a process that was
19 credible, that would be credible to stakeholders and a
20 broader community that was forged in stakeholder
21 involvement which, of course, gets right to the heart
22 of its credibility and also would be relevant. We
23 didn't want to get to the end of the panel and have a
24 bunch of answers to questions that weren't going to
25 inform CalFed's program, that weren't going to further

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1 the discussion.

2 We also wanted to structure a process, as
3 Tom said, that really borrowed a page from the
4 ecosystem restoration program which we facilitated
5 about a year ago. And, typically, in this kind of
6 process when we are putting together a panel like
7 this, it's neither a blue ribbon panel nor adversary
8 panel.

9 What we are trying to do is pull together
10 experts along with expertise from each of the
11 stakeholder groups that can work collaboratively to
12 try to address technical issues. Hence, throughout
13 the process it's a matter of tying in the
14 stakeholders, making it part of the process and really
15 making it a dialogue and not a pronouncement from a
16 panel of experts from on high.

17 I'll talk a little bit about each step of
18 the process, the prepanel process, the panel
19 deliberations process, and then post panel. And just
20 in terms of how we worked with CalFed, Tom and Scott
21 and I worked very closely. We were probably on the
22 phone every day for just months, and I think we all
23 feel that that was a very important contributor to how
24 it worked out, just being able to collaborate that
25 closely and work that closely.

1 In terms of the prepanel process, really
2 the key there and what we were trying to do was lay a
3 foundation, a solid foundation for the discussion.
4 The first step was starting with some specific
5 questions and a structured agenda. Those questions
6 and those -- and that agenda really came from CalFed
7 staff. That was the impetus and that was the starting
8 point.

9 The next step was to layer in stakeholder
10 involvement and that was really in three specific
11 areas, one in terms of getting input from stakeholders
12 on the panels, who would be credible? What were the
13 voices that were needed? What kind of people would be
14 respected?

15 Secondly, as part of this panel we invited
16 each of three broad stakeholder groups, agricultural,
17 environmental and then CalFed agencies, to name three
18 technical representatives. And these technical
19 representatives would be there to provide their
20 expertise, to ask questions, and to provide -- to
21 provide answers that the panelists them might not know
22 or might not be aware of.

23 Finally, the stakeholders were very
24 involved in framing the questions. As I said, we
25 started with some specific questions that came from

1 CalFed. In October, we had a scoping session and at
2 that scoping session we brought together the panelists
3 and stakeholders and kicked around those questions for
4 a full day. And at the end, we came out with a very
5 different set of questions for the panel to deliberate
6 on, questions that would have more relevance to
7 stakeholders, more relevance for CalFed as it moved
8 forward.

9 The next step in the prepanel process was
10 obviously choosing five panel -- choosing panelists
11 with complimentary expertise. Five was a good number,
12 again, we wanted to keep it small so that it would be
13 collegial and they could work well together, but it
14 also needed to be broad enough so that we could bring
15 in enough expertise.

16 And, Tom, maybe you could talk for just a
17 minute about the kind of expertise we were looking
18 for.

19 MR. GOHRING: You bet.

20 I think our initial thought was if it's a
21 panel on ag water use efficiency, let's put a bunch of
22 ag engineer, irrigation experts on there. And I think
23 after checking in with some of the stakeholders and
24 some of the other agency people, we basically wizeden
25 up and we realized we wanted more of an eclectic

1 group.

2 And what we ended up having in terms of
3 technical representation was an irrigation guy, a
4 surface hydrology person, a groundwater hydrology
5 specialist, an agricultural economist, and a
6 specialist on aquatic ecosystem restoration, an
7 aquatic biologist, and that gave us a really eclectic
8 mix that helped us realize our goal of making this
9 connection between the ag landscape and improvements
10 in the Bay-Delta system. I think we ended up with
11 actually a really good group.

12 MR. BROOKS: The only point I would add to
13 that is that of the five panelists, three actually
14 came from within the state and two came from outside
15 of the state. So they, too, brought a nice mix of
16 very intimate knowledge of the issues that CalFed is
17 wrestling with as well as a distance and a perspective
18 you get from going to some experts in the field who
19 aren't steeped in this every day.

20 The other points to make here -- to note
21 here would be the last two which is the use of
22 background documents and providing policy context.
23 Tom and others within CalFed labored pretty hard to
24 provide extensive background documents and policy
25 context for the panel's discussion. I was very

1 important that everyone start with a common base,
2 understand the fit of what this panel was doing both
3 within the bigger ag water use efficiency discussions
4 and within the much broader CalFed context.

5 The panel itself was held December 14th to
6 16th. The venue was at UC Davis and while venues are
7 often overlooked, our postmortem was it was very
8 important. It was a very collegial setting, it
9 created an atmosphere -- just the atmosphere we
10 actually wanted which was people putting their heads
11 together, not butting them. And the venue we felt had
12 a real important contribution.

13 The panel worked over two days having
14 public deliberations. The structure was focused
15 around the six questions that were crafted at the
16 scoping session. Each question would be presented.
17 Tom would then provide some context about the
18 question, why the question was being asked, what kind
19 of answers CalFed was looking for, and then there
20 would be a pretty robust discussion that involved the
21 panelists, that involved the technical
22 representatives, and that involved members of the
23 public who were there.

24 After each question we would do a synthesis
25 of the answer and that synthesis was very important.

1 discussion at times. It felt at certain points that
2 people were just hanging on and trusting that the
3 discussion would get somewhere, it would wander off
4 and then a panelist might pull it back or a technical
5 representative might pull it back. And these
6 syntheses were really important in terms of grounding
7 it again in where CalFed's at and where ag water use
8 efficiency is at.

9 The last phase of the process which is
10 where we are right now, is in putting together a final
11 report. In putting together this report, we use what
12 I'd concur we call a single text approach. Very
13 simply we work off of one document and then we'll pass
14 that around for comments to the document. It's very
15 similar to what lawyers will do when they are passing
16 drafts back and forth. It's a very good way to focus
17 people's attention on the same document and not
18 compete but work together and try to come up with some
19 language that actually reflects and captures the
20 panel's deliberations.

21 We took the lead at Concur in putting the
22 report together. We asked panelists for specific
23 contributions. After a first draft was done, we sent
24 it back out to CalFed and to the panelists themselves
25 to make sure that it was accurate, that it was

1 And all along the way, these summaries helped us
2 clarify where the panel was going, what kind of
3 lessons we were drawing. And because all of these
4 questions were related to one another, it really
5 helped us begin to build -- put together some building
6 blocks for the kinds of lessons and recommendations
7 that the panel was going to draw.

8 That process of synthesis then continued
9 on. After the second day, the panel met in the
10 evening to try to look across all of its questions and
11 all of its deliberations to draw some cross-cutting
12 themes, and Tom will talk about what those themes are
13 in a minute. But, again, that level of crystalizing
14 the discussions and the synthesis was very, very
15 important. It got the panel to think together, to try
16 to draw some lessons out of the discussions.

17 Finally, the recommendations then were
18 presented to the public on the third day in the
19 morning, so people could be aware of what the panel's
20 thinking was and, of course, provide some comments and
21 some guidance.

22 I should say all along the discussions
23 among the public, among the technical representatives
24 and the panelists were incredibly important to how
25 this panel worked. It was a very conceptual

1 capturing the deliberations correctly and now we are
2 at the final phase where we are just about to
3 prepare -- present the report to CalFed which we'll
4 then distribute it to the broader stakeholder
5 community.

6 Tom, I think at this point maybe you could
7 talk a little bit more about the strengths and
8 challenges of the process.

9 MR. GOHRING: You bet.

10 Before I move into our product, let me just
11 close off the process discussion. I think it was a
12 really strong process. As I mentioned, I had not been
13 involved in a process quite like that before and found
14 it to be really useful. I think part of the strengths
15 were that it provided stakeholder input along the way.
16 We had this group of panelists at the front of the
17 room, but then we had -- literally in the room we had
18 a second tier of folks which were these
19 representatives from the ag and environmental and
20 agency groups who could sound in and answer questions.
21 It strengthened things a lot. It tempered the
22 discussion as we went along. Oftentimes it brought us
23 back to reality from a theoretical discussion to more
24 of a practical discussion.

25 The discussions were very, very

1 deliberately structured. Although we left room for
2 brainstorming at times, the single text approach
3 really gave us a nice path to follow, so we didn't
4 find ourselves just staying out on a tangent. I think
5 the experts plus the local representatives gave a
6 really nice synergy.

7 And I think another strength of the process
8 was CalFed didn't just turn this process over to
9 Concur, we really kind of became partners with them.
10 I think we essentially co-facilitated it. They
11 reviewed many of the background documents that we put
12 together. We'd run them by Concur and say, does this
13 fit the process? Is this the kind of thing we want to
14 do? And I think the partnership worked really well.

15 Challenges of the process, I mean, it
16 wasn't just a slam dunk. It was a continuing
17 challenge to keep boundaries on the discussion. At
18 one point in the second day of our deliberations we
19 were talking about whether minimum flows are the best
20 way to recover a river, you know, and what does that
21 have to do with conservation. It actually ended up
22 being a really important piece, intellectual piece,
23 but it illustrates how those boundaries have to keep
24 being set.

25 It was tough piecing together the right

1 not just the selection of the panel but even the
2 questions posed to the panel have stakeholder input
3 really helps. I see the advantage of it as trying to,
4 again, broaden the validity of any of the CalFed
5 programs giving broader public acceptance.

6 So when you have this kind of a format you
7 also have the stakeholders with their own experts
8 there, which I think also helps the panelists because
9 they not only add knowledge but they add perspective,
10 and they tend to also, I think, bring back that sense
11 of reality, what will work and what won't. And in
12 both of those processes the public is there, if the
13 public is interested, and the public has a chance to
14 interact with not just the panel but the stakeholders.
15 So, I think that that's very important.

16 I think that the other thing that has
17 always helped me is the synthesis that goes on all the
18 way through the process so that you can really track
19 where you are, and that seems to also help the group
20 stay focused so they start at one place and they end
21 up where they want to go. I think that that's really
22 important.

23 But I wanted to go back to using the
24 findings of the panel. All of us have commented on
25 that before. It's extremely important that when

1 amount of expertise, getting this eclectic group.
2 Some people were very willing but not available, et
3 cetera. Grounding conceptual with practical was also
4 a challenge. And, finally, the applying the panel's
5 recommendations and insights was -- Ben, what does
6 that bullet mean?

7 MR. BROOKS: I think one of the issues that
8 the panel talked about a lot was where do their
9 recommendations go? They put all this time and effort
10 in, they came up with a number of ideas and a number
11 of concepts that seemed important, that seemed to be
12 important to stakeholders, but to then create a
13 structure that takes this report and then folds it
14 back into the CalFed process so that the strengths of
15 what they talked about can really be integrated into
16 the effort is a challenge.

17 MR. GOHRING: With that, as I kind of --
18 right before I move into the products we ended up
19 with, Roberta, do you have any thoughts on the
20 process?

21 MS. BORGONOVO: I think that the process
22 works surprisingly well. I had also observed the
23 scientific review panel for the ecosystem work group
24 as did several people in the audience today, and I
25 think that the idea that you would have the panel --

1 CalFed undertakes a process like this which is really
2 very complicated, that the findings come back into the
3 program. So, that's why I think that I hope this
4 process sees that work come back into what ends up on
5 the final EIR/EIS.

6 MR. GOHRING: Any of the other
7 stakeholders?

8 Steve Schaeffer, Food and Ag.

9 MR. SCHAEFFER: Just a couple of comments
10 and observations. First of all, I want to emphasize
11 the importance of the technical advisors to the panel.
12 There was a lot of interaction. It got to the point
13 there were some mini seminars presented on evaporation
14 and on water reuse and there was just a wealth of
15 information that came out of it.

16 Also, in putting together that group of
17 technical advisors, working with the stakeholders,
18 there was a lot of overlap. There was a lot of
19 consensus in who those technical advisors should be.
20 I found that very interesting, given how there has
21 been so much talking past each other, yet a lot of
22 agreement as to who the technical advisors should be.

23 Finally, not only was there the interaction
24 between the technical support group and the expert
25 panel, but also there was ample opportunity for the

1 stakeholders to also engage and that was very
2 important.

3 MR. GOHRING: Any of the other stakeholders
4 want to jump in?

5 Let me talk about where we got to, that's
6 how we got there.

7 First of all, we ended up with a set of
8 over-arching recommendations that really helped us
9 define -- it didn't take us in a new direction. You
10 know, I think our March EIS talked a lot about a
11 program that would achieve multiple benefits. What we
12 were looking for there is not just conserving water, a
13 volume of water, but somehow addressing water quality,
14 water timing and instream flows. And for the first
15 time we got some over-arching recommendations that
16 helped us kind of define a path how to get there.

17 Our panel -- one of our panelists presented
18 and the rest of the panel kind of ratified a flow path
19 tool or flow path strategy. This was Dr. Keller from
20 Utah State. He presented a matrix that he proposed as
21 a way of connecting a quantity of water as it leaves
22 the stream, passes through the ag system and then
23 either leaves and is unavailable, if it's evaporated
24 or transpired it's unavailable, or comes back to the
25 river. He explained and gave us a process for how you

1 recommendation to establish a clear baseline, what is
2 our water use now?

3 We also received a really valuable critique
4 of Chapter 4 of the water use efficiency program
5 report. Chapter 4 is the technical piece that
6 quantifies how much conservation potential there is in
7 the state.

8 In essence, what the panel said was that
9 given the scope and schedule that CalFed staff had to
10 work with, it's a very valuable estimate. They also
11 recommended that some work should be undertaken to
12 refine that estimate, specifically, to characterize
13 the data better, to make it more transparent so that
14 any built-in assumptions can be known to our
15 constituency.

16 They also recommended that where possible,
17 make separate estimates of evaporation and
18 transpiration. Historically we've always considered
19 ET to be somewhat of a given and it was somewhat of a
20 ground-breaking recommendation to say, you know, the
21 technology and the science is to the point where it
22 makes sense to estimate them differently and, perhaps,
23 even have separate efforts for going after those.

24 We had a recommendation to clarify the
25 terminology in that report and to also screen the

1 track that and how that can be really valuable in
2 getting there.

3 The group actually took a stab at
4 articulating some measurable objectives and continuing
5 that. Developing measurable objectives is going to be
6 a really important part of our effort in 1999, and
7 they gave us a very credible argument for why those
8 are an important way to go.

9 They gave us some conceptual models and
10 gave us some guidance on how to use those, how to
11 develop them and use them. They let us know that
12 economic screening is really important, not just at
13 the beginning of the process, not just at the end of
14 the process, but at several different key points along
15 the way.

16 They helped us structure a package of
17 assurances. They fostered a cross-disciplinary
18 dialogue. Again, we had a fish guy and an irrigation
19 guy on the same panel and they were talking the same
20 language. We did as much as we could to build on
21 earlier work and we heard a ratification of that by
22 the panel.

23 The panel was united in calling for moving
24 towards more widespread measurement of water use, both
25 surface and groundwater. And we also heard a

1 actions listed for cost effectiveness.

2 That brings me to the end of the products
3 of the technical group, the independent review panel.

4 Roberta, Tom, Steve, any other of the focus
5 group members or if there is anyone here who attended
6 that -- those review panels, anyone have anything to
7 add that I left out, or additions, corrections?

8 CHAIRMAN MADIGAN: Roberta.

9 MS. BORGONOVO: One of the interesting
10 things for me was I went to all three days of the
11 panel, but having been in the focus group we felt that
12 we'd made some breakthroughs in the focus group.
13 You're probably going to go over that now. But one of
14 the first items that we got to were, what were the
15 numbers? What were the magnitude of the numbers?

16 And we couldn't agree on those, but we
17 agreed that there was still significant potential in
18 CalFed to -- especially addressing these multiple
19 objectives, so it was very interesting to me that what
20 the scientific review panel came up with was a
21 different way of approaching that so that you could
22 really begin to quantify those different objectives
23 and linked it right into the CalFed program, which I
24 thought was very important.

25 I think the other thing that was

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1 interesting was that we agreed that performance
2 standards were necessary, but at the same time in the
3 focus group we had agreed that we would have this mix
4 of incentives which would help the agricultural
5 community do whatever needed to be done. And at the
6 same time, we'd have this -- these assurances which
7 were really this market and regulatory approach. So,
8 it was very interesting to me to have been in this one
9 forum and then find the scientific review panel come
10 up with a lot of positive suggestions on how to
11 approach that.

12 The other thing that was interesting was
13 the whole idea of the flow path. If you look at the
14 chart in our program on page 65, we talked about the
15 whole way about the recoverable/irrecoverable losses.
16 I've been in many discussions of
17 recoverable/irrecoverable losses. I see Sunne closing
18 her eyes and she's been there, too.

19 And so one of the interesting things about
20 the flow path was, it was a different way of looking
21 at it. It's the same information but I think it will
22 make it clearer to follow if we are able to follow
23 that. And I think that that's very important to the
24 public, I think the public has to understand what this
25 information is, what the different views are and then

1 was to make -- to take the water balance concept and
2 make it complete at different scales. Currently we
3 use water balances often on a basin-wide basis and we
4 take a look at all the different ways, all the
5 different places where water comes in and the
6 different places where it goes out.

7 Inflow is usually something from streams,
8 tributary inflows, some groundwater side flow.
9 Outflow is usually evaporation and transpiration,
10 stream flow-out, maybe groundwater down or groundwater
11 sideways out.

12 The flow path approach is a way of doing
13 that same concept but also maintaining a little more
14 specificity on the path that the water flows between
15 the inflow and the outflow. And the reason I think
16 that was useful for all of us is because we saw an
17 opportunity to see advantages, to see practices or
18 opportunities that weren't there -- that we might not
19 have seen otherwise.

20 For instance, as an ag engineer, I've
21 always kind of considered deep percolation over an
22 unconfined aquifer as really something we shouldn't
23 worry about. It's going back to the water system and
24 it's going to be used again and someone is going to
25 have to pay some more energy to pull that water up,

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1 agree on a way to move forward.

2 So that was my observation.

3 MR. GOHRING: Question?

4 CHAIRMAN MADIGAN: Hap?

5 MR. DUNNING: Well, I've heard a lot of
6 discussions, too, over the years about the
7 recoverable/irrecoverable losses and I just wonder if
8 somebody could go another step, carrying on what
9 Roberta said, and explain just how the flow path
10 approach resolves that conundrum.

11 MR. GOHRING: If I heard your question
12 right, the question was can we do a better job of
13 illuminating these concepts, recoverable and
14 irrecoverable.

15 MR. DUNNING: No.

16 MR. GOHRING: I'm sorry. I missed your
17 question then.

18 MR. DUNNING: Roberta said it was
19 illuminating to see how the flow path approach helped
20 resolve that difficulty. I'm just sort of groping to
21 try to understand how it did.

22 MR. GOHRING: I really feel like I'd need a
23 visual aid to do that and I'm afraid I haven't come
24 prepared. Let me take a shot at it.

25 What the flow path approach attempted to do

1 but, you know, it's -- if we were to conserve that,
2 it's not going to make more water in the Delta for the
3 most part.

4 What the flow path shows us is that as the
5 water comes out of the stream and gains thermal units,
6 gains nutrients, gains other chemicals, and then goes
7 down to the groundwater and then from the groundwater
8 either comes back to the farmer, maybe excretes back to
9 the stream; there may be a real opportunity to help
10 the system there.

11 If we can either reduce those constituents
12 it picks up the along the way or intercept the water
13 across that path, we may be able to create some really
14 significant benefits to the stream system, whereas
15 previously those were kind of out of sight, out of
16 mind.

17 Does that help?

18 I'm going to shift gears now and talk
19 about --

20 CHAIRMAN MADIGAN: Steve, did you want to
21 say anything?

22 MR. GOHRING: I'm sorry, Steve.

23 MR. SCHAEFFER: Just very quickly,
24 excellent description of the flow path concept. Just
25 to add briefly to it --

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1 CHAIRMAN MADIGAN: That was nice of you to
2 say that, Steve.

3 MR. SCHAEFFER: Pardon me?

4 CHAIRMAN MADIGAN: That was nice of you to
5 say that.

6 MR. SCHAEFFER: Any time.

7 But there are trade-offs that can be
8 highlighted by -- through that flow path analysis, and
9 I think that was emphasized at the panel discussions
10 as well, so I want to throw that concept in there.

11 Also, Jack Keller made the point in terms
12 of the importance of measurement and knowing what is
13 going in, what is coming out, and where that is
14 occurring. That is extremely important. But also,
15 again, getting back to there are trade-offs then
16 associated.

17 He made the point that there are not
18 recoverable losses, but recoverable flows. These
19 flows are already being reused. They are not losses
20 to the system, and that therein lies that concept of
21 trade-offs that needs to be analyzed very carefully.
22 So I would just add that.

23 MR. GOHRING: Good point, Steve.

24 Any other comments or questions on where
25 the panel ended up?

1 measurement to be valuable needs to be flexible. But
2 there wasn't an establishment of precisely what the
3 measurement should look like.

4 I think there was a question in the --

5 CHAIRMAN MADIGAN: Yeah. We've got Richard
6 and then Alex.

7 Bob and then Alex, excuse me.

8 MR. IZMIRIAN: I believe you said there was
9 consensus on the need for incentives. In your
10 discussion of incentives, did you include the cost of
11 developing new water or market pricing of water?

12 MR. GOHRING: Tangentially. We essentially
13 took the water marketing portion of, you know, the
14 conservation transfer concept and we said, the
15 transfer portion, we are dealing with that somewhere
16 else. Let's have this panel talk about how you make
17 those changes happen and what the benefits can be.

18 So we really -- there was a recognition
19 that a connection with transfers was important. But
20 no, we essentially left that topic for another
21 discussion.

22 MR. IZMIRIAN: Would it affect part of the
23 flow path of water if an individual farmer decided
24 to -- instead of paying a certain price for water,
25 either refer new developed water to go to transferred

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1 CHAIRMAN MADIGAN: Stu, and then Richard.

2 MR. PYLE: My question is you had something
3 in there on measurement as being one of the important
4 aspects and I wonder if they spent any time talking
5 about how you establish a measurement of the current
6 baseline of level of efficiencies throughout the
7 state; that if you're going to evaluate over future
8 years, let's say, accomplishments between now and
9 2010, 2020, how do we establish what we start from?
10 Did they get to that?

11 MR. GOHRING: They didn't go into specifics
12 on how to do that, no. They did talk about the fact
13 that measurement approaches shouldn't be considered a
14 one size fits all. We actually had a really lively
15 debate within the panel. One panelist, the economist,
16 suggested that it would be useful if we put a meter on
17 every farm turnout in California. The other panelists
18 disagreed and some of the stakeholder representatives
19 disagreed as well.

20 I think a really credible case was made
21 that -- particularly in the ag arena, where water
22 often transcends property boundaries, either as
23 surface flow or groundwater flow; that measurement at
24 a head gate doesn't always give you the most valuable
25 information. So there was a recognition that

1 water or subsurface drip or selling his water?

2 MR. GOHRING: I missed the very first part
3 of your question.

4 MR. IZMIRIAN: Whether or not that would
5 affect the flow path of water at all. Is that beyond
6 the scope of your program?

7 MR. GOHRING: It was beyond the scope of
8 that, of the expert panel that we held on conservation
9 potential. But I'm going to give some real thought to
10 your suggestion, I think there's potential there.

11 MR. IZMIRIAN: I think that's really the
12 nut of the problem.

13 MR. GOHRING: Thanks.

14 CHAIRMAN MADIGAN: Bob.

15 MR. MEACHER: Sunne, Mike, this to me, it
16 seems like this -- we are talking about ag water use
17 efficiency, but it seems to have an interest with a
18 lot of the different stakeholders that aren't
19 necessarily in agra business. And as we look at this
20 new structure of CalFed, to me, I -- I mean, this
21 jumps right off the page for me, that perhaps we are
22 beginning to embark on some sort of process for
23 monitoring or a comprehensive monitoring of
24 groundwater and flows which transcends just beyond ag
25 water use efficiency, in my opinion, and effects all

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1 of us here.

2 And where we talk about -- or what I was
3 talking about linkages, the fact that we need to
4 integrate this discussion at the other work groups,
5 especially mine, from the watershed standpoint and how
6 when those waters come down off the watershed and they
7 percolate out into the flood plain and the issues
8 surrounding that, is something that I'd like to see as
9 we integrate this work during the next year, work with
10 the different groups that are affected on this.

11 I have not yet to date known of a work
12 group that has taken the interest specifically on the
13 groundwater issue. It's usually captured under
14 storage, groundwater storage, or environmental water
15 account rather than the need to just do the work.

16 And so I would request that we -- I know
17 CMARP has approached it, this group has approached it.
18 We have sort of nibbled around the edges, at least
19 from my perspective, Lester, and I know there are
20 technical groups working on it. But I, for one, under
21 a watershed component would at least like to get that
22 group or that program sort of tuned into it, and I
23 think other groups would, too.

24 CHAIRMAN MADIGAN: Lester?

25 EXECUTIVE DIRECTOR SNOW: Bob, I would say

1 you're right, the way that we have dealt with
2 groundwater or groundwater management is as a tool in
3 specific program areas such as for storage, you know,
4 conjunctive management, the issue of return flows and
5 that type of thing. And I think you notice actually
6 in this Phase 2 report for the first time where
7 there's statements about the effective management of
8 groundwater is essential for everything to move
9 forward. So there's a couple ways to try to address
10 the issue that you're talking about.

11 One, we have developed a concept of having
12 very focused workshops on one side or the other of a
13 BDAC meeting. If we are going to have a BDAC meeting
14 up in Redding, I don't know if we have one scheduled
15 up that way, but wherever it is, a day before or a day
16 after was the thought of a focused workshop like on
17 finance or something like that. There is the
18 potential of having a groundwater management workshop
19 of some sort where you talk about the subject matter
20 in all of the program areas rather than the other way
21 around.

22 As you probably know, groundwater
23 management is a heartfelt issue in California. It
24 elicits a lot of emotions. Usually you end up with a
25 lot of attorneys in the room when you start discussing

1 it, whether you intend to or not. That may be a good
2 way to approach it in some sort of really focused
3 public workshop.

4 MR. HAGLER: Five or six attorneys have
5 come in just since we started.

6 CHAIRMAN MADIGAN: Okay. I've got a number
7 of hands here.

8 Sunne?

9 VICE CHAIR MCPK: I actually would just
10 associate myself with what Lester said in response to
11 your question, Robert. We have had -- I've heard
12 comments by others after the Phase 2 report was
13 released saying, well, this doesn't really deal with
14 groundwater management, that there's not a lot of
15 focus on groundwater management.

16 And as you've just heard Lester respond, A,
17 it's actually directly addressed; but B, the first
18 slide that was put up on measurement was a very
19 significant movement, I think, during the last six
20 months and actually came together at one of the final
21 Babbitt/Dunn meetings regarding how do you grapple
22 with agricultural conservation?

23 There was finally concurrence that
24 measurement should be done on a basin-wide or
25 region-wide basis without trying to get into the very

1 difficult task of ordering directly a farm-by-farm
2 measurement; that a water district or a regional water
3 agency will deal with their own members, taxpayers,
4 voters, in whatever way they choose to but there
5 should be measurement.

6 Now that's the first and foremost tenet,
7 probably, of what others mean by groundwater
8 management. Generally, though, folks have in mind a
9 very heavy-handed centralized regulatory model which
10 is what we are not necessarily pursuing here.

11 Secondly, you can't do water transfers
12 without protecting groundwater. You can't get into
13 major statewide transfers without protecting
14 groundwater, in my opinion.

15 The last area is you can't get into
16 conjunctive use which is the one storage component
17 that there was the broadest consensus on without also
18 dealing with groundwater management.

19 So I would just say I'm glad this came up
20 because measurement was the first thing on the list.
21 I'm still waiting for the answers out of this
22 presentation, that's why my eyes were closed, but I
23 can't wait for the real report.

24 I predict and think there's going to be a
25 bill. There is another area, that's legislation is

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1 going to happen this year and we need to be able to
2 deal with it in the most effective way possible that's
3 not a knee-jerk reaction, and I would hope that we can
4 find a better way than heavy-handed, centralized, big
5 brother regulatory framework.

6 MR. MEACHER: I suppose my point here is
7 that it goes beyond just ag, of course.

8 VICE CHAIR McPEAK: It does. It relates to
9 everything.

10 MR. MEACHER: It could go to water quality
11 or even fisheries if you deal with it in upper Mill
12 Creek in some of those meadows, as far as knowing what
13 your groundwater is and your recharge is and the
14 following of your flows.

15 I suppose my underlying question or perhaps
16 ignorance on this is, after being here for so long, is
17 what common program does this fit under or does it not
18 at this point? And so is that why we are going after
19 legislation because we haven't identified a funding
20 source or program for it? Because it's a stand-alone
21 issue out there even though it affects so many of the
22 common programs.

23 Am I making any sense?

24 VICE CHAIR McPEAK: You are. Well, the
25 question is: How do we effectively address it because

1 You've got to be a little more specific than that in
2 order for it to be meaningful and in order to know who
3 it is that benefits and to what degree.

4 MR. GOHRING: That's a really good point
5 which is really a good segue to our discussion on the
6 focus group. One of the things you'll hear from us in
7 a moment is that in the focus group we outlined a
8 strategic planning process, actually a series of local
9 strategic planning processes to try to answer that
10 question, not once for the whole state or for the
11 whole CalFed problem area, but answer that question
12 individually for -- on a region-by-region basis
13 because I think the answer will vary. It's a really
14 good point.

15 CHAIRMAN MADIGAN: Go ahead, sure, Lester.

16 EXECUTIVE DIRECTOR SNOW: Can I recommend
17 we kind of cut to a bottom line as quickly as we can
18 on what the panel found and where we should go?

19 MR. GOHRING: I think the bottom line is on
20 this slide. We got a set of recommendations that led
21 us to strategic planning measurement refining our
22 numbers. That's the bottom line for the expert panel.

23 CHAIRMAN MADIGAN: Thank you.
24 Hap?

25 MR. DUNNING: Lester suggested there could

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1 it does have relationships to all of the eight program
2 components now.

3 MR. MEACHER: Right.

4 CHAIRMAN MADIGAN: Recognizing the fact
5 that it won't be our legislation anyway that moves
6 this thing.

7 MR. MEACHER: Well, we're looking at
8 legislation on watersheds, but that still doesn't
9 preclude us from dealing with it at this level.

10 CHAIRMAN MADIGAN: Right, I agree.

11 I have Alex, then Hap, then Roberta.

12 MR. HILDEBRAND: I first want to concur in
13 Sunne's remarks, but the question I have is: How did
14 you define an increase in efficiency and who would
15 benefit from that increase in efficiency? You
16 mentioned early in the game here that there was a lot
17 of discussion about what was meant by efficiency but
18 you never told us what you meant.

19 MR. GOHRING: Good question.

20 At CalFed we've defined water use
21 efficiency very broadly. We've defined it to mean any
22 water management action that helps us achieve our
23 CalFed goals and that's really quite different from
24 the classical definitions of efficiency.

25 MR. HILDEBRAND: Which CalFed goals?

1 be a special session on groundwater management at some
2 point and I would wonder if that could be put together
3 for the Bakersfield meeting in March. It seems like a
4 very good place to have it.

5 VICE CHAIR McPEAK: Governance and
6 groundwater?

7 MR. DUNNING: Well, but I thought you were
8 suggesting kind of a separate -- not part of the BDAC
9 meeting but a separate session the day before,
10 something like that.

11 EXECUTIVE DIRECTOR SNOW: I would be glad
12 to evaluate that. That's a fairly short time line to
13 develop a significant workshop on the subject like
14 groundwater management, but why don't we look at that.
15 I mean, I'm assuming -- I guess if we are going to put
16 that kind of energy into an issue, I want to make sure
17 that generally BDAC is supportive of doing that.

18 VICE CHAIR McPEAK: I think it -- do we
19 not --

20 MR. DUNNING: Can we find out and get a
21 show of hands preliminarily as to who would be
22 interested in attending?

23 VICE CHAIR McPEAK: Are we talking about
24 before the meeting? I mean, there's actually a
25 schedule issue.

1 MR. DUNNING: Before or after, I don't
 2 know. But, you know, in addition to.
 3 VICE CHAIR McPEAK: Yes, the answer -- yes.
 4 CHAIRMAN MADIGAN: Either one.
 5 MR. DUNNING: Well --
 6 CHAIRMAN MADIGAN: The answer is we will
 7 try to figure out if we can get attendance for a --
 8 MR. DUNNING: He wanted to know if BDAC
 9 members would attend. Can't we just ask ourselves now
 10 about that?
 11 VICE CHAIR McPEAK: I said yes, I would.
 12 MR. HILDEBRAND: I think we have to know a
 13 little more about what the preparation would be and
 14 what the agenda would be.
 15 CHAIRMAN MADIGAN: Let's see what it might
 16 look like and then we will take a head count. But
 17 your notion is a good one and has been noted.
 18 VICE CHAIR McPEAK: The range --
 19 CHAIRMAN MADIGAN: Any range at all,
 20 anything that even vaguely approximates a number that
 21 came out of this?
 22 MR. GOHRING: No, sir.
 23 CHAIRMAN MADIGAN: Okay. But it will.
 24 Roberta.
 25 MS. BORGONOVO: I'll hold my comments with

1 was the panel which we have talked about mostly today.
 2 The other was there was this focus group
 3 that took place and, in a nutshell, this is what they
 4 came up with and you'll see hopefully this reflected
 5 in the Phase 2 report if we did our job directly
 6 articulating it. Essentially where they got to was an
 7 emerging consensus on four main points, five if you
 8 add the way they -- the process they recommended you
 9 get there.
 10 Those four points are an incentive based
 11 approach with assurances, and the assurances are not
 12 an automatic shift to regulation, it's an adaptive
 13 approach that looks back at whether or not we have met
 14 a set of objectives. Could include regulation in the
 15 future, but it's not an automatic jump to that.
 16 Another point is they recognize there's a
 17 really important need for a local voice in this
 18 process, and a recommendation that that voice could at
 19 least partially come from the ag water management
 20 council; that there's a lot of valuable work that's
 21 been done there and that it should be supported.
 22 We heard a really strong call to develop
 23 measurable objectives. Now don't ask me what that
 24 means. I think that's one of the things that we'll be
 25 developing in a strategic planning process. But I can

1 the discussion on the focus group.
 2 CHAIRMAN MADIGAN: Okay.
 3 MR. SCHAEFFER: Correct me if I'm wrong,
 4 but I heard from the expert panel that the
 5 conservation potential analysis that CalFed did
 6 perform was essentially well done and adequate in
 7 terms of the programmatic level of analysis that was
 8 required. I think that's an important bottom line.
 9 MR. GOHRING: Thanks, Steve. That's what I
 10 heard as well. I also heard a call for refining it as
 11 we move forward.
 12 CHAIRMAN MADIGAN: Okay. Thank you.
 13 MR. GOHRING: With your permission, I'd
 14 like to shift gears.
 15 Mary, how much time do I have? Mary
 16 Selkirk?
 17 CHAIRMAN MADIGAN: Two minutes. What do
 18 you need?
 19 MR. GOHRING: Two minutes?
 20 MS. SELKIRK: Yes.
 21 MR. GOHRING: In that case, I'm going to
 22 skip a discussion -- thanks.
 23 Let me talk really quickly about the
 24 results of the focus group. I want to reiterate that
 25 there were two efforts that happened in parallel, one

1 say that measurable objectives can range from purely
 2 process measures to purely quantitative measures.
 3 A pure process measure would be X number of
 4 conservation plans; a purely quantitative method might
 5 be a reduction in X million acre feet of loss. I
 6 think the reality will be something in between there
 7 or some combination of those things.
 8 Finally, let me just sum up with two more
 9 slides, one is a set of implications for our program
 10 in '99. I think where -- you know, as I look forward
 11 to this year, I think what we have got is we've got a
 12 foundation to keep talking. We have -- as I
 13 mentioned, the members of the focus group have said
 14 they want to keep going. I think that we will
 15 probably evaluate whether we have the right balance or
 16 the right geographic representation in that focus
 17 group, but I think we are looking at continuing the
 18 dialogue.
 19 We also have a fairly specific to do list
 20 and I'm not going to go over those again, but they
 21 involve doing some tragic planning and also developing
 22 measurable objectives, finding out what those
 23 connections are.
 24 And finally, some quick lessons learned. I
 25 think these are lessons for me, I'm interested in

1 whether the other focus group members agree. I
2 learned that small groups can really help you work
3 through an impasse. I learned that independent review
4 panels can help us get through some really tough
5 technical issues.

6 I also learned that there are some givens,
7 some cross-cutting ingredients of success and those
8 include strong stakeholder support; clearly
9 articulating where we plan to go with an effort like
10 that; carefully structured dialogues that still have
11 room for some brainstorming, and a process that allows
12 agreements to emerge.

13 And finally, I think what we learned is we
14 shouldn't oversell our agreements that we have and I
15 may have actually violated that today. I don't want
16 to give folks an impression that our work is done. I
17 think we have a good start, I think we've made a big
18 stride, but we have a lot of work to do in '99.

19 CHAIRMAN MADIGAN: Thank you very much.

20 The last item on the agenda today -- and
21 Bennett, thank you. Steve, thank you. Everybody who
22 participated.

23 The last item today is an update on
24 governance activities. Lester, do you want to
25 introduce this or, Hap, did you want to introduce it?

1 quality program, the levy program, whatever program it
2 is, that's where you get implementation. So that we
3 want to be sure that the -- this superior group kind
4 of limits itself to oversight.

5 There's a number of bullets there and I
6 just want to go through them quickly as to what the
7 consensus at that moment in time seemed to be for the
8 functions for this CalFed overall structure.

9 One: Providing general policy direction
10 and guidance.

11 Two: Evaluation of achieving performance
12 goals and program objectives.

13 Three: Establishing program level budget
14 and funding priorities.

15 Four: Interagency conflict resolution.

16 Five: Interagency program coordination.

17 Six: Program oversight.

18 Seven: Providing assurances that program
19 goals and objectives are met.

20 Eight: Legislative congressional contacts
21 on program funding appropriations and budget.

22 Nine: Stakeholder communications and
23 coordination.

24 Ten: Contingency response when
25 unsuccessful at implementation level.

1 EXECUTIVE DIRECTOR SNOW: I would prefer to
2 start with Hap.

3 CHAIRMAN MADIGAN: Okay, Hap, go ahead.

4 MR. DUNNING: Fine. We've just -- as BDAC
5 knows, the key question we were asked to look at after
6 the last discussion on an ERP entity, ecological --
7 Ecosystem Restoration Program entity, was overall
8 structure, overall governance, the entire CalFed. And
9 in your packet in the red folder there is an excellent
10 set of notes on our last meeting which was last week
11 on January 12th, Meeting Summary for the BDAC
12 Assurances Work Group. I think it would facilitate my
13 introduction to this if you took that out and took a
14 look at a couple of things.

15 Two key questions with regard to overall
16 CalFed governance are function and form. What is the
17 overall entity of whatever type it is, supposed to do,
18 first of all. And at the bottom of page 4 and top of
19 page 5 you'll find what we came to at the last
20 meeting.

21 I think the general point that was made by
22 a lot of people at the work group session was that
23 we've got to distinguish carefully between oversight
24 and implementation; that implementation is properly
25 done at the program level. Whether it's the water

1 So that's kind of where we are now on the
2 function question, and this remains to be discussed
3 some more at our upcoming meeting.

4 Then on the question of the form, if you
5 look at the discussion again on page 4, Item No. 6,
6 there was discussion on oversight alternatives and
7 then some comments, and I draw your attention
8 particularly to the last of those comments. We had in
9 our staff paper a series of alternatives.

10 Alternative 1 is basically the status quo
11 as we know it today. Alternative 5 is a brand new
12 entity to run CalFed. And I think at least among the
13 people who spoke at the work group session, the
14 emphasis was put on something closer to what we have
15 today. There wasn't much in support of a brand new
16 CalFed entity, rather, the emphasis was on maybe
17 something between one and two. Suggestion there is a
18 joint powers agreement between the state agencies and
19 then some sort of MOU or MOA between the federal
20 agencies and the state JPA group.

21 It was mentioned by Tom Hagler it might
22 take a very long time to do a comparable JPA at the
23 federal level and a couple of years, I think, was the
24 time period mentioned, so therefore, it would be
25 better not to shoot for that.

1 So that's kind of where we are. I think
 2 when you recall our earlier recommendation that there
 3 be a brand new entity for ERP, but our present
 4 thinking at least that there not be a new entity for
 5 overall CalFed, I think the difference is that with
 6 ERP you have so much new work, so many new functions,
 7 things that haven't been done before appropriate to
 8 create a new entity to do that, whereas with other
 9 programs, for example, water quality where you have
 10 the Regional Water Quality Control Board, the State
 11 Board, EPA, and so forth, or the levy program where
 12 you have a well-established group of local agencies
 13 and state and federal agencies involved, there is no
 14 need to think about a brand new entity. It's much
 15 more a question of coordination, information, flow,
 16 resolution of conflict and that kind of broad guidance
 17 function which you need to have performed at some
 18 higher level.

19 So, I think that's where we are out there.
 20 People that are on the staff, Lester, that were at
 21 that meeting may want to add to what I've said or
 22 others that were there may want to add to what I've
 23 said, or do you want to --

24 CHAIRMAN MADIGAN: Hap, let me ask you a
 25 question. The only real question I had when I went

1 something about that? Tom Hagler.
 2 MR. HAGLER: No.
 3 CHAIRMAN MADIGAN: Thank you.
 4 MR. DUNNING: I think there are examples
 5 where there is strong federal involvement in regional
 6 programs without necessarily having an entity.

7 CHAIRMAN MADIGAN: All right. I'm not --
 8 it certainly isn't my area of expertise to know the
 9 legal aspects of this thing, it's just -- but I am
 10 convinced that it is the active involvement and
 11 participations of the feds that have brought us to the
 12 point where we are today. It is the linchpin for this
 13 whole enterprise and absent that we would have
 14 floundered again. And I would hate to see the
 15 implementing agency with so much to do and such a long
 16 period of time to do it in, not have all the legal
 17 underpinning that it could at least acquire to carry
 18 out its mission.

19 MR. DUNNING: Well, we assume continued
 20 federal involvement. We certainly wouldn't want to
 21 suggest an institutional arrangement which would
 22 jeopardize that. This is just the thinking from the
 23 last meeting. Remember, hopefully there will be the
 24 expert panel that Lester talked about and we may come
 25 in at a somewhat different posture down the road.

1 looked through this thing was that this is going to be
 2 around for 30 years. It's -- you know, that's the
 3 life of this thing. It seems to me that even if you
 4 start off with something that is maybe a less formal
 5 entity, establishing the federal involvement through a
 6 MOU or MOA or something like that, that ultimately you
 7 want to be moving towards something that has genuine
 8 staying power and some sort of, seems to me, serious
 9 meaningful commitment of federal participation in the
 10 process and something in there that allows the federal
 11 participation to be at a decision-making level.
 12 Because otherwise, we are back to where we were in the
 13 BDOC days which is not a great commitment by the feds
 14 and not much of an ability by the state to actually do
 15 anything independently.

16 MR. DUNNING: But we certainly assume that
 17 the federal agencies will be integrally involved in
 18 the whole thing as they are now.

19 CHAIRMAN MADIGAN: I guess I'm wondering
 20 whether an MOU is a strong enough level of commitment
 21 from the feds eventually. I understand the notion of
 22 not taking two years to put something together, but
 23 eventually whether you might want to have a stronger
 24 mechanism than that.

25 MR. DUNNING: Tom, do you want to say

1 I'm just saying this is where we are now.
 2 CHAIRMAN MADIGAN: I understand, okay,
 3 Tom.
 4 MR. HAGLER: I don't think I should let it
 5 go quite that easily. I think that there is a
 6 reluctance by the federal participants to start down
 7 what will be a long road to create a state/federal
 8 entity, and this is -- the reasons are various
 9 depending on which agency heads you ask. It ranges
 10 from pragmatism, just the problem of getting it
 11 through a number of congressional committees, and the
 12 other end of the range is more a horror that they may
 13 lose some resources. One of those is a legitimate
 14 concern and the other is probably is not.

15 I have would say here the same thing that
 16 I've said to the assurances work group over the past
 17 couple of years, that the new entity issue is one that
 18 will have to be driven by the stakeholders. There is
 19 no one on the federal side, and we don't know on the
 20 state side right now, who is willing to pick this up
 21 and drive it at this point.

22 So I really do urge -- I personally and I
 23 think the EPA agrees with your perception that you do
 24 need to institutionalize this somehow to maintain the
 25 level of mandated effort from both the state and

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1 federal agencies over the long haul. We don't have
2 that right now. I think this is going to have to be a
3 lot of effort on behalf of the BDAC participants and
4 elsewhere.

5 CHAIRMAN MADIGAN: And that would be fine.
6 I mean, I recognize that these things don't happen
7 overnight. I recognize that there are lots of very
8 valid reasons for reluctances as well as perhaps less
9 valid reasons. It just seems to me that's the
10 objective we need to be seeking in all this.

11 Thank you, I appreciate that.

12 Lester?

13 EXECUTIVE DIRECTOR SNOW: I think Hap has
14 already done a good job and so maybe I will change the
15 way I was going to approach this and just mention two
16 things. I mean, clearly there are two issues going on
17 here, one is the over-arching or umbrella type of
18 guidance for CalFed for the long term to keep
19 coordination between the different programs. Then the
20 other issue is the actual implementation of the
21 program.

22 I agree completely with Hap that while
23 there may need to be adjustments in other areas, the
24 one area that we have broad consensus on is
25 implementation of the ecosystem program and that we

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1 need to have some fresh thinking of creating a
2 different entity.

3 The only point that I want to make is a
4 real sense of urgency. I think that applies probably
5 to the whole CalFed program where we have been
6 evaluative and collaborative on a whole variety of
7 issues and I think in calendar year '99 it's time the
8 cut to the chase and make some recommendations in some
9 wide areas, and I think governance is at the top of
10 that list.

11 So I think we really need to start throwing
12 out some proposals or laying out some proposals on
13 here's how we can start an ecosystem entity, for
14 example, a Bay-Delta conservancy. So I think we need
15 to draft up outlines of how that would work and really
16 get reaction to modify, reject, accept and move on it.

17 And one of the reasons I say that is
18 because as we've made reference to a number of times
19 today, we are starting to see legislative initiatives
20 in a number of these areas. We have seen draft bills
21 not introduced that talk about a Bay-Delta Commission
22 modeled after the Transportation Commission.

23 So those kind of thoughts are out there
24 doing that and I think those are forcing functions.
25 If CalFed wants to be a part of framing these

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1 governance issues, then we need to push into some real
2 discussion of how you form it. And as you notice, we
3 actually scheduled governance for our next meeting and
4 it's our intent to have a substantive discussion of
5 what some of the governance directions need to be and
6 really try to push as quickly as we can to some real
7 specifics on this.

8 CHAIRMAN MADIGAN: Hap?

9 MR. DUNNING: Well, I just want to point
10 out in the meeting, though, it's put rather delicately
11 that elected officials want to know who they can hold
12 accountable, but it sticks in my mind better to think
13 what Dennis O'Connor says, which is they want to know
14 whose throat to grab and that's the concern.

15 CHAIRMAN MADIGAN: Lester's, of course.
16 (Laughter)

17 CHAIRMAN MADIGAN: Roberta, did you have
18 your hand up? And then Alex.

19 MR. HILDEBRAND: I'd like it clear on here
20 that we talk about the implementation problem and the
21 oversight problem, but there is still a policy problem
22 in that the goals that the oversight committee are
23 going to -- the oversight committee is going to judge
24 whether the implementation plan is meeting goals, but
25 the goals are not yet very well defined in such a

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1 degree you could say that you're meeting them or
2 you're not meeting them, they might have to change.
3 If all (inaudible) their friends and relations keep us
4 from meeting an environmental goal of some kind, you
5 have to change the goal.

6 So there is still an ongoing policy need
7 and it isn't clear to me that what we are talking
8 about takes care of all three functions.

9 CHAIRMAN MADIGAN: Thank you.
10 Hap?

11 MR. DUNNING: The first item, the first
12 bullet is providing general policy direction and
13 guidance, taking off from what's in the preferred
14 alternative and continuing over the 30-year span or
15 however long it turns out.

16 MR. HILDEBRAND: You're going to wrap the
17 oversight and the policy together in one?

18 MR. DUNNING: Right, right.

19 MR. HILDEBRAND: Okay.

20 CHAIRMAN MADIGAN: Roberta.

21 MS. BORGONOVO: This may have been answered
22 but when we had our last BDAC discussion on assurances
23 and governance, the thinking was that we needed to
24 address the overall governance before we looked at the
25 ecosystem entity, and I think that many of us have

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1 felt that the eco entity is very important.

2 So I wondered what the thinking of the work
3 group is or -- either now or in the future, can those
4 two efforts go forward simultaneously?

5 MR. DUNNING: Well, we had done a lot of
6 work before on the ecosystem entity and the message we
7 got from BDAC was that although it tentatively
8 approved that, it didn't want to finally sign off on
9 it until there was some consensus on the oversight, so
10 we are now working on the oversight.

11 CHAIRMAN MADIGAN: Right. It's a Catch 22.

12 MR. DUNNING: How is it a Catch 22?

13 MS. BORGONOVO: It's just that if we were
14 told we can't have an ecosystem entity until there's
15 the overall governance structure and then the message
16 coming back from the policy people is that that's very
17 difficult, perhaps it goes back to what Tom Hagler was
18 saying, and that is that it will be up to BDAC and the
19 stakeholders to make the case both for the overall
20 governance and the ecosystem entity.

21 MR. DUNNING: The case was not for overall
22 governance. The case was for a new entity to do
23 overall governance. I don't think Tom was saying
24 there wouldn't be federal support for having some
25 coordinated effort to provide policy guidance, et

1 would be to have a Central Valley project run by
2 Californians. But then as an environmentalist, I know
3 that we have never gotten a CVPIA through the state
4 legislature.

5 So I can argue both sides with equal
6 fervor, but I suggest that it might be interesting
7 grist and certainly not a dull session if BDAC spent
8 some time discussing what is the feasibility of ever
9 becoming being CalCal rather than CalFed.

10 CHAIRMAN MADIGAN: We could have the
11 conversation. I think that's fine. I'm a native
12 Californian, too, but I think that there is a time
13 when pragmatic considerations apply and I think the
14 federal role is so great and so enduring, that we
15 shouldn't await CalCal for moving forward. Honestly
16 I -- yeah, Hap?

17 MR. DUNNING: Even if somehow the CVP was
18 turned over to the State of California, there's still
19 a whole lot of federal involvement that's terribly
20 important on water quality and flood control and all
21 kinds of things. So I think it's inevitably going to
22 be CalFed.

23 CHAIRMAN MADIGAN: Okay. Hap has asked the
24 group to respond to the status of the proposal as his
25 work group has developed the question of governance in

1 cetera.

2 CHAIRMAN MADIGAN: What I think he was
3 suggesting where the early initiatives are going to
4 have to come from.

5 MR. DUNNING: Right. So what I see
6 happening is assuming this is acceptable to the BDAC,
7 we go ahead and refine our ideas on overall governance
8 and then move into finalizing both the ERP entity and
9 the details on the structural arrangement.

10 In fact, I'd like to -- Mr. Chair, if you
11 could try to get a census of the group before we --

12 CHAIRMAN MADIGAN: I think it's a fair
13 question and we ought to ask that. Let make sure
14 there aren't other questions. I know Bob Raab had a
15 question, and then I think you do need that kind of
16 input from BDAC because I think it is an important
17 next step.

18 Bob.

19 MR. RAAB: I say this with some hesitancy
20 because this is CalFed, but I certainly concur
21 wholeheartedly with the comments that you made and
22 what it suggested to me was, what is the efficacy of a
23 shotgun marriage and how long do they last?

24 What I'm getting at is as a native
25 Californian, I think the best thing for California

1 terms of further guidance or direction or
2 encouragement, or I suppose alternatively
3 discouragement. And my feeling is that you're headed
4 in the right direction, that we probably owe you some
5 additional thought in this regard. But immediately,
6 my regard is that -- my thought is that you may want
7 to look at a two-step process that gets us eventually
8 to a very firm longstanding relationship with the
9 federal agencies because of what I think is going to
10 be the very long duration of their terribly important
11 involvement in the process. So I pass that on to you.

12 Others?

13 Yeah, Byron.

14 MR. BUCK: I agree. I think it's the one
15 area that stakeholders in BDAC can be on the front end
16 of it. I mean, clearly it's not going to happen at
17 the policy group or the agency level. It's going to
18 be the stakeholders that push the envelope on this.
19 So I think they ought to take it and run with it and
20 move forward as you suggest, Hap.

21 CHAIRMAN MADIGAN: EZE?

22 MR. BURTS: I have a question of
23 clarification on the two-step process that you
24 mentioned. Would you define what you mean by
25 two-step?

1 CHAIRMAN MADIGAN: I think what we heard
 2 here a few minutes ago was that we could be looking at
 3 a two-year process to achieve a really -- what to me
 4 might be a really durable long-term relationship, and
 5 I don't doubt that. I mean, those aren't easy to do.
 6 It took five years to bring in the number of federal
 7 agencies that are currently involved in CalFed.
 8 That's not something that gets done quickly and some
 9 of the reasons are -- for that happening are pretty
 10 good. Nevertheless, it seems to me that that's where
 11 we want to eventually be.

12 So I think what happened and his group have
 13 suggested, is that we probably are capable of bringing
 14 together a pretty well organized California side of
 15 the house in reasonably short order, and that some
 16 sort of an MOU or an MOA with the feds would be
 17 sufficient for their engagement for the ongoing
 18 process. And that's fine. I think that's a
 19 legitimate way to go. All I'm saying is that as a
 20 second track headed in that direction, recognizing
 21 that it could take a year, two years, three years,
 22 whatever, or more than that to get all the agencies
 23 involved, we also ought to be pursuing what I would
 24 perceive as the long-term very, very solid commitment
 25 by the feds for participation in the process.

1 house. Are there any such requests, and if so, as a
 2 part of your presentation please fill out a card.
 3 Seeing none, are there any further inputs
 4 from the members of the council?
 5 We are adjourned. Thank you very much.
 6 (The proceedings adjourned at 3:22 p.m.)
 7
 8
 9
 10
 11

1 MR. DUNNING: You mean by that something
 2 analogous to a JPA?

3 CHAIRMAN MADIGAN: That's certainly one. I
 4 wouldn't say that's the only one because I just don't
 5 know. But the JPA occurs, you know, as kind of an
 6 immediate thought anyway, as a way that would work
 7 well. The JPA certainly have durability and
 8 commitment within them, sure.

9 MR. BURTS: To follow the question with the
 10 overall on the March agenda, the item calendared will
 11 be a report back and what will be the expectation?

12 CHAIRMAN MADIGAN: Well, I think the
 13 expectation is that you are headed in the right
 14 direction with this, and its further refinement for a
 15 fairly comprehensive conversation.

16 Okay, others?

17 All right. Thank you very much, Hap.
 18 Thank you.

19 Mary, we have reached the end of my agenda.
 20 Have we reached the end of yours?

21 MS. SELKIRK: I think so.

22 CHAIRMAN MADIGAN: I have no further cards
 23 up here for comment by the public, but I would
 24 certainly welcome it at this point either on the
 25 subject of governance or other matters before the

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