

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

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TRANSCRIPT OF PROCEEDINGS

Bakersfield Holiday In Select
801 Truxtun Avenue
Bakersfield, California

Thursday, March 25, 1999, at 8:35 a.m.

REPORTED BY: TERESA MACIEL, CSR NO. 10134

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COUNCIL MEMBERS:

MICHAEL MADIGAN, Chairman, California Water
Commission

GENE ANDREUCETTI, California Waterfowl
Association

BYRON BUCK, California Urban Water Agencies
EZE BURTS, Los Angeles Area Chamber of
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HAP DUNNING, The Bay Institute

JACK FOLEY, Metropolitan Water District of
Southern California

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

TOM GRAFF, Environmental Defense Fund

ERIC HASSELTINE, Contra Costa Council

ALEX HILDEBRAND, South Delta Water Agency

ROBERT MEACHER, Regional Council of Rural
Counties

ANN NOTTHOFF, Natural Resources Defense
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STUART PYLE, Kern County Water Agency

BOB RAAB, Save San Francisco Bay Association

FRANCES SPIVY-WEBER, Mono Lake Committee

PORTALE & ASSOCIATES (209) 462-3377

MIKE STEARNS, San Luis Delta Mendota Water
Authority

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1 CHAIRMAN MADIGAN: Good morning, nice to
2 see everybody.

3 This is the regularly scheduled Bay-Delta
4 Advisory Council meeting of the 25th of March, 1999. We
5 have a number of issues to go through today and so we are
6 going to get started.

7 For those of you who are wondering, this is
8 garlic, I am wearing it to ward off vampires and other
9 such of you who may choose to do evil things today. You
10 are not going to affect me, one way or another.

11 Number of things that I want to cover here
12 before we get started, welcoming Frances Spivy-Weber, the
13 executive director of the Mono Lake Committee replacing
14 Martha Davis who resigned.

15 Welcome.

16 MS. SPIVY-WEBER: Thank you very much.
17 Glad to be here.

18 CHAIRMAN MADIGAN: Thanks for joining
19 us.

20 Steve Zapoticzny is not here today, he is the
21 chair of the Southern California Water Committee and he is
22 replacing Roger Strelow as the business rep, and I think
23 most of you know Roger resigned a couple of months ago.

24 Sprieck Rosekrans is here observing for Tom
25 Graff, and we will also hear from him later as part of a

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1 panel.

2 Dave Cottingham is here as the interim federal

3 representative from the Department of the Interior. As

4 you all know, Roger Patterson retired from the Department

5 about a month ago and went back to take a job in the state

6 of Nebraska, his home state, Big Red, and he will be

7 missed. But, David, thank you for being here and thank

8 you for supporting the program.

9 And Ron Rimpal from State Fish and Game is

10 here as the interim state representative, and Ron is

11 familiar to most of you have been very actively involved

12 in California Fish and Game matters for some time and will

13 be a very articulate spokesman for the State, and, Ron, we

14 thank you for joining us as well.

15 David Guy has resigned as a result of his

16 taking his job as the new director of the Northern

17 California Water Agencies, and we do have a nomination I

18 understand underway to replace David, and that's Brenda

19 Southwick (verbatim), water counsel for the California

20 Farm Bureau Federation. She has not yet been appointed

21 but will be, I understand, and I understand she's here.

22 Yes?

23 Good morning, how are you?

24 MS. SOUTHWICK: Good morning, how are

25 you?

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1 CHAIRMAN MADIGAN: Fine, thanks. Thanks

2 for joining us. Thanks for actually getting a head start

3 on this stuff. Most of us spend our careers behind.

4 Let's see here. Several things. A number of

5 you got an opportunity yesterday to go on the -- on the

6 tour and I wonder if Stu and Howard if you could -- where

7 is Howard? I saw -- there's Howard and Stu both sitting

8 down there at the end. Is there some reason why you guys

9 are sitting over near all the agricultural product?

10 MR. FRICK: You know, really that's -- this

11 is a result of the local farm bureau, Kern County Farm

12 Bureau and Water Association. And they want to be sure

13 you guys pick everything up, because some of these things

14 are getting hard to sell, but it should be easier to get

15 one.

16 CHAIRMAN MADIGAN: Maybe you -- for

17 those of us who weren't there, and I apologize for not

18 being there, I've been in Washington DC the last few days,

19 in my job as chairman of the State Water Commission

20 lobbying for the various federal appropriations that I

21 hope many of you continue to be interested in, and as we

22 have an opportunity today individually, maybe I can --

23 maybe I can tell you how some specific projects were

24 received. I will tell you before I guess we go on, that

25 by far in days where we probably met with 25 congressmen

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1 or their Chief of Staff or something like that, for about

2 three days in a row in the occasional committee chair or

3 something, by far the number one subject that they want me

4 to talk about was the Bay-Delta. They're interested at --

5 in all over the landscape, but there were -- there were

6 regular themes. One of them which, you know, why do we

7 have to be giving you so much money? There are -- there

8 are moves afoot by various senators from other states who

9 look at the amount of money being sent to CalFed and --

10 and then they measure that against what seems to be very

11 small allocations to their states from the Bureau of

12 Reclamation or in the President's budget for the Core of

13 Engineers or something like that, and they -- they're

14 getting asked a lot of tough questions, the California

15 reps are, about staying the course in CalFed. And there

16 also were a number of questions about whether or not the

17 course was going to be stayed. And to that end, yesterday

18 afternoon Senator Feinstein called a meeting together with

19 a number of people in Washington, and from what I

20 understand and I had to go back on an airplane so that I

21 could join you all, but from what I understand the tenor

22 of it was that she is very strongly in support of staying

23 the course, actually got people to sign on the dotted line

24 that everybody in the room was committed to staying the

25 course, and that sort of leadership at this point is

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1 devoutly to be wished for, so I found that to be

2 particularly good news, as was the continuing support of

3 Secretary Babbitt who has been a rock on this for -- for

4 some time now. So there's a lot of visibility for the

5 CalFed process in Washington. I don't know that it is --

6 that visibility is accompanied by a great deal of

7 understanding, but I don't suppose that we would all

8 expect that it would be, and it is important, therefore,

9 that our elected representatives in Washington continue to

10 make the case, as many of them are, Congressmen Dooley,

11 very strongly making the case. I thought that Senator

12 Boxer's office continued to make the case nicely, and a

13 number of others. So that was all -- that's all pretty

14 positive news. It's obvious that -- that a number of

15 people are also making the trip back to Washington and

16 making it clear that if they don't get what they want,

17 that they're not going to participate. I mean, those are

18 normal conversations that take place as things begin to

19 approach the end game, and I think that most of the

20 federal officials understand those negotiating tactics and

21 positions and I was -- I was encouraged that there was a

22 general recognition that that was what was going on. So

23 anyway, having said that, let me get back to Stu and

24 Howard and see if there's anything that you'd like to say

25 about the tour yesterday.

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1 Stu.

2 MR. PYLE: I would just like to say that I

3 think we had a very informative and successful tour. A

4 number of BDAC members were able to make the tour. Some

5 were not, but for those who did put out the effort to get

6 here, some of them went through an extreme effort,

7 transportation was not too good yesterday, but they did

8 see some good things. We started out from this location,

9 went out to the Arvin-Edison Water Storage District, and

10 on the bus trip traveling out there, having the things

11 pointed out, this is a pretty good time of year to see

12 this. Things are becoming green; we had a beautiful day.

13 Could see the potato crop maturing out there. Could see

14 the orange crop with the oranges still on the ground as a

15 result of the disastrous freeze that we had last winter.

16 CHAIRMAN MADIGAN: The potatoes were in

17 the trees and the oranges were on the ground? Is that

18 what you just said?

19 MR. PYLE: We had a freeze, you know, cold

20 weather, kind of tough on our local crops. Orange farmers

21 are not too happy.

22 But we saw -- I think we got a good insight on

23 how a water district like Arvin-Edison manages its water

24 supply, which as they said varies from 10,000 acre feet in

25 a year to over 300,000, whereas their need is 150,000 acre

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1 feet each and every year, and how they balance that supply

2 by either providing the service water supply or relying on

3 groundwater and putting their extra water into groundwater

4 recharge, so that was a good example of consumptive --

5 conjunctive use.

6 Saw some examples of drip irrigation on grapes

7 out in that area, then proceeded out to the west of the

8 Kern Water Bank, which travels about a half an hour west

9 from the Arvin area, and that area is west of Bakersfield

10 here. Hopefully there are some maps you'll be able to see

11 in the room or elsewhere to see the location of the Kern

12 Water Bank, but as a result of the Monterey agreement,

13 that property which was originally acquired by the State

14 of California for Kern Water Bank was turned over to the

15 Kern Water Agency. I say turned over, it was sold for the

16 exchange of 45,000 acre feet of State Water Project

17 entitlement, and -- whereas the property, the 20,000 acres

18 was then turned over to Kern County Water Agency, which in

19 turn reassigned the management of that property to Joint

20 Powers Authority of several districts here who have put

21 their own effort and dollars into making that project

22 work. So since 1995, they've been in the process of

23 constructing their works and just the last year or so are

24 beginning to get water into groundwater storage. So

25 there's an example of conjunctive use south of the Delta,

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1 water banking.

2 I think one of the interesting things that

3 Bill Filmore who gave us a very descriptive talk on that

4 pointed out was that this was such unique circumstance and

5 location of the Kern Water Bank where it's adjacent to the

6 California Aqueduct and received water that way. It can

7 also receive water from the Kern River and Friant/Kern

8 Canal, and that water could be put into storage. Also at

9 that location water can be pumped out through the pumps

10 that are either there or being installed and reconveyed

11 back into the California Aqueduct or other canals such as

12 the Cross Valley canals, so it's a unique circumstance and

13 very difficult to duplicate anyplace else in the state.

14 They also seem to have a feeling that with the million

15 acre feet of storage dedicated to storage in that

16 facility, that there's not a lot of other area around here

17 that's going to make water banking possible without a

18 great deal of expense and effort. And the expense is

19 usually in conveying the water from the California

20 Aqueduct, or some other source, into the area for

21 conveyance for percolation and pumping the water out and

22 conveying it someplace else. So I think it kind of

23 confirms that if we're looking for underground storage in

24 the San Joaquin Valley, the opportunities are not nearly

25 as great as -- I mean, it is not a wide-open place where

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1 you can just do this anyplace, it's rather confined to

2 just a few areas, and a lot of these are currently being

3 used.

4 The one other thing we did on our trip back

5 from the Kern Water Bank was stop and look at some

6 irrigation techniques in an almond orchard, and these have

7 underground drip systems that was installed in these

8 areas, but as the person who was giving us the tour

9 explained, that even though there was a drip system put in

10 there to convey water to this orchard, it still turned out

11 that the orchard was using about 40 to 42 inches of water

12 a year. Just because you had a drip system didn't mean

13 that you could take the water away from the trees, that if

14 you want to get the production from the tree, you're still

15 putting 40 to 42 inches on. What you're doing, though, is

16 getting precise application of the water in the area the

17 tree needs it, and you're improving the production of the

18 tree, so with that additional expense they feel it's

19 justified in the additional production that they get from

20 the trees.

21 So all in all, I think it was a very

22 informative tour, and I certainly would like to have each

23 and every BDAC member been available to do it, but I think

24 for those who did it, I think they'll have some lasting

25 impressions of things that go on here in Kern County.

1 CHAIRMAN MADIGAN: Mr. Howard, anything
 2 to add?
 3 MR. FRICK: Can't add much to that. We do
 4 appreciate the opportunity to show folks Arvin-Edison's
 5 program, and I know those of you that couldn't get there
 6 on time and some people made every effort to get there and
 7 missed the presentation, for anybody else, we'd be happy
 8 to -- let me know, we'd be happy to send the information
 9 that describes how the program works, because it is sort
 10 of complex, and including our management deal with the
 11 Metropolitan.

12 CHAIRMAN MADIGAN: Thanks, Howard.
 13 Thank you, Stu.
 14 And thanks to everybody that was involved in
 15 the tour yesterday, I mean, certainly Arvin-Edison, Kern
 16 County, Kern Water Bank Authority, I think that what you
 17 put on, and I've talked to about five people so far that
 18 were either on it or were -- also talked to people who
 19 were on it and it obviously was a splendid tour.

20 And I also want to thank the Association of
 21 the Kern County Water Agencies for the reception last
 22 night. The BDAC came here to learn, and you have been
 23 most cooperative in sharing your knowledge.

24 Okay. Further announcements. Number one, I
 25 am pleased to note that Craig Peterson is here this

1 morning representing Kern County Supervisor McChristien.
 2 Thank you very much for being here.
 3 And Joan Schraf, who is Senator Costa's field
 4 rep here, and I will say that I saw Senator Costa back in
 5 Washington yesterday morning working hard at a 7:00 a.m.
 6 breakfast getting ready to go up on the Hill and pound on
 7 somebody or other. So he was -- he was giving it his
 8 usual share of energy and effort.

9 Let's see here. Next bullet point says here
 10 restoration coordination, joint round table BDAC review
 11 and recommendation to CalFed Agencies on the 1999
 12 ecosystem restoration project funding package.

13 You have an update in your packet for the
 14 workshop and meeting dates. The schedule that we are
 15 currently on does not allow us to have another BDAC
 16 meeting before the recommendations are made by CalFed to
 17 Secretary Babbitt and Secretary Nickels.

18 Eugenia, you might want to speak to this, but
 19 your note here indicates that we might want to get some
 20 volunteers together to sit down and review this
 21 information and make a joint recommendation with the round
 22 table for our July 7th and 8th meeting.

23 MS. LAYCHAK: Right.
 24 What I also want to say is that the round
 25 table meeting date of June 16th is in your -- is in the

1 restoration coordination update part of your packet.
 2 However, the workshop on June 14th is not in your packet.
 3 The round table will be having a -- sponsoring a public
 4 workshop on June 14th, which will be when -- after the --
 5 during the public discussion portion of the selection of
 6 the restoration coordination projects. The -- on the 14th
 7 will be a workshop with the integration panel. The
 8 integration panel is a scientific panel that provides
 9 recommendations to the policy makers on which projects
 10 should be selected for funding. So they are -- actually,
 11 the round table is inviting BDAC to participate in that
 12 workshop so you can get up to speed. Those workshops are
 13 fairly informal and are really opportunities to ask
 14 questions of the integration panel -- integration panel
 15 and staff as to why particular -- any questions that they
 16 would have on the proposals that are part of the
 17 selection.

18 On June 16th, then, is a joint -- we'd like to
 19 have a joint round table BDAC meeting where there is
 20 essentially a joint recommendation to the two bodies --
 21 from the two bodies to the CalFed policy -- to the CalFed
 22 agencies. And you'll also notice that the CalFed Agency
 23 meeting -- or the policy group meeting is the following
 24 day on June 17th, and then those recommendations will be
 25 forwarded to Secretary Babbitt and Secretary Nickels. So

1 we have heard expressions of interest in the past by BDAC
 2 members to become a little bit more involved in the
 3 selection process and the review process of those
 4 proposals, so this is an opportunity to do that. And
 5 we're also -- and if there are BDAC members who are
 6 particularly interested in those and would like to
 7 participate in the meetings, we'd like to maybe forward
 8 those names onto the round table to make sure that you get
 9 the packets and make sure you get the information you need
 10 to fully participate in the workshop and the meeting.

11 CHAIRMAN MADIGAN: Let you know.
 12 All right. Let Eugenia know. Now is a good
 13 time. If you want to think about it a little bit, get
 14 back to her. But Mr. Meacher. Thank you.
 15 Mr. Heldebrand, Mr. Meacher.

16 MS. LAYCHAK: And anybody else can give
 17 either me or Wendy Halversin-Martin a call at the CalFed
 18 offices.

19 CHAIRMAN MADIGAN: Thank you. Okay.
 20 Thank you for that.

21 BDAC Charter renewal. Our charter is due to
 22 expire on June 11th, 1999. Heavens, we all naively
 23 thought that we'd be long since done by then, didn't we,
 24 that that date was well outside the realm of any possible
 25 continuing involvement. Well, we were wrong. The renewal

1 is in progress.
 2 David, do you want to say anything about
 3 that?
 4 MR. COTTINGHAM: Excuse me, I was talking
 5 here.
 6 CHAIRMAN MADIGAN: sure you were. Of
 7 course you were.
 8 Charter renewal. How are we coming on being
 9 able to extend the life of this entity beyond June 1st?
 10 MR. COTTINGHAM: I don't think that will be
 11 a problem.
 12 CHAIRMAN MADIGAN: Great.
 13 MR. COTTINGHAM: Well, it's inertia. These
 14 things get thrown --
 15 CHAIRMAN MADIGAN: All enthusiastically
 16 in favor of that idea.
 17 MR. COTTINGHAM: These things take a while
 18 to work their way through the bureaucracy but it will --
 19 we're working on it.
 20 CHAIRMAN MADIGAN: Actually, we're not
 21 that excited about the news, David, as you know.
 22 Okay. Upcoming BDAC meetings May 13th. It
 23 says a joint with -- gee, that's sort of like college --
 24 CalFed Agency Policy Group -- well, probably a lot closer
 25 to college -- July 7th and 8th in San Diego during the

1 phone, we share a half a cubical. We are as one CalFed.
 2 CHAIRMAN MADIGAN: God, that's
 3 beautiful.
 4 Okay. Thank you for that. And Eugenia now is
 5 the BDAC coordinator. So go get them. How about
 6 coordinating us.
 7 MS. LAYCHAK: if you have any questions
 8 or comments at all about the meetings or what's upcoming,
 9 feel free to give me a call, the same phone number at the
 10 CalFed offices.
 11 CHAIRMAN MADIGAN: Okay. The items
 12 scheduled on our agenda for 9:15 this morning is "Review
 13 and Concurrence on CalFed Bay-Delta Program Approach for
 14 the Water Management Strategy and Integrated Storage
 15 Investigation." There's an acronym in there somewhere.
 16 Steve, do you want to start us off on this?
 17 MR. RITCHIE: sure. We haven't gotten
 18 to an acronym yet, but we're working on it. There is no
 19 acronym there, but fertile minds are hard at work on it.
 20 Good morning, I want to talk about an update
 21 on our Water Management Strategy which is a real key of
 22 the whole CalFed process, talk about where we're going
 23 with it and look for some feedback on that.
 24 In particular, the purpose of the presentation
 25 this morning is -- something about the focus on this, it's

1 draft EIR/EIS.
 2 Comment period, Mary.
 3 MS. SELKIRK: I just want to point out,
 4 the May potential joint meeting is a tentative, that is
 5 the last time that the CalFed policy group will be meeting
 6 at this point prior to the -- to the EIR going to the
 7 printer. So, we'll do our best to figure out some way to
 8 do a joint meeting; I think it will be very helpful at
 9 this point.
 10 CHAIRMAN MADIGAN: Okay. Questions on
 11 that. Anybody?
 12 All right. Mary Selkirk has a new role here
 13 as CalFed policy group coordinator and Mary might tell us
 14 what that means. It means you got tired of driving to
 15 Sacramento.
 16 MS. SELKIRK: I don't know whether it
 17 will be a bit elevated or whatever. It means that I will
 18 be spending less time on -- involved with the BDAC
 19 process and more time with the CalFed policy makers who
 20 are going to be meeting weekly, at least for the next 60
 21 days until the release of the EIR or the EIR's -- the
 22 revised EIR is ready for release, so you may not see me in
 23 San Diego, so.
 24 CHAIRMAN MADIGAN: Oh.
 25 MS. SELKIRK: But Eugenia and I share a

1 not what I would like it to be -- we're going to give you
 2 a general update on the Water Management Strategy
 3 development and look for concurrence from BDAC on the
 4 basic approach. You know, like all of these things, we
 5 can argue about the details endlessly, but we want to make
 6 sure the we're headed in the right direction, and also
 7 concurrence on within that Water Management Strategy on
 8 the Integrated Storage Investigations approach.
 9 Here's a chart that we've been using a lot,
 10 with a lot of folks and here as well. In terms of the
 11 Water Management Strategy, we see that as an array of
 12 water management objectives, that we're trying to achieve
 13 in the CalFed process that need to have a lot of different
 14 tools applied to those objectives, applied to water to try
 15 to achieve those objectives. And it's some mix of those
 16 tools that is actually going to result in achievement to
 17 those objectives; that no one tool or no small set of
 18 tools really will help us meet those objectives.
 19 A little cleaner version of it as far as the
 20 objectives, reducing diversion conflicts, reducing drought
 21 impacts, increasing supply availability, increasing
 22 operational flexibility, and increasing supply utility.
 23 Those are all objectives of the Water Management Strategy
 24 for CalFed. And in terms of the tools to bring to bear
 25 there, we have storage, water quality improvement, water

1 shed management, recycling, conservation, real time
 2 monitoring within the system, actual active management of
 3 the system and water transfers. Every one of those
 4 different tools come to bear in some different way on each
 5 one of those water management problems which we need to
 6 develop objectives.

7 There are a couple of other things out of this
 8 overhead that I want to particularly point out, and that
 9 is with transfers and real-time monitoring, those are two
 10 of the primary tools within what we've called the
 11 Environmental Water Account. A new way to start
 12 approaching how we're actually directing manage diversions
 13 out of the system for benefits of fish and waterusers,
 14 both in terms of really activity monitoring the system so
 15 that we can make use of that information in a real-time
 16 basis to manage the water such that the regulators,
 17 instead of just setting rules can actively manage the
 18 system, potentially flexing those rules so that we can
 19 pull more water out, both for the benefit of the
 20 environment and for waterusers when there's less risk of
 21 environmental damage. Consequently also, when there is
 22 some greater risk of environmental damage, cutting off
 23 diversions more, but then using the transfers to actually
 24 see the effects of waterusers, but it's using those tools
 25 actively together. And all these things in the Water

1 Water Management Strategy, and that is the performance of
 2 all those individual tools which is really a technical
 3 issue. What can you really do in terms of water use
 4 efficiency. I think Stu mentioned earlier that the actual
 5 amount of water applied differently between drip
 6 irrigation and furrow irrigation for at least the almond
 7 orchard we were at yesterday was no different. So that
 8 there may not be water savings on certain things.

9 On the other hand, also talking to the farm
 10 folks there, they said, you know, they thought production
 11 was up overall, so potentially it's more efficient in
 12 terms of pounds produced for the amount of water applied.
 13 But that's really a technical issue. What can the tools
 14 do? Again, the interaction of those tools, how do they
 15 play in combination is fundamentally a technical issue.
 16 And the other is the hydrologic variability of the system
 17 drives why we're doing most of this stuff. So we have to
 18 evaluate all those technical tools and apply to them also
 19 a variety of policy consideration. The economic impacts
 20 of them, the cost of them in the first place, and their
 21 economic impacts, social impacts, and the big one for all
 22 of us is: What's the risk and uncertainty in dealing with
 23 these things? What the risk of additional drought and how
 24 are we going to deal with that? So those are all the
 25 considerations going into development of the Water

1 Management Strategy, one key part of that is feeding into
 2 the 404 permit process for facilities.

3 And we tried to put together an overhead that
 4 lays out how we're trying to achieve that in CalFed, in
 5 terms of applying the Water Management Strategy tools --
 6 is that thing in focus at all? Sort of.

7 CHAIRMAN MADIGAN: It all depends on
 8 where you look.

9 MR. RITCHIE: It depends on where you
 10 look. Yeah. It's differential.

11 Okay. Using all those different Water
 12 Management Strategy tools and apply -- looking at them
 13 individually, in trying to get agreement in practical
 14 levels of achievement for each of those tools that will
 15 represent the least environmentally damaging set of tools
 16 that can be used in accommodation. And that would lend to
 17 the demonstrated need or not for surface storage. I mean,
 18 there are a lot of people who absolutely believe surface
 19 storage is part of the solution, others who think that
 20 it's not proved at all, this is the process we need to go
 21 through to get to that demonstration of need, leading to
 22 the record of decision and findings on the 404 level so
 23 that we can move forward with tool implementation and
 24 ultimately site specific 404 permitting as appropriate.

25 There are various considerations relative to

1 Management Strategy.

2 So I'd like to focus on what exactly are we
 3 doing to try to move it forward. A variety of different
 4 things. First, increase the technical detail, increase
 5 the level of analysis going into various factors of it.
 6 Particularly, water use efficiency performance, and what
 7 I'll talk about, the Integrated Storage Investigation.

8 Secondly, we're doing work on alternative
 9 water demand scenarios with a variety of stakeholders,
 10 which is also taking place in the economic analysis, and
 11 we'll talk later about the economic evaluation of water
 12 management alternatives; this is a very substantial
 13 modeling process that we're engaged in to try to get into
 14 some credible economic analysis of how different water
 15 management alternatives play out, refining the objectives
 16 we're trying to achieve, and defining the tools and their
 17 actual benefits.

18 First in the water use efficiency front, we
 19 are working on increasing the technical level of detail in
 20 the three different water use efficiency areas,
 21 agricultural conservation, urban conservation and
 22 recycling. We have work groups active in each of these
 23 areas trying to get to further and further levels of
 24 definition. On the ag conservation front, for example, of
 25 the Phase II Report we published in December, one of the

1 big steps we made there was the recognition that we
 2 shouldn't have just one ag conservation objective, but
 3 rather that was something that made much more sense on a
 4 regional basis, and so we're working through the process
 5 of how to develop those objectives on a regional basis.

6 On the urban conservation front, we're working
 7 through the details of how do we get to a program to apply
 8 BMP's in all the urban areas and how -- what kind of
 9 certification process you have for that. And lastly on
 10 recycling, getting to what policy measures can we
 11 implement at CalFed to make things work better here. And
 12 in all these, trying to figure out what the exact result
 13 of those measures is in terms of the production of better
 14 water management.

15 The other significant piece of the Water
 16 Management Strategy on the technical front is what we've
 17 called the Integrated Storage Investigations. When you
 18 look at all the array of tools, like you see there are a
 19 whole lot of different ones, conservation, recycling,
 20 transfers, but within storage, both ground water and
 21 surface, there is a lot of material under that. And what
 22 we've pulled out now is what we call the Integrated
 23 Storage Investigations, which is looking at a combination
 24 of groundwater storage and surface storage, power facility
 25 reoperation, and fish barrier assessments, that all of

1 In barrier removal, in particular, at CalFed,
 2 you can't go down the hallway without somebody mentioning
 3 Englebright Reservoir on the Yuba River, and it stirs fire
 4 in everybody's heart, one side or the other, but it's a
 5 good example on a dam on a river that some people think
 6 should be removed to improve fish habit, and other people
 7 of course think it should stay there. Well, that's one
 8 that we're starting to engage now in, that's one more
 9 storage site in the system. What are we going to do with
 10 that site? Can we find some way to improve fish passage,
 11 or is actual removal of that site -- that dam something
 12 that ought to happen in the system, and it clearly affects
 13 the overall storage in the system. So barrier removal or
 14 modification is a key component of dealing with surface
 15 water storage. On the groundwater side, looking at
 16 conjunctive use programs and banking projects and moving
 17 those forward in a coherent way. I think within CalFed
 18 it's not clear to me that we can do much on the policy
 19 front necessarily to move those particular things forward,
 20 and maybe our best opportunity is to provide incentives,
 21 money incentives to help locals come forward to work with
 22 their programs. For those of us in particular who saw the
 23 Kern Water Bank yesterday, I think I must have heard that
 24 point about 15 different times. What made that project to
 25 success was local driving of the project. I think that's

1 those things relate to storage in some way or another, and
 2 need to be looked at in an integrated fashion to come to
 3 some kind of reasonable solution.

4 In terms of the Integrated Storage
 5 Investigations, we think that surface -- well,
 6 fundamentally, surface water storage and groundwater
 7 storage obviously need to be used in conjunction. In
 8 fact, for some water managers, this is kind of almost
 9 irrelevant, it's redundant to show this. Just each --
 10 operating each one of them independently just doesn't make
 11 sense.

12 In surface water storage, there are various
 13 things to be looked at. One is new storage. New storage,
 14 new surface storage, new off-stream surface storage are
 15 increasing the height of existing on-stream reservoirs is
 16 what's really being looked at here, and that's what we're
 17 trying to push for in our screening of potential sites and
 18 looking at the utility of those sites, and obviously each
 19 site has different utility.

20 In power facility reoperation, PG&E in
 21 particular in going through a large divestiture effort,
 22 and a lot of folks think that there may be some real water
 23 management benefit in reoperating those power facilities
 24 in some way for different benefits within the system in
 25 terms of water management.

1 a real critical lesson for us to learn.
 2 But we're looking at all those things in
 3 combination that are constrained by various institutional
 4 and physical concerns that we have to deal with and that
 5 investigation -- storage investigation effort going on
 6 over the next several months and probably years in total
 7 to get to a really truly integrated storage plan.

8 I believe in your packet there is a write-up
 9 of this which is in the draft form at the moment, but this
 10 is a real key of how we feel we should move forward in the
 11 Water Management Strategy. As a matter of fact, I think I
 12 might even stop for a second there and see if there are
 13 any questions about the Integrated Storage Investigation
 14 effort.

15 CHAIRMAN MADIGAN: Mr. Meacher.
 16 MR. MEACHER: Just in addition on your
 17 water use efficiency overhead handout.

18 MR. RITCHIE: Yeah.

19 MR. MEACHER: I would ask that you
 20 consider ag conversion conservation -- urban conservation
 21 recycling to also consider source watershed conservation,
 22 because conservation up there, although it's not
 23 necessarily low flow toilets or drip systems, you can do
 24 projects or measures on a landscape-wide basis that
 25 actually increases your time value of water, releases it

1 later in the system, therefore, even if it's above a damn.
 2 MR. RITCHIE: Um-hmm. You're talking
 3 about basically a watershed management activity that
 4 results in more efficient use of water within that system
 5 and ultimately more water will yield downstream match
 6 stream use.
 7 MR. MEACHER: Ultimately benefits the
 8 downstream user.
 9 CHAIRMAN MADIGAN: Good point, thank
 10 you.
 11 Alex.
 12 MR. HILDEBRAND: Steve, it isn't clear to
 13 me in this Integrated Storage Investigation just how
 14 you're doing some of these analyses. For example, are you
 15 assuming that the value of water at the end of our program
 16 is going to be the same as it is now, or how do you arrive
 17 at the value of water that you put in the economic
 18 analyses? And, also, when you choose among different
 19 kinds of storage mechanisms, some of them would be big
 20 power producers, some would be big power consumers, how do
 21 you take that into your economic analysis, and at what
 22 rates -- current rates or probable rates in the future?
 23 And then the question of compatibility of this storage
 24 investigation with -- for example, flood control, flood
 25 protection. Lester, from time to time, shows us a plan

1 screening on things on down, they all have a lot of
 2 different characteristics that don't I think allow
 3 themselves to be utilized just a simple screen because
 4 they all have different benefits as well as different
 5 costs, and those need to be compared in some way. The
 6 economic evaluation is trying to capture that, and what
 7 I'll do is make sure that we respond very directly to your
 8 questions on those things relative to the economic
 9 evaluation of Water Management Alternatives because that's
 10 where we're really looking at that information.
 11 MR. HILDEBRAND: And also in regards to the
 12 question of the compatibility with flood protection.
 13 MR. RITCHIE: Yes.
 14 MR. HILDEBRAND: And I recognize you can't
 15 do this on a site specific basis at this point, but you
 16 can be very specific about the analyses and the
 17 considerations that go into -- that will go into those
 18 analyses.
 19 MR. RITCHIE: Yes, we can.
 20 CHAIRMAN MADIGAN: Questions?
 21 All right. Go ahead, Steve.
 22 MR. RITCHIE: Okay.
 23 One of the other things that there's been a
 24 lot of attention to, obviously, over time is the demand
 25 projections that CalFed is utilizing, and one of the

1 that says you would only fill these new storage facilities
 2 after you reached the peak of the flood. So you would
 3 then get no flood benefit, whereas the only real new water
 4 supply has to come from capturing floodwaters that are not
 5 providing much benefit. And so it isn't clear to me how
 6 you handle these various considerations and others, in
 7 connection with your storage investigation, and I know you
 8 are looking at yields rather than just storage capacity,
 9 but this all seems to get presented to us in terms of
 10 storage capacity rather than yields, and the yields are
 11 the only thing really that are going to get us more water
 12 to work with.
 13 MR. RITCHIE: Yeah. And I can tell you
 14 that I haven't got a specific response to particularly
 15 your first two questions relative to the cost of power in
 16 particular, and how these are treated within the system.
 17 In the economic evaluation, which we'll talk about later,
 18 those are some of the considerations that need to be
 19 there. We may be constrained that in terms of the broad
 20 economic evaluation, we may not be able to get site
 21 specific enough to be able to say on the power front it
 22 either generates this much or costs this much to get water
 23 there because it may not be specific enough to get there,
 24 and it may be the next level of detail beyond that. But
 25 that also is partly why when people talk about, you know,

1 things that I think we're clear on in CalFed is the future
 2 demands, whatever they may be, are something we're going
 3 to have to deal with, and Lester in particular and others
 4 found all projections are wrong, because they are. We
 5 don't know what the future is going to be, but we have to
 6 deal with it.
 7 In terms of what that future might look like
 8 and how people see that being played out, in terms of --
 9 this is average year water use in comparison, this diagram
 10 lays out what the 1995 level of demand was in California.
 11 And actually, I believe this is the Bulletin 160-98
 12 modified level of '95 demand, it's not exactly what
 13 occurred in '95, but it's modified to reflect certain
 14 hydrologic conditions. The top line here is what Bulletin
 15 160-98 portrays out in 2040, if urban BMP's and
 16 agricultural -- efficient water management practices are
 17 not applied. And here at this lower level is what
 18 Bulletin 160-98 projects out if those are applied. And
 19 particularly for our time frame in 2020 here, you see a
 20 difference just in the application of the fish and
 21 practices of about 2.3 million acre feet, and between
 22 the '95 level and the Bulletin 160 efficient projection
 23 about a million acre feet difference. So that's what
 24 Bulletin 160-98 shows for average years. There are other
 25 curves for dry years and things of that nature, but this

1 is for comparison purposes.
 2 MR. CLARK: Steve.
 3 MR. RITCHIE: Yeah.
 4 MR. CLARK: Steve, where is the new demands
 5 for the environment that you've got imbedded and CalFed
 6 represented? The environmental demands seem to be greater
 7 than any statewide demand for additional water?
 8 MR. RITCHIE: Yeah. They're not
 9 represented in this. This is not -- Bulletin 160-90 does
 10 not reflect environmental demands. I think it's a fair
 11 question, Tom, and I think we need to find some way to
 12 represent that very directly in this same package of
 13 information.
 14 CHAIRMAN MADIGAN: Just so I don't lose
 15 control of this thing, make sure that I recognize you
 16 here, Tom Clark from Kern Water Agency.
 17 Okay. Thank you. Go ahead.
 18 MR. RITCHIE: As far as what CalFed has
 19 done to try to make sure there's no misunderstanding about
 20 that, CalFed's No-Action Alternative is -- actually shows
 21 less demand in 2020 than Bulletin 160-98, that's because
 22 of some additional analysis on top of Bulletin 160-98 and
 23 some different assumptions about what is likely to happen
 24 in the future for a no-action determination.
 25 And let me say, you know, what is a no-action

1 I have Alex and then Byron.
 2 MR. HILDEBRAND: Steve, it seems to me that
 3 for the BDAC or the Policy Committee to make an informed
 4 judgment on this management program, we need more
 5 breakdown than you're giving us. For example, in your
 6 thing here where you think we're going to use a million
 7 and a half acre feet less water, what assumptions go into
 8 that? In the time frame of the program, we're going to
 9 have 20 million more people in California, and they're all
 10 going to -- at that time then we'll have, perhaps, 40
 11 percent of the population will be in residences and
 12 offices not yet been built, are we going to go on building
 13 those without dual piping systems so that we use portable
 14 water to flush the toilets and do all those other good
 15 things, or are we not? Are we going to use reverse
 16 osmosis to the extent necessary so that we can recycle
 17 most of the unconsumed water in the coastal areas where we
 18 can dispose the salt into the ocean and, therefore, not
 19 have to provide sewage water that is not recyclable?
 20 Questions of that sort. Are we going to increase output
 21 of industrial products to match the increase of
 22 population, or are we going to start importing industrial
 23 products? It seems pretty clear that the plan is that we
 24 will not increase the production of food, so that we will
 25 indeed become dependent on imports of food if we can find

1 determination? Does that represent the future that CalFed
 2 thinks will be there? Well, it's a decent shot at it, but
 3 it's more of a -- we need to have base to work from, and
 4 so that's our shot at what that was. Then the CalFed
 5 program projection, when you add in the additional
 6 efficiency measures that should come as a result of
 7 CalFed, it actually shows a reduction of demand below the
 8 1995 levels over time. So this is -- one thing I want to
 9 make sure that are in terms of what demands are in the
 10 future, yeah, Bulletin 160 has a number out there, CalFed
 11 has numbers out there, and these are useful to a point in
 12 terms of trying to figure out what you should do, but
 13 they're only of limited usefulness in trying to fix the
 14 Delta to make sure the system works; that's the key thing.
 15 CHAIRMAN MADIGAN: Steve, let me
 16 interrupt here for a second and say that there have been
 17 questions raised about Bulletin 160-98, and some of them
 18 were raised in the congressional meetings these last
 19 couple of three days. To try to help focus some of the
 20 concerns and maybe polish some of the numbers or
 21 assumptions, it's my expectation that the water commission
 22 sometime in its next two or three meetings will probably
 23 devote some time to that question and would invite input
 24 or testimony or -- or thoughts on the matter, so we'll try
 25 to get that information out to you everybody.

1 it anyplace. So it isn't clear whether the -- there's a
 2 consistency in the consumptions in the philosophy here or
 3 what the breakdown is among these various uses, and I
 4 don't see how we can make an informed judgment unless we
 5 can understand the consequences of those assumptions.
 6 MR. RITCHIE: Let me provide two answers
 7 to that: First, in terms of the numbers generated here,
 8 that information should be readily available out of the
 9 Water Use Efficiently Program Plan. I haven't got the
 10 information at my fingertips to describe how these were
 11 reached, but I can do that. It does assume substantially
 12 greater levels of urban and agricultural efficiency and
 13 recycling in addition to changes in amount of irrigated
 14 acreage and other things. That's how these numbers were
 15 generated.
 16 The other, and probably better place to get,
 17 though, I think at what you're talking about, I'll talk
 18 about in a bit in the Economic Evaluation of Water
 19 Management Alternatives, where what we're developing is a
 20 variety of supply and demand relationships based off of
 21 direct policy preferences and assumptions that get made, I
 22 think along the lines of what you're talking about, which
 23 is you're going to do more of this and you're going to do
 24 less of this as a policy decision, then how does that play
 25 out in terms of essentially economic decision-making among

1 those who have to manage the system, who have to engage in
2 utilization of water and other things. That's where that
3 information should really come to the floor and you can
4 see that in pretty great detail.

5 MR. HILDEBRAND: Yeah, but you're asking us
6 to approve today a water management plan without telling
7 us what considerations and what policy assumptions go into
8 that plan, and what are the consequences of doing it one
9 way versus another. So I don't think we can respond to
10 that request without having this information.

11 MR. RITCHIE: No, we're not asking you
12 to approve a water management plan, we're asking you to
13 approve and then concur in an approach to that, and
14 actually within the BDAC packet, there is information on
15 the Economic Evaluation of Water Management Alternatives,
16 and in one large fold-out sheet, for example, that shows
17 all those different policy preferences that were applied
18 in the analysis to try to present that information the way
19 that you can see those decisions are there to be made by
20 decision makers.

21 MR. HILDEBRAND: Yeah, but I still think
22 that it isn't clear from anything that I've seen what
23 policy choices you are assuming in arriving at numbers
24 such as this one you just presented to us, and we in the
25 Policy Committee need to have some understanding of the

1 consequences of going forward with one policy decision
2 versus another, and I don't see how we get that.

3 MR. RITCHIE: And this is not a policy
4 decision, we're not asking you to approve these numbers
5 here. We're asking you is look at the approach that we've
6 laid out, particularly in terms of the Economic Evaluation
7 and Water Management Alternatives, which does have that
8 array of policy preferences in it, and I think in your
9 folder actually there's a large fold-out page that lays
10 those out that shows that range of policy preferences that
11 we're working within. Now, we will not get to, okay,
12 what's the policy decision now? We'll get to at some
13 point later this year. Particularly, I think we're
14 looking at September when we really need to get to, okay,
15 what is the policy decision that we want to pursue out of
16 this in the Water Management Strategy?

17 MR. HILDEBRAND: Well, I'd just like to be
18 sure that the staff furnishes us with the necessary
19 information to make an intelligent decision before we're
20 asked to make it, and maybe that's inherent in the
21 process, it isn't clear to me that it is.

22 MR. RITCHIE: Yeah, but let me
23 emphasize: This is not for decision-making, this is to
24 point out there are an array of numbers out there already,
25 people have argued about this and we can provide you the

1 backup of this current array, but that will obviously --
2 as policy preferences come along, those will affect what
3 those command numbers actually are.

4 CHAIRMAN MADIGAN: Byron.

5 MR. BUCK: Thanks.

6 Steve, this graph is really just a luster to
7 the type of demands particularly on an average year. I
8 understand the work group is really looking at more of a
9 bandwidth with a variety of assumptions that would show
10 maybe it's going higher or maybe it's going lower within a
11 certain range based upon assumptions as you mentioned and
12 assumptions on how things are going to turn out.

13 I'd also just like to call attention that
14 average year demands are fine, but the system's problems
15 are not really in average years, they're in the drier
16 years, and where we're really going to have to look at how
17 we bring to bear the water management tools is in the
18 drier years, looking at what that band range of demand is
19 going to be and how big that gap is between supply. Right
20 now it's about two million acre feet in a dry year. How
21 much bigger or if that's going to get bigger is what we're
22 going to have to determine if we use new management
23 strategies to at least narrow that gap.

24 MR. RITCHIE: Yeah. Two things on
25 that. One, again, this is just illustrative. This is not

1 what drives what your water management decisions are.
2 But, secondly, you talked -- we do have a work group
3 looking at alternative demand scenarios and talking about,
4 well, if these numbers are greater or lower. I think what
5 we've concluded internally, well, you can say what those
6 are, but, in fact, by doing that and by assuming some of
7 those things, you're making your policy preferences. And
8 aren't we better yet to look at the policy preference
9 array and demand actually falls out of that as opposed to
10 drives that, and that I think is the significant
11 difference there that we're seeing. So we will have, yes,
12 a bandwidth around these, but within a few months we won't
13 be talking about guesstimates of demand driving things,
14 but rather policy decisions that drive what we see as
15 demands.

16 Okay. Going forward. Another particular
17 point in this in terms of how the system works, this is
18 one thing that we, well, sort of keep coming back to is
19 that the system does have a large array of ways water is
20 moved around the system. In particular, in this case, we
21 look at, you know, what's going on in the Delta, and in
22 this case, it's about, excuse me, on a long-term basis
23 about five and a half million acre feet exported from the
24 Delta, and that water going to different users in central
25 and southern California, in particular, southern

1 California and the San Joaquin Valley.
 2 In terms of how the water management tools
 3 work, one of the things that we have observed over time is
 4 a little misconception, and so we wanted to point out one
 5 sample in particular as to how the system works a little
 6 bit. And this is a very simplistic diagram of a set
 7 amount of Delta exports goes to two areas in particular:
 8 The south coast area and the Tulare basin area, and both
 9 of those have an array of water supplies that go on
 10 there. In the case of the south costal area, southern
 11 California, state projects supplies, local groundwater,
 12 Colorado River, Mono Lake, local supplies, and recycling
 13 is the array of water that comes there.

14 And in the Tulare basin, both state and
 15 central valley project supplies, local surface supplies
 16 and groundwater in which there is currently basin-wide an
 17 overdraft, a long-term overdraft. So those different ways
 18 water management there.

19 One of the things that keeps coming up is,
 20 gee, what happens to water that is conserved in southern
 21 California? We tried to display that here to make sure
 22 this is clear for various folks, and that is we've got two
 23 scenarios here, one and two where the Delta exports are
 24 actually the same. One is basically what's shown in the
 25 previous chart. Two, in essence, is what happens if

1 southern California conserves additional water. And
 2 currently what happens in that case is that water actually
 3 is used within the Tulare basin by other state project
 4 contractors. It's not that that water somehow magically
 5 can appear someplace else. By contractual relationship,
 6 it's used by other state contractors, primarily the Kern
 7 County Water Agency, and what that water actually does is
 8 probably decreases the overdraft over time. So this is an
 9 example of the utility of one kind of tool. You can use
 10 additional conservation in southern California, but it's
 11 particular utility because of the way the contract is set
 12 up currently, is that it reduces overdraft in the
 13 groundwater basin in Tulare basin, so that's -- it's just
 14 important to recognize the tools work particular ways
 15 because of particular circumstances. They are not just
 16 fungible all over the place.

17 CHAIRMAN MADIGAN: Byron.

18 MR. BUCK: The point is, I think one of
 19 the broad misconceptions is that conservation
 20 automatically returns flow to the Delta, and it doesn't in
 21 many instances, particularly in dry years. It may create
 22 a benefit in another area, but it's not Delta outflow.

23 MR. RITCHIE: That's right.

24 MR. BUCK: Necessarily.

25 MR. RITCHIE: That's right.

1 CHAIRMAN MADIGAN: Yeah, it's probably a
 2 safe assumption because of the way southern California
 3 works, the Colorado River is the base load system, that's
 4 just the economics of it, but that the savings while from
 5 southern California is standpoint, it may be viewed as
 6 staying north somewhere, north may only be as far as the
 7 Tulare basin.

8 MR. RITCHIE: Right.

9 Okay. Particularly, now I want to get into
 10 the Economic Evaluation of Water Management Alternatives,
 11 because that really has become a key part of our water
 12 management strategy. And it's getting into a lot of
 13 questions people have been after for a while. In terms of
 14 the Economic Evaluation of Water Management Alternatives,
 15 basically it's utilizing several sets of policy
 16 assumptions and preferences, and, like I said, there's a
 17 fold-out within your packet that lays out an array of
 18 those policy assumptions and preferences. It considers
 19 water price, elasticity in the water supply demand
 20 relationship.

21 And, lastly, general evaluations regional
 22 economic and environmental impacts and benefits are part
 23 of that analysis. There is one chart there that I think
 24 Richard Izmirian gave me some brief over about -- it shows
 25 a bunch of models connected together without elucidating

1 much, and the point is that it is a large number of models
 2 connected --

3 CHAIRMAN MADIGAN: Did he actually state
 4 it that way?

5 MR. RITCHIE: No, it was a lot blunter
 6 than that, I think.

7 But the point is it's, you know, economic
 8 models, hydrology models, that are tied together in a way
 9 to try to fair it out, you know, what the economic
 10 evaluation, what the economic differences in water
 11 management alternatives actually are. And it's not that
 12 this evaluation will show the answer, and anybody believes
 13 that you'll turn the crank and it spits it out an answer
 14 out of the end this, this is the wrong place to be. It
 15 will be informative and it will be helpful in making
 16 decisions, but it won't be the decisions in and of
 17 themselves.

18 In essence, it's all driven around the classic
 19 supply/demand relationship, where the more something
 20 costs, the less people want it, or the less it's around,
 21 the more it costs. But that whole supply/demand
 22 relationship is the driving force of this. And what we're
 23 trying to do in the Water Management Strategy, in the
 24 Economic Evaluation in particular, is basically develop a
 25 series of curves based on policy assumptions and

1 preferences, where under one set of assumptions and
 2 preferences, your supply and demand relationship looks
 3 like this, and you've got an intersection point down here,
 4 which is, you know, in an economist's view, the way the
 5 world ought to be or the way the world is. With a
 6 different set of assumptions and preferences, for example,
 7 we're going to do, you know, a "gazillion" dollars worth
 8 of urban conservation. You know, that supply/demand
 9 relationship changes and it moves someplace. What we
 10 expect over time is to develop an array of these
 11 relationships based on a number of different policy
 12 assumptions and preferences so that you can see how things
 13 move as you make decisions. And that's a real key thing
 14 that we're looking at. Now, within that, of course,
 15 nothing's ever that simple, because you do have
 16 variability in water demands that actually does occur for
 17 a variety of reasons and uncertainty in the tools. So
 18 what we laid out is points in the previous diagram really
 19 are kind of zones that you're generally in here with one
 20 set of policy assumptions, and you're generally in here.
 21 That's the kind of information that we expect to be
 22 generating with the Economic Evaluation. And then further
 23 applying to that, you know, how do those tools actually
 24 work in combination in terms of achieving the objectives
 25 over time? So that you've got different policy

1 looking for a draft in the Integrated Storage
 2 Investigation towards the end of summer, and then really
 3 getting to what we think are going to be the real policy
 4 decisions on the Water Management Strategy later this
 5 year. Now, we think that with ample material in the
 6 EIS/EIR on a programmatic basis to carry us forward, but
 7 in terms of the ultimate Record of Decision, we see those
 8 policy decisions starting to occur later this year, moving
 9 to a decision next year.
 10 CHAIRMAN MADIGAN: Alex and then Byron.
 11 MR. RITCHIE: Yeah.
 12 CHAIRMAN MADIGAN: Go ahead, Alex.
 13 MR. HILDEBRAND: Steve, how do you deal
 14 with the time delays in the system when you're talking
 15 about these awesome supply figures? There's going to be a
 16 time delay that could even be I couple of decades between
 17 an increase in the dollar value of water and the effect of
 18 that increase on the availability of supply. It takes a
 19 long time to build a new dam, for example. So you don't
 20 get an instant response in the system to these economic
 21 changes. You can have enormous time delays and I'm not
 22 clear how you address that time delay.
 23 MR. RITCHIE: Yeah. I don't know the
 24 answer to that question, Alex. I think that one, though,
 25 is a very legitimate question, because it does take time

1 assumptions and preferences but how do you see how those
 2 things actually apply in real life? As Byron said, you
 3 can have a nice supply and demand relationship, but in a
 4 critical period, how actually are you managing the water?
 5 Are you able to achieve the objectives under those
 6 particular scenarios?
 7 And in putting that together, you're also
 8 bringing to bear a whole lot of other different things:
 9 Environmental impacts, social impact, flood control, risk
 10 and uncertainty, actual water quality, and power, both
 11 generation and use in terms of making the system work.
 12 That is a lot of different variables, all being brought to
 13 bear in terms of looking at those policy assumptions and
 14 preferences, how they play out economically, with a lot of
 15 input on them in getting to the real bottom line question
 16 of: Does a particular array of tools laid out that way
 17 meet the objectives that we've laid out? And getting
 18 through the analysis of how they do and don't meet those
 19 objectives.
 20 And we expect to be bringing these pieces
 21 forward over the next several months to the policy group
 22 and to BDAC to try to play through them, what are the
 23 objectives. We expect to have an overall framework for
 24 the Water Management Strategy and the EIS/EIR that is more
 25 detailed than what we had in the Phase II Report. We're

1 to play out, it doesn't just happen automatically. That's
 2 another one that I commit to you that I will make sure
 3 that we answer that question directly. It may be the
 4 analysis shows it; it may be that that has to be applied
 5 as judgment outside. It has to be brought in one way or
 6 the other.
 7 CHAIRMAN MADIGAN: All right. Byron and
 8 then Richard.
 9 MR. BUCK: Two questions which I'll
 10 probably have to do one at a time because the responses
 11 will --
 12 CHAIRMAN MADIGAN: That's the usual way
 13 you do them.
 14 MR. BUCK: Could you tell me how the
 15 economic analysis would be used to factor in water
 16 quality, which obviously has a utility dimension to it. A
 17 lower quality water is certainly not as high value as a
 18 higher quality water. Is that going to be integrated into
 19 the Economic Analysis?
 20 MR. RITCHIE: Let's see, I don't know if
 21 it actually is, it certainly -- again, just like we're
 22 talking with Alex's question, it needs to be part of the
 23 analysis. I think as we laid it out here, it's an
 24 externality brought to bear on that. The one -- you know,
 25 none of these can be shortchanged whatsoever, so I don't

1 know if it will actually be in the analysis or be an
2 externality that we apply to that and say, okay, what is
3 the result in water quality? On that question as well,
4 I'll need to make sure that we get back to you directly on
5 how we're treating that.

6 MR. BUCK: Okay.

7 Second question on -- in here we've got the
8 array of policy preferences that will move the supply and
9 demand section various different directions. How's CalFed
10 going to bound this with reality? And in particular,
11 there's one here that says EPA and Core of Engineers are
12 saying maximum amount of urban recycling based upon
13 ability to pay, which is a completely different model than
14 water agencies use to plan projects, which is based upon a
15 lease cost planning model. We don't go out and build a
16 source that's ten times as expensive as another just out
17 of whim, which appears to be the policy preference being
18 advocated here. How do we constrain kind of the real
19 world against what people might want in an abstract
20 world?

21 MR. RITCHIE: In terms of the Economic
22 Analysis, I think they're just letting price do the job in
23 seeing where things fall out as a result of that. But I
24 think there, basically it's probably applied to that
25 policy preference, you know, unconstrained price on what

1 directed to use in reaching its final conclusions on the
2 Economic Analysis.

3 MR. BUCK: I'm just concerned that
4 ultimately there will be a disconnect between what the
5 policy group might want in its preferences and locally
6 elected boards that use a completely different way to
7 develop their mix based upon trying to have a reliable
8 supply at the lowest cost to their customers. They're
9 simply not going to be able to accept some type of vatic
10 that says you can go develop recycling at \$2500 an acre
11 foot when the local elected boards are saying, wait a
12 minute, we want to have the next -- the next most
13 economical supply as part of our mix, and certainly
14 recycling's part of that, but they can't be told to pursue
15 a single strategy that, though it may work in terms of
16 meeting their demands, is completely at odds with what
17 their elected authority is, is to come up with at least
18 cost supply for their region.

19 MR. RITCHIE: Yeah. But I think that's
20 also where you get into interpreting. We're not going to
21 pick that one and say well, of course, we're going to
22 constrain it that way, because you get the other policy
23 preferences here about you build a lot of storage or you
24 build no storage. And, again, those are out bounding
25 things so that -- put out that array of things that we can

1 people are willing to pay for recycling provided they've
2 got the ability to pay it, and I don't know for sure how
3 they've dealt with it. One way would be to say it will
4 just happen assuming it does, and that will show you a
5 result that if you pay \$2,000 an acre foot for recycled
6 water, you end up with a curve that is way out here. But
7 I think from the look of the array, then I think we'll be
8 in a good position to say that's outside the bounds. But
9 we're trying to not constrain too much the Economic
10 Evaluation in looking within those, in some cases fairly
11 extreme preferences, and letting the reality come in and
12 looking at those and trying to narrow it down at that
13 point.

14 And, Mary, you may want to add to this.

15 MS. SELKIRK: I just wanted to add that
16 that's precisely the kind of decision that the policy
17 group is going to have to make in September. I think
18 that's the time frame we're looking at. They will be
19 asked and BDAC will be asked also to weigh in on what
20 particular array of policy preferences will be used to
21 complete the Economic Analysis, looking at the wide range
22 from -- which is also in there, I think -- huge amounts of
23 fowling, a bag lands on one hand, how you determine
24 ability to pay of an urban water district. On the other,
25 where is the -- what's the range that CalFed will be

1 make policy decisions in there, and let's make sure --
2 these policy preferences are not going to be policy group
3 decisions in a vacuum. They're going to be done through
4 policy group discussions and through discussions with BDAC
5 and other stakeholders as to what will best meet all the
6 CalFed objectives in combination. So let's not look at
7 that one in a vacuum.

8 MS. SELKIRK: I just want to add, Byron,
9 too, I think that the question that you were raising here
10 is really an important one, and one of the reasons why we
11 want to find some way to have a joint policy group -- BDAC
12 meeting where, you know, the realm of the reality of the
13 body politic will be in the room as well with the policy
14 makers, not to imply that it's not already there.

15 CHAIRMAN MADIGAN: Okay. I have Richard
16 and then I have Ann, and then what I want to do is let
17 Steve go ahead and finish his presentation, because the
18 way this drill is supposed to work is that we will then
19 have a panel response to the presentation by Tom Clark and
20 Sprieck Rosekrans, and then we will go on and have a BDAC
21 conversation, and I am hopeful that Ann and Byron and Stu
22 and Howard will help lead us through that. So let's go
23 ahead to Richard.

24 MR. DENTON: Thank you.

25 A lot of my comments were covered in Byron's

1 exchange, but I am very glad that we have gone through
 2 this conceptual exercise with the economic modeling, and
 3 I'm very happy to see supply and demand curves finally,
 4 although I don't think our ultimate supply and demand
 5 curves are going to look anything like what's
 6 conceptualized here. I hope that the impression doesn't
 7 get left that CalFed will become -- will be able to come
 8 up with a highly predictive model of the economics of this
 9 thing. I hope that the thought is more than it's going to
 10 create a more natural process for determining how water is
 11 allocated. Byron mentioned the question --

12 CHAIRMAN MADIGAN: it will be natural
 13 selection, it will very.

14 MR. DENTON: When Byron mentioned water
 15 utility, that's defined elsewhere in the documents that
 16 water utility equals water quality, and I don't know if
 17 that's when it's listed here under the supplement -- the
 18 Economic Analysis, you have increased water utility, is
 19 that economic utility or water quality on that sheet?

20 MR. RITCHIE: That's driven by improved
 21 water quality, that is water be used more extensively or
 22 more frequently, that's what's intended there.

23 MR. DENTON: Okay. Then it should be
 24 called water quality not water utility. Thank you.

25 CHAIRMAN MADIGAN: Thank you, Mr.

1 Denton.

2 MS. NOTTHOFF: Just following up on the
 3 need, I think how important it is to tie these pieces
 4 together. I think that it's important that the economic
 5 analysis of the water management options use the same
 6 operational assumptions that are -- you're using in the
 7 ISI. So it seems at least from the review that we've done
 8 that right now there is not full coordination among the
 9 operational and the economic evaluations. For example,
 10 the cost of new storage depends a great deal on the
 11 operational assumptions regarding the availability of the
 12 water to fill the new storage, and tying those pieces
 13 together I think are going to be key in coming up with a
 14 solution. Are you -- are you using the same type of
 15 assumptions in both of economic and the Water Management
 16 Strategy, and, if not, is that something that you'll look
 17 at or?

18 MR. RITCHIE: Certainly we'll look at
 19 it. We're trying to use the same assumptions but for
 20 those who have been involved in the modeling at all, the
 21 modeling is running as fast as it can to try to keep up
 22 where everybody wants to go with that and it's proving to
 23 be a constant struggle there. I think what we constantly
 24 need to apply from the outside is making sure that
 25 whichever modeling work is going on in an area, we just

1 don't just accept it as well, that was the result to the
 2 model, we make sure that we understand the whole packet
 3 that went were that. So we're trying to make sure they're
 4 consistent, but I can see that there are going to be
 5 differences in cases that we just have to make sure we
 6 acknowledge and understand as we get to decisions.

7 CHAIRMAN MADIGAN: Okay. Thank you.
 8 Why don't you go ahead and finish up, then,
 9 Steve, and then we'll get on to the response.

10 While he's doing that, Sprieck, why don't you
 11 and Tom come on up here and -- to the head table and we'll
 12 do it that way.

13 MR. RITCHIE: That was really the
 14 conclusion of the presentation was to lay out looking at
 15 the whole Water Management Strategy approach and a lot of
 16 the emphasis there at the end on what we're doing in terms
 17 of the Economic Evaluation of Water Management
 18 Alternatives, and in particular, the other component of
 19 this is the Integrated Storage Investigation which CalFed
 20 believes we need to move forward on to make this whole
 21 package work. So it's that combination of water
 22 management tools, and, again, we're looking for
 23 concurrence on how we're approaching this, knowing that at
 24 least we're trying to build it where we can bring to you
 25 information to make real informed policy judgments and

1 recommendations to the CalFed Agencies over the next
 2 several months.

3 CHAIRMAN MADIGAN: Okay. Let's go ahead
 4 and move forward into the response, and then we will, in
 5 fact, have some -- all the available time you want to have
 6 a conversation about in and ask questions.

7 Eugenia, you want to introduce this next phase
 8 here.

9 MS. LAYCHAK: Yeah. I'll do it actually
 10 very briefly. As Chair Madigan said, we have Tom Clark
 11 who is general manager of the Kern County Water Agency,
 12 and also Sprieck Rosekrans who is an Economic Analyst for
 13 the Environmental Defense Fund. We have asked them to
 14 come and join in the discussion with BDAC. They have been
 15 very much involved in the discussions prior to this
 16 presentation, and we've asked them to respond to the Water
 17 Management Strategy and also in particular the Integrated
 18 Storage Investigation.

19 MR. CLARK: We've already had a major
 20 agreement here. Sprieck has agreed to go first. I've
 21 promised him that I won't take advantage of that.

22 MR. ROSEKRANS: I appreciate I'm not smart
 23 enough to decide whether I want to go first or second so
 24 I'll -- I'm happy to go first, and Tom suggested that we'd
 25 be more comfortable up here, he probably realized that I

1 didn't like being at the podium and turning my back on a
2 bunch of Kern County farmers after they might hear what I
3 have to say.

4 Anyway, thank you very much to be BDAC for
5 inviting me to come, and also to the Kern County Water
6 Agencies for the reception last night. I apologize that I
7 was not able to attend the tour, it sounds like the tour
8 was successful and something that more of us really should
9 make an effort to attend.

10 I do work for the Environmental Defense Fund
11 and here broadly to represent the Environmental Water
12 Caucus, but I have to be careful to say that I can't say I
13 necessarily speak for each and every one of those
14 organizations. EDF has just signed a joint letter
15 summarizing some comments on the Integrated Storage
16 Investigation, which we sent off to Lester Snow last
17 night, and those comments were jointly signed by the Save
18 San Francisco Bay Association Natural Resource Defense
19 Counsel and the Bay Institute as well as EDF.

20 There are a lot of things in the storage
21 investigation that we like. We like that it's integrated
22 with other aspects of water policy; that it's integrated
23 with transfers appropriately constrained to consider area
24 of origin needs and third party impacts; that's it's
25 integrated with groundwater management, water and water

1 silly. California's got some 4,000 dams, depending on how
2 you count them, how big they are, and so forth, and we
3 think we've got too many and some of them need to come
4 out.

5 We're a little bit nervous that the CalFed
6 draft does seem to presume that we're going to build
7 additional storage including additional surface storage,
8 and we're especially nervous about the notion that we're
9 building storage that's really for the environment. It
10 hasn't really been shown how storage will benefit the
11 environment. We've seen over the last hundred years and
12 maybe especially over the last 30 how the environment --
13 the riparian environment has sharply declined as we've
14 built projects and operated them and exported more and
15 more water out of the Delta. There's one thing I think
16 that Mr. Clark and I do agree on, and that's that it's
17 very difficult to assess what we would do with new storage
18 or how much we would want to pay for new storage or how
19 new storage is integrated into the system when we've got
20 some unresolved baseline issues, and that's a dirty word
21 to some people, Bruce Babbitt accused us of being baseline
22 theologians, but we don't know right now what level of
23 environmental protection -- how much water is dedicated to
24 the environment, how much water goes to waterusers.
25 There's a pending court case which maybe will be resolved

1 use efficiency. We agreed that it's appropriate to look
2 upstream at PG&E facilities, there's a couple in
3 particular that we think may help solve the needs
4 downstream of the environment and of waterusers. And of
5 course, we wholeheartedly agree that there are some
6 facilities that should be removed and that CalFed ought to
7 investigate those. There aren't many -- or any that
8 disagree with the proposals to remove the dams at Battle
9 Creek, it's maybe just a question on how much to pay
10 PG&E. Englebright's something that I think CalFed needs
11 to honestly look at and I know it's a touchy issue for
12 some people but we need to go forward with that.

13 And, finally, we like the language that says
14 beneficiaries pay. We believe that if an honest economic
15 Evaluation of water management alternatives is undertaken
16 and that all other options are considered, transfers,
17 water use efficiency, conservation, groundwater
18 management, that it may be that we have enough
19 facilities. It may be that there's nobody that wants to
20 put their money out to build new facilities when other
21 options are available.

22 There are some things that we don't like in
23 the ISI. Frankly, as an environmentalist we don't like
24 dams much, period, and maybe that comes at no surprise.
25 *It's not like we think there should be no dams, we're not*

1 sometime soon, and we have a lot -- the environmental
2 community has a lot at stake -- and I'm referring to the
3 CVPIA-B2 court case and we have a lot at stake in that,
4 but even if we don't get everything we want out of that
5 case, if it's resolved it will make it easier to move
6 forward to evaluate CalFed's proposals based on their
7 impacts and benefits to the environment, impacts and
8 benefits to waterusers, we'll be able to assess if CalFed
9 will tell us how these facilities would be operated, who
10 really ought to pay for them.

11 And I'll just conclude by saying we definitely
12 don't support storage to enlarge the pie, and as some have
13 said, all get better together. It's true that enlarging
14 the pie, building storage might create additional
15 flexibility, but that's not something we've seen in the
16 past. The environmental community with maybe a couple of
17 minor exceptions is very nervous about the fact that if
18 you build more storage, even if you promise to operate it
19 for the environment, it really can be used and is likely
20 to be used as a weapon against the environment.

21 Thank you.

22 CHAIRMAN MADIGAN: Thank you, Spriek.

23 Tom.

24 MR. CLARK: Thank you. I appreciate
25 Spriek's willingness first and I'm just going to

1 challenge everything he had to say. Na, I'll try to keep
 2 this upbeat.
 3 Actually, I took some notes this morning just
 4 sitting down trying to think of what this group -- what
 5 could we add to the forum here. Clearly, I can tell you
 6 first half for me all the fine work that this group has
 7 been doing for those of us that are out trying to operate
 8 day-to-day, we have staff participation we're engaged, but
 9 my ability to sit here and tell you in great detail like,
 10 for example, one of the topics is: Do you like the ISI?
 11 I looked it over this morning, looks okay. I think -- I
 12 think the concept's a good one. I think the concept of
 13 integration is an important process for the whole BDAC
 14 process, not only integration of the storage, but let's
 15 not forget conveyance, and those portions of the
 16 presentation that I heard from Steve today in terms of the
 17 Water Management Program, I don't think I heard in that
 18 discussion anything about the Delta. I heard a lot of
 19 water management tools that are out there, transfers and
 20 so forth, that -- in fact, I have the list here:
 21 Transfers, conservation, recycling, water management,
 22 water quality improvements, conjunctive use, and a
 23 beneficiary's pay plan. I realize that the need to fix
 24 the Delta is embedded in all of this, but I'm here to
 25 remind you, let's not forget it, because I think the real

1 locally, and even statewide, go way beyond the value other
 2 of that 20,000 acres being farmed, so I don't think you
 3 can talk about these things in absolutes.
 4 I do agree with Sprieck on the baseline
 5 issue. This group is in charge of the responsibility of
 6 trying to develop a long-term plan, and we get involved
 7 in a lot of curves and graphs and stuff like that. There
 8 are a number of us that are outside of this process that
 9 are trying to survive year to year. We've just gone
 10 through one big debate, which you heard this so called B2
 11 issue, and I think the fundamental question for all of us
 12 is whether we're going to move forward on a regulatory
 13 basis or on a managed approach. CalFed and BDAC have
 14 buy-in to the managed approach. Let's do this in a way
 15 that hopefully we can meet everybody's needs or at least
 16 approach their needs, and that people aren't hurt in the
 17 process.
 18 I can tell you what's going on outside of this
 19 room is war. And the war is whether water's going to be
 20 taken or whether it's going to be managed and/or purchased
 21 and/or transferred. That's a classic example. I don't
 22 want to take all your time on the B2 issue, but the debate
 23 was whether the federal government had the authority to
 24 take more water away from the CVP exporters to meet fish
 25 needs. In the meantime, we were trying to put together an

1 big debate that we've had over the last few years, the
 2 storage issue. To me the issue isn't storage, it's
 3 symbolic, it's symbolic in whether or not we're going to
 4 meet future water needs from existing supplies and
 5 reallocate them as opposed to improving water supplies
 6 through construction of facilities, and I'm here to tell
 7 you that and I'm sure you probably heard these things
 8 before, anybody that precludes an option, any option, at
 9 this point in time is wrong. I see this as a process --
 10 oriented decision-making process through CalFed, and that
 11 all things should carry equal weight here. I know that
 12 I've heard from the environmental community we just don't
 13 like to talk about storage. Well, I appreciate that, I
 14 don't like to talk about demand management. I don't like
 15 to talk about conservation when it really doesn't apply.
 16 So I know we've all got our likes and dislikes, but I'd
 17 like to encourage the group to maintain objectivity. I've
 18 even said among our own family, the big hot point issue
 19 for agricultural, fowling of agricultural lands, if you
 20 take that in the extreme concept, we hate it. But if you
 21 take it in the practical concept, for those of you that
 22 were out looking at the Kern Water Bank yesterday, that
 23 was 20,000 acres of highly productive agricultural land
 24 ten years ago. And we idled that land for the purpose of
 25 *doing a groundwater bank whereas the benefits here*

1 environmental water account to offset the impacts to the
 2 exporters. The argument immediately became, Well -- I'll
 3 look to Sprieck here -- if you have an obligation under a
 4 federal regulatory action, how can we support federal
 5 funding to bail you out? My perspective was and others,
 6 Wait a minute, you want to do the fish actions, that's the
 7 trigger, and if you want your fish actions, pay for them.
 8 And all this evolves around a baseline. And we've said in
 9 the past that we felt that when we came away from the
 10 Delta accord, that we got certainty out of the federal
 11 government. People have since come in and said, Oh, no,
 12 no, no, no, you didn't get certainty, you know, CVPIA
 13 occurred before the accord, so that doesn't count,
 14 as far as your protections under ESA, that was just
 15 temporary, so that doesn't count, and, thirdly, Gee, we
 16 think you have additional regulatory obligations because
 17 of the narrative section for fish doubling. Now, all
 18 these things that I'm talking about are advocacy process.
 19 Sprieck does it; I do it too. We're all trying to do the
 20 best for our people. But at some point in time, either
 21 we're going to come together in a reasonable way and look
 22 mutually at all the demands and that we have leadership
 23 from our policy people, both on the federal and state
 24 side, to take the extremists on both sides and sit them
 25 down and say we're not going to have this, this whole

1 effort that you're going through here is going nowhere.
 2 It isn't going to happen because you've studied it. So I
 3 guess that's my opportunity to tell you what I think
 4 as far as the future, but I really feel that there needs
 5 to be a major setting or seated -- a major forum between
 6 the environmentalists, the waterusers, and the state and
 7 federal agencies, and that we've got to cut out some of
 8 this nonsense that's been going on for the last few years
 9 over our little fights, that kind of thing, and we've got
 10 to have a reality check in terms of are we prepared to
 11 mutually go together truthfully or not, if we're not I
 12 think we've got to rethink the whole process.
 13 Other items on -- this gets more into the
 14 detail -- but the allocation of cost issue, Sprieck made
 15 reference to beneficiary pay. It's no secret that, you
 16 know, you see these demand curves, demand goes down as
 17 price goes up. In our area here in Kern County, what
 18 we've found is that's true. People go out of business as
 19 the price goes up. In 1991 we had a \$70 million dollar
 20 State bill that we have to pay to the State and no water
 21 supply. Our shortage on the State project was one hundred
 22 percent. We had 150 to 200,000 acres out of production;
 23 \$250 million of revenue loss; 12,000 people out of work.
 24 I don't think that's the future California that any of us
 25 are looking for, but I am concerned with respect to this

1 All wrap up here. There are a number of other
 2 issues that you all may be interested in, you know, the
 3 conservation issue, the B2, water bond, we're working on
 4 that, the Delta Accord and the ESA protections.
 5 But on one final note, I would like to leave a
 6 thought with you. This is a drum I've been beating with
 7 CalFed for some time, and pardon me if it has been
 8 addressed in the papers, but I'm not sure it has. I think
 9 the same standards should be applied to new demands for
 10 environmental water as they are for water for consumptive
 11 purposes, and that we should all be accountable in our
 12 water use; that we should all use a minimum amount of
 13 water, and that the demands for that water should be
 14 accountable. And from my point of view, when I read the
 15 CalFed documents, all the burdens are placed on the
 16 waterusers, that we're going to have preconditions as to
 17 whether we can improve our water supply. We've got to
 18 meet certain criteria. I don't see those same criteria on
 19 the environmental side. The new demands for environmental
 20 water, are they, in fact, something that is needed in the
 21 true sense from the point of view of science? What
 22 impacts are these going to have on the system? Can they
 23 realistically be met? So that's my last point, and I'll
 24 turn it to you, Mike.
 25 CHAIRMAN MADIGAN: Thank you. Tom and

1 particular point, and ultimately I'd like to have the
 2 debate, the equity of the overall issue. From my
 3 perspective and perspective of others, between CVPIA and
 4 the accord, there was over a million acre feet that moved
 5 across the table, from wateruser purposes to environmental
 6 purposes. Now we're faced with having to either construct
 7 or build or do something to restore supplies that we've
 8 lost. In addition to that, we have a new environmental
 9 demand over and above the accord baseline -- and this is
 10 just a rough number -- but probably half a million acre
 11 feet of additional environmental demand, and then I'm
 12 being told by people, Well, boy, we've got to do a real
 13 good economic analysis here, these dams and reservoirs are
 14 going to cost a lot of money and you waterusers are going
 15 to have to pay for it. I don't buy it. I think that this
 16 debate which we should have -- should include all of the
 17 costs associated with water shortages that we're facing.
 18 Here in Kern, the banking facilities, just on the Kern
 19 fan, probably the investment has been probably a hundred
 20 million. There's about 200 million in the semi-tropic
 21 project, and probably another 200 million in
 22 Arvin-Edison. I think those kinds of costs where we've
 23 been forced to take care of our own problem locally should
 24 be considered as part of the beneficiary pay formula, that
 25 it's not exclusive

1 Sprieck.
 2 I wonder if I can ask you guys to stay here
 3 for the duration of this conversation at the table and
 4 participate in it as you deem appropriate.
 5 The next evolution here is for this to be a
 6 conversation among the members of the BDAC, and let me ask
 7 Ann or Byron or Stu or Howard if you have initial comments
 8 that you'd like to make.
 9 Ann.
 10 MS. NOTTHOFF: I've just jotted down some
 11 notes here. I wanted to say that I certainly agree that
 12 all these options ought to have equal weight, and that's,
 13 in fact, what the environmental community has been asking
 14 for repeatedly. And it's interesting, I think what we're
 15 seeing is there's kind of a different take on what equal
 16 weight means. Equal doesn't seem to be equal in
 17 everyone's eyes. We certainly see funding, you know,
 18 construction projects ahead of the finalizing CalFed
 19 analysis as premature and loading up some options and
 20 making some options more equal than others. And what the
 21 environmental community has been asking is that we just
 22 keep the table level and that all of these options do get
 23 the same type of reasoned analysis. That I think when you
 24 see the approach that was put up on the board earlier,
 25 that it makes good conceptual sense, this is what we're

1 going to analyze if we find these -- make these findings,
 2 then these are the range of options that we'll consider to
 3 meet those needs, that all makes good conceptual sense,
 4 but, again, I'll agree with you, a lot of the deal making
 5 and funding debates that are going on outside of this
 6 CalFed process have made the equal analysis of those
 7 options pretty difficult.
 8 That said, I think that -- I think Sprieck
 9 mentioned that a number of us did take a crack at doing an
 10 analysis of the ISI, we have about eight pages of comments
 11 that we submitted to CalFed yesterday, I hope you take a
 12 careful look at it and I think there are good suggestions
 13 on how to improve the ISI and how to have it reach some of
 14 the goals that we're all hoping that it be able, and
 15 answer some of the questions that we're all hoping it will
 16 be able to answer. Again, I think that the blueprint that
 17 the environmental community put out earlier is -- I hope
 18 will guide the development of the ISI, because I think
 19 there's a lot of thought and good ideas in there. One
 20 thing that if we follow the type of approach that the
 21 ecosystem restoration strategic plan has taken, I think
 22 that has shown that if we've set out clear objectives, we
 23 decide what fact we're trying to provide for, that really
 24 will lead to a more clear analysis, and we would urge
 25 CalFed to adopt that type of approach in the ISI.

1 specific projects. We look at a programmatic level of
 2 analysis, then we would have some confidence in the
 3 process that these are just legitimate analytical
 4 processes that are going, rather than, Hey, this is just
 5 trying to load up to presuppose a decision that one
 6 project over another is going to be part of the mix, so
 7 there's a level of -- and that having that site specific
 8 justification analysis is really not appropriate in the
 9 ISI, we don't think, and I think it could undermine the
 10 entire thing. The -- otherwise, I think that it's
 11 important, I think that the environmental community thinks
 12 that groundwater and conjunctive use management could
 13 really be a key answer to solving some of these water
 14 management needs, but that -- and that's why a good
 15 management analysis and strategy should be integrated in
 16 the ISI, not leave it to just surface storage like the
 17 other type of groundwater and conjunctive use, and that
 18 could really provide much of the answer, we'd like to see
 19 a good careful look at that.
 20 And then I can't resist taking the bait a
 21 little bit on your last comment, and -- in terms of the
 22 environmental demands, and I would just say that the
 23 reason we're all here in this -- at this table, the reason
 24 we've all been, you know, working for years to try and
 25 find a solution is because if there are environmental

1 The other is to -- getting back again to this
 2 kind of equal analysis. I think we need to prove some of
 3 the assumptions. I mean, clearly a fundamental assumption
 4 of the program is the premise that construction and new
 5 surface water storage will, in fact, benefit fish and
 6 wildlife resources, and that's what we're seeing as an
 7 implicit assumption right now, but we have not -- but this
 8 is -- actually, there's something -- this is an issue
 9 around which there is virtually no consensus at this
 10 point. And if CalFed is going to continue to include new
 11 surface storage in the preferred alternative, it's got to
 12 produce compelling technical justification to support that
 13 premise. And that compelling technical justification is
 14 simply not there at this point. So that's something that
 15 without that type of presentation and justification, we're
 16 going to find the ISI to be lacking.
 17 I think the other thing is that one of the
 18 things that's troubled us is in the -- in both the
 19 analysis here and in some of the outlying forum, is that
 20 the work that the ISI is doing or that the -- CalFed has
 21 been asked to do and, you know, the federal and state
 22 government have been asked to fund, doesn't distinguish
 23 between the work needed to make programmatic decisions on
 24 whether or not surface storage is needed and site specific
 25 investigations which could be -- will be used to justify

1 needs for water, it's in -- for the needs of restoration.
 2 We're talking about feeding a very, you know, starving
 3 system and restoring something that has been destroyed --
 4 virtually destroyed through human interaction, and that --
 5 you know, it's talking about giving back -- you know, it's
 6 a very thirsty system that needs restoration. These are
 7 not additional needs, these are restoring flows to what
 8 was once a healthy system, and I don't -- I certainly -- I
 9 have a completely different view, this is not adding
 10 demands, this is restoring flows to what it once was.
 11 MR. HASSELTINE: Chairman Madigan stepped
 12 out for a second, so Byron.
 13 MR. BUCK: I think the Integrated Storage
 14 Investigation, the whole Water Management Strategy is a
 15 big leap forward and I applause the staff. There's a lot
 16 of good thinking that's gone into how to structure this,
 17 and, finally, I think the program's addressing a lot of
 18 the questions that have been subtexted, so much of the
 19 debate for the past three or four years on where future
 20 demands are going, how does the role of economics play
 21 into what demands are going to be and how we're going to
 22 meet them, what are the practical levels of a lot of
 23 different strategies to be able to meet those demands
 24 after the interaction of economics. So it is -- I do
 25 think it's good that we're finally integrating these

1 things and getting down past just the symbolic discussions
 2 of them, however, I don't think the Integrated Storage
 3 Investigation goes quite far enough in integration because
 4 it tends to perpetuate this -- this symbolic debate we've
 5 had over storage being all about just water supply and
 6 consumptive demands, that really our water resource
 7 management tools are not just about meeting our water
 8 supply reliability quality goals, but they're about
 9 meeting our water quality goals and our ecosystem goals as
 10 well. In particular, our water quality without major
 11 facility changes storage and storage management,
 12 real-time, or building new surface and groundwater
 13 storages, one of the few really effective tools we have to
 14 improve water quality within the Delta. The same goes for
 15 ecosystem, if we're trying to increase flows in dry years,
 16 those things are one of the tools that are available to
 17 increase flows in dry years without necessarily taking
 18 water away from other users. I do hope that the strategy
 19 can be completely -- and the decisions made on it prior to
 20 us getting to a Record of Decision, because I don't think
 21 you're going to see satisfaction in the wateruser
 22 community until we've addressed this need question for the
 23 array of water management tools. We can't continue to put
 24 that off, so we have to run this to ground before the
 25 Record of Decision, so we have a programmatic document

1 shows not to certify the Environmental Impact Report
 2 largely on the basis that what drinking water quality
 3 issues were not addressed and a whole lot more work had to
 4 go into that, they chose not to provide a water right's
 5 permit for it because the proponents had not identified a
 6 customer for it, so without a customer you don't have a
 7 water right. Having said that, in Delta storage, and not
 8 necessarily just that project, certainly has a role and
 9 should be investigated in the Integrated Storage
 10 Investigation, but CalFed should go beyond just that
 11 particular project to look at other in-Delta storage
 12 options, options on other islands, that aren't dealing
 13 with heat soils but minimum soils, that aren't going to
 14 perhaps create the same kind of water quality impacts.
 15 However, there is certainly a value of looking at the
 16 Delta wetlands project, how could it be reoperated, how
 17 could it be replumed to avoid these water quality
 18 impacts? And we're not adverse to looking at those
 19 things, but the focus on it just on in-Delta storage and
 20 the notion that it's ready to go is certainly not -- not
 21 correct. So I think we ought to be referring to in-Delta
 22 storage and near Delta, adjacent Delta storage, more
 23 generically, and have a little broader view of that in
 24 this investigation.

MR. HASSELTINE: Stu, would you like to

1 that does give a road map and gives people satisfaction
 2 that their needs, or a good portion of their needs, are
 3 going to be reasonably met in the future.

4 Having said that, none of this is going to be
 5 EZE, a lot of this as Steve pointed out has to do with
 6 policy preferences as to how you use some of these tools;
 7 that is just another way of saying value judgments in a
 8 lot of ways, and those are going to be tough things to do,
 9 figuring out what are real institutional constraints and
 10 how we bound it is going to be very tough, as we've seen
 11 with the Madera Ranch project, we can come up with
 12 conceptually a really great ground water management
 13 conjunctive use project that will provide statewide
 14 benefit, but when it comes down to the local level, it can
 15 crash really quickly because of institutional constraints
 16 and perceptions. So all of those things are pretty big
 17 mind field we're going to have to walk our way through,
 18 but the strategy has put a corral at least around the mind
 19 field.

20 I'd like to make just a couple of specific
 21 comments, though, about what's in the Integrated Storage
 22 Investigation, particularly with respect to in-Delta
 23 storage. It mentions the Delta wetlands project, that
 24 it's nearing the end of the environmental documentation
 25 review and that's simply not correct. The State Board

1 continue?
 2 MR. PYLE: Yeah, throw in a few comments
 3 on both the Water Management Strategy and maybe a lesser
 4 extent on the ISI, Integrated Storage Investigation. When
 5 I look at the CalFed material, go through it, I find that
 6 it presents a very logical approach to solving the
 7 problems that Steve laid out on the graph up there of our
 8 water supply, not being able to meet our demands over the
 9 future. And one thing in particular -- I think you may
 10 not all have your December volume of the Phase II Report
 11 with you, but there's a table in that on page 22 which
 12 talks about the contract deliveries under the projects,
 13 state project and federal project during the period of
 14 1921 to 1924 thereabouts, and it shows those both in terms
 15 of long time average and it shows them compared to the dry
 16 year average in 1986 to '92, and it shows also what water
 17 supplies were available to those projects under D1485,
 18 which is prior to the accord, and as the ESA impact were
 19 being applied to those water diversions, and shows that on
 20 the long-term that after the D1480I -- the D1485 process
 21 was working, that as a result of the agreements under the
 22 Accord, and the D2 program that Tom mentioned, that our
 23 average year supplies in the CDP and State Water Project
 24 have gone down to a half a million acre feet, but it shows
 25 in the dry years that average diversion through the dry

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1 year program is down by a million acre feet. And this
 2 means that we are way behind, that's part of the downward
 3 curve -- well, it's like the downward curve that Steve had
 4 up there, but Steve had a downward curve which he was
 5 projecting based on demand management, conservation and
 6 efficiency, and that type of thing. But my point in
 7 bringing this up is that I think -- and we talked about
 8 these various options that are put out there for CalFed to
 9 look at, a list of items in the toolbox, whether their
 10 efficiency, recycling, storage or whatever, in my opinion
 11 it shows that whatever we do in the future over the next
 12 20 years is not going to be enough to overcome the
 13 deficiencies that we've suffered so far and the growth
 14 that we're going to have in the future. And I feel really
 15 good when I read the CalFed Program, when I come to
 16 meetings like this, and I hear the controversy about,
 17 Well, everything's all right, but we don't think there
 18 ought to be any storage in the program -- or I think it
 19 ought to be conservation, or Tom mentioned the fowling
 20 program that was on the table before, I feel very bad
 21 because I think that this constant bickering over one
 22 thing like storage reflects on the whole program and makes
 23 it very difficult to get this program across.
 24 I was with a group of people a week or two ago
 25 that went around the legislature and talked to a group of

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1 legislators about this very problem, and legislators are
 2 trying to address it and do something, and they are caught
 3 in the bind in this controversy that goes on over the
 4 storage issue, and when I talked to legislators, I find
 5 that we are suddenly time warped back to about 1985, about
 6 the end of the last peripheral canal discussion, and that
 7 it's as though nothing has happened in CalFed. You talk
 8 to these people that are making policy decisions, and they
 9 are only aware of the controversy, they are totally
 10 unaware of the positive approach that's been developed in
 11 CalFed, and I think this organization has to get over this
 12 and has to find a way to move ahead on every one of these
 13 items that's in the toolbox.
 14 And I'm going to extend this for one more
 15 minute, if I can, and say about the issue of storage. I
 16 think a good example was the -- the effort of the
 17 Department of Water Resources, they ended that maybe five
 18 or six years ago, but for the ten years prior to that, the
 19 Department of Water Resources had been attempting to find
 20 a way to build and bring storage -- offspring storage in
 21 San Luis Reservoir into the State Project System, and I
 22 think that's a good example of what would happen in any
 23 program that's -- that's found to be feasible and
 24 indicated to move ahead. The thing that happened with the
 25 Department was that the contractors suddenly drew the line

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1 and they said, Look, the Department cannot just build this
 2 project and allocate the cost to everybody on the same
 3 basis as the original contract, that there has to be a
 4 voluntary acceptance of everybody who's going to
 5 participate in the project to move into it. And I think
 6 that is going to be the pattern for any storage that comes
 7 forth in the future, that there needs to be some type of
 8 an initial feasibility study to show this is an okay
 9 project, that it has some performance and whatever the
 10 cost requirement is to be. Then the next step is going to
 11 have to be to get participants, whether they're urban or
 12 agricultural or environmental representatives to agree
 13 that they wish to undertake this project and that they're
 14 going to see it through and pay for it in the future. So
 15 I think the idea that there is it a great threat of
 16 somebody really building a multi-billion dollars worth of
 17 storage is, you know, it's a red herring, it's just being
 18 thrown out there to offstage the whole program. Nobody is
 19 going to go out and build any of this storage without a
 20 long series of detailed investigations. I don't know what
 21 the ISI would show, but you look at the time period to get
 22 any one of these going, and if you could get it going in a
 23 15-year period, that might be reasonable under -- under
 24 current day status -- standards.
 25 My point today, like the point Tom made, is we

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1 have to work on every one of these things, we have to work
 2 on them equally, we have to put as much financial support
 3 in each one of these things, whether they happen in a
 4 local area or whether they happen in an area where the
 5 water supplies can -- you know, the northern areas where
 6 the water supplies, a source can be developed and moved
 7 into augment what is already in that supply. And I would
 8 certainly like to see the level of opposition redirect on
 9 this program go down, and the level of educational support
 10 to the policy makers go ahead, so they recognize the good
 11 points of this program and that it's not just the bicker
 12 over waterusers who want to kill fish and
 13 environmentalists who are trying to tear down dams and
 14 stop all of this. We're back to the 92nd commercial
 15 process, whereas we need a really well thought out
 16 technical explanation of this to get the public to go
 17 along with this and our policy leaders.
 18 Thank you.
 19 MR. HASSELTINE: Howard, would you like to
 20 sort of be the cleanup man here?
 21 MR. FRICK: Yes.
 22 You know, I think we all support the process.
 23 I think it's going in the right direction. It's a slow
 24 process and with these additional water demands, with the
 25 environment that we all support taking care of the

1 environment, there's no question about that, but, you
 2 know, I don't see how it's a long time required how you
 3 cannot attempt to do some kind of an economic analysis of
 4 where agriculture is going to be headed in a worldwide
 5 market, in California and the San Joaquin Valley
 6 particular agricultural is going to be headed, because I
 7 can see -- the time required most of us, I think in ag I
 8 think there's enough information to make some storage
 9 decisions, and like Stu says, you aren't going to do
 10 something that doesn't make sense because it won't be paid
 11 for. But if we don't proceed down the study avenue that
 12 provides for some of these things, my fear is you'll see a
 13 large segment of agriculture disappear just from not being
 14 able to compete worldwide, and, you know, part of the
 15 environment -- some of you are old enough, as I am, to
 16 remember what happened in the '40s, south end of the
 17 Valley here, we had a dust pool and farming really has
 18 eliminated that dust pool. I can see that going right
 19 back, and that's part of the environment, too, because I
 20 really don't know how you get through -- a lot of
 21 agriculture gets through the next 20 years until some of
 22 the solutions can be done. And you'll have a -- you'll
 23 have conclusion, you'll have a reduction in demand that's
 24 major, because ag has to be worldwide, so that will come
 25 together, but I really don't think that's what the people

1 then, the public ought to pay for that. He said two
 2 responses. Now, what's -- first, I'd like to know what's
 3 the actual trade-off, and what does the environment get
 4 out of it, and what would be the operations up north with
 5 operation of these groundwater facilities, what are the
 6 operations without, and we want to evaluate that.

7 And, secondly, I think that most of the
 8 people -- and I guess I heard this earlier, that the
 9 people who use the water are the ones who can best
 10 determine what kinds of investment they want to make in
 11 groundwater. I don't think you want CalFed to say you
 12 need a water bank, and it needs to be this big, it needs
 13 to operate so and so with these facilities. I think that
 14 we still have to get -- when we talk about developing
 15 water, we still need to have the local people who are
 16 going to use that water make those decisions.

17 CHAIRMAN MADIGAN: Tom?

18 MR. CLARK: Oh, I'm sleeping.

19 Actually, what I'd like -- responding in part
 20 to Sprieck's comment and Ann's, the numbers that I gave
 21 you, about 200 million in semitropic, about 200 million in
 22 Arvin, and a hundred million in Kern Water Bank, the
 23 hundred million in Kern Water Bank is all local funding.
 24 The facilities that you saw out there are designed to meet
 25 local shortages that we're anticipating, off of state

1 of California or Congress has in mind.
 2 MR. HASSELTINE: Tom or Sprieck, is there
 3 anything you wanted to add or comment on?
 4 After that then we'll go back to BDAC.
 5 MR. ROSEKRANS: I guess I'd just like to
 6 maybe make a quick comment, Annie said, Well, you know,
 7 these environmental demands were not really -- they're not
 8 new demands, we're just asking for the water back. And
 9 somewhere in the entire spectrum there is an equitable
 10 solution for what we call the baseline that -- that we
 11 have urban demands, we have ag demands, and we have an
 12 environment we want to protect. And somewhere there is a
 13 middle ground how we operate the entire system, where we
 14 take the water out, when we take it out, how we store it,
 15 and I think it's the contention of the environmental
 16 community that development, especially over the last 50
 17 years or so, took place too quickly without accounting for
 18 the environmental impacts, and so we feel that the
 19 appropriate place to establish that baseline is by turning
 20 back the clock a little bit, and then from there we need
 21 to apply the beneficiary pays policy, and in terms of --
 22 just one more thing, when Tom said, Well, in Kern County
 23 or -- whether it was Kern or the adjacent county, I wasn't
 24 clear, but Arvin-Edison, semitropic and Kern Water Banks
 25 caused a half a billion dollars, and he said Well Roy

1 project due in part to the new environmental actions that
 2 occurred under CVPIA and the Court. I'm not saying that
 3 we're looking for half a billion dollars to come from the
 4 federal government or Sacramento to pay for our in-county
 5 activities, but I am saying it sure as hell should be part
 6 of the formula when you talk about beneficiary pay. You
 7 cannot take a snapshot of a new reservoir and say who gets
 8 the water and what should they pay? You've got to look at
 9 all of the system costs. So my point on that is that the
 10 unreliability of water from the Delta has shifted
 11 tremendous costs into the service areas into the
 12 waterusers. Mets east side project, maybe not in total
 13 but in large part driven because Delta supplies are
 14 unreliable. Why are Delta supplies unreliable? The
 15 demand for Delta water to and including environmental
 16 needs exceeds our -- is less than demand. So I'm just
 17 saying that I'd like to approach, for example, the
 18 beneficiary pay issue, to try to think the whole thing
 19 through as a matter of equity rather than a matter of
 20 positioning. And, again, I want to make sure discussion
 21 here substantive. My experience in the past with the
 22 environmental community is -- is focused on beneficiary
 23 pay from the concept that we've got to get the price of
 24 water up so that maybe they don't take so much. And I
 25 think the issue is much, much broader than that, and I

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1 don't mean that in a critical way. I know everybody's
2 trying to do their jobs.

3 On the issue of restoring flows, my point is
4 this: Regardless of what direction water is going, to
5 waterusers or the environment, all of us must be
6 accountable.

7 Your point, Ann, is look, the environment lost
8 a lot of water early, it's created a lot of environmental
9 damage, it's merely trying to get its water supply back.
10 Well, I think what water we dedicate to the environment
11 should be scientifically based, and it should be justified
12 in the same context that wateruser demands are treated. I
13 don't think there should be two sets of rules. And my
14 concern on what's happened over the last few years is that
15 tremendous quantities of water have moved across the
16 tables. The million acre feet that Stu was talking about
17 is a 20 percent reduction in our available supply at the
18 pumps during the dry period. And I have made a
19 presentation to the policy group last September that,
20 Folks, we are facing massive water shortages here. Be
21 aware. They're coming. The shortages that we had from
22 '86 through '92, if we have a repeat of that situation,
23 we've got 20 percent less water to deal with. So I'm just
24 asking, Ann, that -- and I wanted to engage Mike Spiers on
25 this, that I'm hearing, you know, these demands for new

1 care to assure that the investigation of storage and other
2 tools remains focused, transparent, and credible without
3 clear water supply reliability objectives and a well
4 designed investigative program and preferred alternative
5 will be largely determined by intuition and political
6 consideration. So I think that's the essence of it, to
7 say let's not prejudge the outcome, let's make sure our
8 methodology is right, but let's go ahead with an
9 Integrated Storage Investigation.

10 CHAIRMAN MADIGAN: All right. I have
11 Alex then Fran.

12 MR. HILDEBRAND: I'd like to offer two
13 comments. First, there are 12 times as many people in
14 California as there were when I was born.

15 CHAIRMAN MADIGAN: How many times?

16 MR. HILDEBRAND: Twelve times. A little
17 more than 12 times.

18 CHAIRMAN MADIGAN: Okay. That was a
19 long time ago, then.

20 MR. HILDEBRAND: There are three times as
21 many as there were when the CVP went into operation, and I
22 lived long enough to see the enormous impact of the
23 population growth on that environment. We now expect to
24 have another 20 million in the time frame of the CalFed
25 program. Now, if the social perception is that the

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1 environmental water. I want to sit down and understand
2 that in why there is this need.

3 I'll just leave it at that, Mike, thank you.

4 CHAIRMAN MADIGAN: All right. Thanks,
5 Tom.

6 Time for questions from the members of the
7 BDAC and I'm going to put together the list. Hap first
8 and then Alex.

9 Good. Hap.

10 MR. DUNNING: Mine is more of a comment
11 than a question, but in response to Stu's earlier comment,
12 I recall as I understood it, Stu presented the idea that
13 this quibbling over storage was interfering with forward
14 progress and the whole CalFed program, and this picture
15 that the environmentalists are opposing storage no matter
16 what, I -- as this discussion went on, I've been looking
17 at these comments that Ann and Sprieck referred to that
18 were submitted yesterday by the four environmental
19 organizations, and it seems to me they're generally
20 supportive; they're certainly supportive of the idea of an
21 Integrated Water Management Strategy, and they seem to be
22 supportive of ISI, it's really comments as to how it's
23 done, and there's two sentences here that I think seem to
24 be the essence. I just wanted to read those. In these
25 comments it says the following: CalFed must take great

1 inadequacy of the water supply is insufficient to meet the
2 amenities and the food supply and the jobs that the public
3 believes it should have 20 years from now, I don't think
4 you can supply -- be able to resist the political pressure
5 to further impact the environment. So that if the water
6 supply is inadequate in the time frame of this plan, I
7 think it is the environment that will take the biggest
8 beating. It will be interim consequences to agriculture
9 and other things, but I think in the long run it will be
10 the environment that loses.

11 Now, in regards to this Water Management
12 Strategy, I believe that the staff has done a great deal
13 of very commendable work in developing and working on that
14 strategy, but I don't think the job's been completed. I
15 don't think we can concur in the strategy as being
16 adequate until such time as the strategy includes the
17 question of how they're going to handle the many questions
18 that have been discussed here this morning. And until
19 they present to the BDAC and the policy group the
20 consequences of the policy decisions that are going to
21 have to be made in respect to the implementation of the
22 strategy.

23 CHAIRMAN MADIGAN: Mary, is there
24 anything you wanted to say to that in terms of Alex's
25 notion that the CalFed policy group is going to have to

1 provide that sort of the information to the BDAC.
 2 MS. SELKIRK: No, I want to thank Alex,
 3 I think he raised some very important points.
 4 CHAIRMAN MADIGAN: Okay, thanks, Alex.
 5 Fran, welcome.
 6 MS. SPIRY-WEBER: Thank you. I wanted
 7 to take this opportunity to say that I'm glad to be here.
 8 I know it seems -- some people have said, aren't you
 9 coming in at the end of the process, I'd like to think
 10 that I'm coming in at the beginning of the process. That
 11 you all have laid quite a nice framework within which I'm
 12 optimistic that we will have many things to work on over
 13 the next few years. And I come to that optimism quite
 14 honestly as the executive director of the Mono Lake
 15 Committee, because on a much, much, much, much smaller
 16 scale but, nevertheless, a large scale, we faced similar
 17 kinds of questions about a degraded environment and the
 18 need for waterusers in the metropolitan Los Angeles to
 19 have water for economic progress, and the debate went on
 20 for 20 years, and it went through many court and state
 21 processes. And the -- and many of the same arguments were
 22 made along the way. We have to have the water that was
 23 formerly used in the streams of the Mono basin. In the
 24 end, however, there was an agreement that is now leading
 25 to the restoration of these streams, and Los Angeles has

1 right to take more water from the Delta, so the Delta
 2 could be an indirect beneficiary, and I think that --
 3 that's certainly a premise that we're working on in
 4 southern California. We want to do more conservation,
 5 we're able to do more conservation and restoration and
 6 recycling and better water management, groundwater
 7 management, and we want that to be seen as while perhaps
 8 not a direct benefit to the Delta, an indirect and very
 9 important benefit to the Delta.
 10 CHAIRMAN MADIGAN: Thank you.
 11 Stu.
 12 MR. PYLE: As you might guess, I wanted to
 13 reply to Hap, if that's all right. In his statement that
 14 environmental community does have terms under which they
 15 can accept the investigation of storage, and whatever the
 16 outcome of that might be as I understand it. My problem
 17 is as I was saying earlier, the perception of this
 18 controversy by legislators and policy officials, and as I
 19 was talking to a group of legislators a couple of weeks
 20 ago, he says the top thing on their mind: The controversy
 21 between storage -- between the environmentalists and the
 22 waterusers over the future funding for investigation of
 23 storage or the construction of storage, and if the
 24 environmental community does have a positive position on
 25 this situation, I think they should make it known to the

1 certainly not declined in its economic growth and
 2 prosperity. Los Angeles is using water at 1992 levels,
 3 based on a number of factors including efficiency, but
 4 many other factors, better water management is high
 5 there. And it -- and metropolitan itself is looking at
 6 the whole of southern California being able to prosper
 7 without additional water -- without additional water, and
 8 they're looking at water management. So I think that
 9 there are ways in which we will be able to work, we
 10 certainly see that at Mono Lake.
 11 I want to make one comment on Steve's -- one
 12 of Steve's slides. He showed that the conservation in
 13 southern California did not accrue back directly to the
 14 Delta, that it -- conservation accrued and in his diagram
 15 went over to Tulare area, and perhaps made up some of the
 16 groundwater loss that where the groundwater had been
 17 overpumped in the past. I think that while that is not a
 18 direct that goes -- not directly to the Delta, it isn't
 19 hard to say that it's an indirect benefit to the Delta
 20 that if the groundwater is restored in some of these areas
 21 where the contractors have in the past -- or where farming
 22 in the past has oversubscribed the groundwater, if that
 23 groundwater levels, if we're able to raise that through
 24 conservation in southern California, that should make it
 25 possible for the contractors to not -- not exercise their

1 legislators. I think they should make our policy
 2 officials aware that this is one of the important tools
 3 that has to be carried forth in the future, because we
 4 find that this controversy is just throwing a monkey
 5 wrench into all of the funding for all of these programs.
 6 And a lot of the environmental programs that are now in
 7 the tool box that consider the Restoration Program are
 8 being funded moving ahead, and we are all in support of
 9 that, but we don't want to see all of these other items,
 10 reclamation and recycling, conservation, levies, storage,
 11 conveyance, all of that type of thing put on the back
 12 burner because of the controversy perceived, if there's no
 13 controversy, a controversy perceived by the policy makers.
 14 CHAIRMAN MADIGAN: Gene.
 15 MR. ANDREUCETTI: I'm sensing to
 16 achieve our CalFed goals that there remains a serious need
 17 for research and technology transfer to ensure that those
 18 goals are met, and as I observed the CalFed Agency
 19 budgets, I notice that research and technology transfer is
 20 not a top priority item. I'm just wondering, are we
 21 confident that we're going to have what we need in terms
 22 of what the information and technology transfer at least
 23 the people to accomplish that when we're ready to start
 24 implementing?
 25 CHAIRMAN MADIGAN: He said -- looking

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1 around for a member of the CalFed staff. I don't see
2 Steve or Mary right now. Hold that thought as I find one
3 of them. That's a good question.

4 All right. Dave, sure.

5 MR. COTTINGHAM: I'd like to comment
6 on a couple of things. With regard to the whole idea of
7 funding and the future funding particularly with regard to
8 FY2000 money that's up there right now. First, I am more
9 familiar with the Interior Department's budgets than I am
10 with the noninterior agency, so I'm not sure on that but
11 you probably know far better than I do. One of the things
12 Congress has been debating and we had an appropriations
13 hearing this morning, Secretary Babbitt, Assistant
14 Secretary Municky (verbatim), and Commissioner Martinez
15 were up at the House of Representatives this morning, and
16 we got sort of the same type of questions that have been
17 raised here, very similar to what we got in the Senate,
18 I'm told. And one of those does get to, Well, how much
19 storage is going to be in your FY2000 budget? I
20 understand that at a meeting yesterday that Senator
21 Feinstein and Secretary Babbitt and Mr. Miller and
22 Mr. Dooley, and I am not sure who else, but a number of
23 Californians back for it as well, but they did come to
24 some level of agreement with regard to the FY2000 budget
25 on the federal end, the money that's in the reclamation

1 have focused on is the CalFed -- in the Bureau of
2 Reclamation Budget for California there are a number of
3 places that that budget is actually -- different projects
4 where the budget shows up -- where different projects show
5 up in the Reclamation Budget. CalFed is one of those.
6 It's about 95 -- it is \$95 million dollars, but if you
7 look in other parts of that budget, there are a number of
8 things, for water conservation, for the education
9 activities, so I don't think you can -- I'm sure Fish and
10 Wildlife Service has those sorts of things, I'm sure NRCS
11 does, that will be helping to get the word out on water
12 use efficiency kinds of things, but it doesn't show up in
13 the CalFed portion of the budget nearly as much. So I
14 would urge people to -- if you're going to be going back
15 to Congress, working with your state legislators to focus
16 on those ways that we can bring in other parts of the
17 budget other than that one project that's identified in
18 the Bureau of Reclamation budget as CalFed so.

19 CHAIRMAN MADIGAN: Thank you.

20 Steve, you want to take a shot at it?

21 MR. RITCHIE: I might add to that a
22 couple of things, first, within the CalFed program we
23 basically are purposing that the program include
24 additional and technical support, technical assistance and
25 technology transfer in the existing programs, at least the

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1 budget, they would be willing that the environmentalists
2 are going to go along with the -- and the wateruser
3 community was going to go along with the idea that there
4 would be some limited funds for programmatic studies on
5 storage that would allow CalFed to go through the
6 screening process of continuing to review those. You
7 can't continue to review the storage sites and try to
8 figure out which ones are going to work best unless you
9 can do some site specific studies. That's my
10 understanding of it as I was here taking the tour of the
11 facilities, and I'm sure that's one of those meetings that
12 if there were 20 people in the room you'd get 20 different
13 stories about what exactly was said. I think Senator
14 Feinstein did ask people to sign a piece of paper; I don't
15 have that piece of paper that said yes, we agree this is
16 what we've agreed to, roughly in accord in supporting the
17 President's budget, so I think with regard to that point
18 they're trying to -- the stakeholder communities are
19 trying to come together and may be pretty close to that
20 with regard to defining certain levels of storage studies
21 that could be funded in these first couple of years here.
22 I'm sorry, I can't be more precise than that, but I'm here
23 and they're in Washington.

24 With regards to the technology transfers and
25 research we have -- I think one of the things that people

1 ones we deal with up front are primarily in the Department
2 of Water Resources and Bureau of Reclamation but extends
3 obviously beyond that.

4 The second thing is when David started to say
5 there which, in effect, we have this narrow thing we look
6 at sometimes under a microscope and call CalFed, there's a
7 huge state and federal budget of agencies and government
8 programs doing a lot of different things, and one of the
9 things that I think we have a very clear obligation to do
10 is as we come forward with any legitimate financing plan
11 is looking at cutting across all of those budgets and
12 faring out all of those programs that need to work
13 together in support of the CalFed goals; whether CalFed
14 directly controls those dollars or not is frankly
15 irrelevant. How they contribute and work together to
16 achieve the objectives is very relevant. And the thing
17 that I think we need to make sure that we can pin down and
18 show and, where appropriate, augment those budgets to make
19 things happen.

20 CHAIRMAN MADIGAN: Okay. Thank you.

21 Bob.

22 MR. RAAB: Couple of comments that came to
23 my mind when I listened to Stuart and Howard talk, and one
24 of them was perceptions. And I just make a premise that
25 in Kern County the perception is perhaps that a small band

1 of rabbit environmentalists from the north are trying to
 2 direct all water back through the Delta and into the Bays,
 3 and I figured I would be surprised if five percent of
 4 those six and a half million people who live in the
 5 San Francisco Bay area sent dues to any environmental
 6 organization, and many of those environmental
 7 organizations they do send to aren't involved in water
 8 issue, so -- but I would be surprised if support in the
 9 San Francisco Bay Area were less than say 85 percent of
 10 those who want to see -- who feel and believe that there
 11 has been major environmental degradation, and that an
 12 important part of that is diversion and export of water.
 13 So the point there being that the perception up there at
 14 least is not just a small group of people, but a
 15 perception by the vast majority of the people who live in
 16 the Bay Area.

17 The other point is, and maybe more important,
 18 is the point that Howard made which I jotted down Howard
 19 to say that it's important to do an Economic Analysis of
 20 farming future, is that a fair statement? Because I think
 21 that is so misunderstood or at least un -- not
 22 misunderstood, but not understood, I don't think most
 23 people who don't live on farms understand what the future
 24 is, I don't think there's much disagreement, I think it's
 25 terribly important to keep farming in business and

1 MR. RAAB: Pardon me?
 2 CHAIRMAN MADIGAN: I've heard him say
 3 it.
 4 MR. RAAB: Well, he's fond of saying, and
 5 he just said it last Friday before hundreds of people in
 6 the Bay Area, in effect he was telling us that we're bad
 7 guys too. And he describes the diversion of water in the
 8 Tuolumne River from Hetch Hetchy down to San Francisco
 9 Bay, and East Bay Mud, diverting -- he used the term
 10 "export," and we're exporting water from the Mokelumne
 11 River down to the East Bay, and I say every time he says
 12 that, I think to myself, You should have said "diversion,"
 13 you should be saying "diversion." And we make -- I make a
 14 big distinction, I think is what -- probably what you're
 15 getting at, I make a big distinction between a downstream
 16 user, which I regard everybody in the Bay Area as being,
 17 because water from all those tributaries flows down into
 18 the Delta and the Base, so we're downstream users, and
 19 early in the century when water wasn't a problem,
 20 environmentalists, with the exception of John Muir,
 21 weren't much heard from, Bill Hetch Hetchy, Parki and
 22 other damns, and they only divert a fraction of the amount
 23 of water that is channeled by irrigation districts and big
 24 water projects. And the Delta was not in bad shape,
 25 environmentally, until State Water Project was built. It

1 prospering, but I don't think they understand well enough
 2 and put in simple terms what farmers want, how much
 3 water -- how much more water do you want? How much do you
 4 need? How much can you actually justify of all the crops
 5 you're grown? Are they all needed, or are some of them
 6 just wanted because some farmers can make a fair amount of
 7 money exporting their crop overseas, for example. And I
 8 don't know if that's a valid view to have or to hold, but
 9 it's just one of many things I can think of that could be
 10 addressed in a coherent Economic Analysis of what farming
 11 means for this state and how it can continue to stay in
 12 business and how it can work together with the other
 13 interests of the state.

14 CHAIRMAN MADIGAN: Bob, let me ask you a
 15 question, because I'm inclined to agree with you -- both
 16 of your initial points in terms of perception, and I
 17 suspect the 85 percent given the peripheral canal campaign
 18 is low, do you think that the perception of the Bay Area
 19 is that the diversion issue is the responsibility of
 20 others, or do you think that there's any perception in the
 21 Bay Area of the Bay Area's role in the diversion?
 22 MR. RAAB: That's a good point. You must
 23 have been listening to Mr. Costa.
 24 CHAIRMAN MADIGAN: I've heard him say
 25 it

1 could actually go out in the Delta and catch salmon in
 2 season and stripe bass and things were pretty good. So
 3 I'll stop there.
 4 CHAIRMAN MADIGAN: I think we all have
 5 things that --
 6 Alex, Howard, and then Ann.
 7 MR. HILDEBRAND: if you add up all the
 8 exports -- and I call them exports -- from the Central
 9 Valley to the seven Bay Area counties, it's just about the
 10 same amount of water that's delivered over the Tehachapis.
 11 CHAIRMAN MADIGAN: Um-hmm. That's not
 12 very much.
 13 MR. FRICK: I don't disagree with what Bob
 14 says about the perception in San Francisco, but I think
 15 also is applied to the concept that these great savings
 16 that have been made in southern California area, any of
 17 the coastal basins is a direct impact on water supply
 18 their saving, there's no question about it, it's been
 19 huge. They've done a tremendous job. But I think the
 20 perception in a lot of the public is the same thing we'll
 21 work with the Central Valley and agricultural, and it's
 22 just not there. And if we don't recognize that and plan
 23 for that, that's my concern that we will make assumptions
 24 that those savings can be made and that agriculture will
 25 survive and I'm telling you if we do go down that road

1 it won't happen, because it isn't there. And I don't --
2 you know, this being a very complex Economic Analysis,
3 trying to predict what the heck's going to happen, but
4 we're in a worldwide competitive position that we haven't
5 been in until the last few years, and it certainly will
6 have a great impact, and we misjudge it I think the public
7 will be surprised, that's all.

8 CHAIRMAN MADIGAN: Ann -- no.
9 Okay. Steve, you want to stay anything in
10 terms of wrapping this item up?

11 MR. RITCHIE: We've achieved our usual
12 high level of consensus here.

13 CHAIRMAN MADIGAN: Yeah, and I want to
14 congratulate everybody for doing that.

15 MR. RITCHIE: And then having formerly
16 worked for San Francisco, I certainly have opinions there,
17 and I won't share my own in particular, but I guess
18 there's nothing I've heard here that persuaded us from
19 pushing forward with the Water Management Strategy effort,
20 I think a lot of people agree that additional analysis
21 kind of like we laid out is what's necessary. There's
22 obviously contention, and I'm glad to hear from Ann that
23 the environmental groups have put together comments on the
24 Integrated Storage Investigation effort. We feel we need
25 to move forward with both of those. I think --

1 resources manager at the Contra Costa Water District.
2 Byron Buck has already addressed many of the concerns that
3 we as an urban water agency diverting water from the Delta
4 have regarding the Integrated Storage Investigation.

5 The first one is really just that the idea of
6 in-Delta storage and what seems to be a misrepresentation
7 in the ISI document regarding the state and Delta wetland
8 project, and it's the fact that the water quality impacts
9 that we have identified as urban agencies are really
10 ignored in there, and there also seems to be a basic
11 advocacy I think for the project in there. I think CalFed
12 should be still thinking about this as programmatically,
13 not adopting a specific project, because it's already
14 being looked at in some detail, but looking at all the
15 potential alternatives as Byron pointed out.

16 The other one was just that in preparing that
17 integrated storage document, I guess the person who was
18 authoring it was obviously thinking about how can we deal
19 with this water supply reliability issue, but in doing so
20 then kept leaving out the fact that some of those benefits
21 of that ISI program also applied to water quality and
22 environmental benefits, so that needed to be put
23 throughout the document just acknowledged and Byron,
24 again, addressed that.

25 The other aspects of this, I guess, is that

1 CHAIRMAN MADIGAN: And I would say in
2 that regard that Hap's provided us with a copy and we're
3 making copies of that for distribution so everybody will
4 have it by the end of the day.

5 MR. RITCHIE: Good.

6 CHAIRMAN MADIGAN: Thank you, Hap.

7 MR. RITCHIE: And there were various
8 questions that Alex asked that I will definitely get back
9 to you with answers on that on how that analysis is
10 proceeding, because like I said, there weren't really
11 policy decisions for you today, sort of policy on how we
12 need to approach it, but we will be getting to those
13 policy decisions in short order as the year progresses.

14 CHAIRMAN MADIGAN: Okay. I have three
15 cards here from speakers who have specifically indicated a
16 desire to be heard on this matter. I have three others
17 who may or may not be specifically related to this item,
18 but I'm going to go ahead and call them at the end of
19 these -- at the end of these three. The first is Richard
20 Denton representing the Contra Costa Water District.

21 Mr. Denton, thanks for being here this
22 morning.

23 MR. DENTON: Thank you. Good morning.

24 CHAIRMAN MADIGAN: Good morning.

25 MR. DENTON: I'm Richard Denton, water

1 I'm concerned that we actually received a February 18th
2 document or a version of the ISI document that went out to
3 the stakeholders to ag and urban environmentalists to
4 review, and we did actually make comments similar to the
5 ones I just outlined, and we now have a March 10th version
6 which is in the BDAC package, and those comments really
7 haven't been acknowledged in there either by changes or at
8 least just by making it clear that some comments have
9 already been received and this is the way that they're
10 going. So it makes it difficult as a stakeholder, and I
11 think it makes it difficult for you if you're not aware of
12 some of the comments that are coming in, you seeing this
13 piece of paper thinking that it's already being maybe
14 reviewed or that there have been no comments, and it would
15 be good if stakeholders do make comments that they can be
16 acknowledged through the process.

17 CHAIRMAN MADIGAN: Thank you, sir.
18 Dennis O'Connor from the California Research
19 Bureau.

20 Mr. O'Connor, good morning.

21 MR. O'CONNOR: Good morning. With respect
22 to the Economic Analysis in the Water Management Program,
23 as a former practicing economist I'm always excited to see
24 economic concepts being used, but to do it right --

25 CHAIRMAN MADIGAN: Does that make you a

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1 recovering economist?

2 MR. O'CONNOR: You know, I'm not really
3 sure. I was told early on that an economist is a person
4 who wanted to be an accountant but failed the personality
5 test, I'm still struggling with that.

6 But, anyway, at any rate, to do the Economic
7 Analysis right means that there will have to be
8 a whole series of policy assumptions made, and these sorts
9 of assumptions I know BDAC has not reached a consensus
10 on. Key among these are assumptions about who the
11 beneficiaries are of any of the projects or programs. My
12 favorite example regards fish screens, because it's just
13 such a clear example, are they a benefit for the fish or
14 are they a mitigation for current and continuing harm?
15 Now, most of us probably immediately had an answer for
16 that, and my guess is that we're probably pulls apart on
17 that, and there are a whole host of other issues similarly
18 contentious within the whole financing regime. The
19 economic policy will require many such policy decisions,
20 and until the financing principals are more clearly
21 defined beyond sort of the feel good statement of
22 beneficiaries pay, the result will be that any Economic
23 Analysis that is done will undoubtedly be disagreed with
24 by some somewhere on the spectrum of discussions, and so
25 my suggestion is that we get back into the finance work

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1 group stuff, as much as it pains me to say that, and start
2 really working through some of these real fundamental
3 kinds of questions.

4 Thank you.

5 CHAIRMAN MADIGAN: Talk about pain, the
6 pain with Eric.

7 Thank you, sir.

8 David McCollow, representing the Olivenhain
9 Municipal Water District in San Diego.

10 Good morning, David.

11 MR. MCCOLLOW: Good morning, Chairman
12 Madigan. Thank you very much.

13 I'm glad my Board of Directors sent me to
14 charm school to learn to say fantastic, but I'm a little
15 surprised to see with all the level of sophistication here
16 that we still sort of deteriorate to the gut level
17 reactions, and I hope we can get past that, because the
18 people of California if they heard all of this today would
19 have a little fog that would come down over their eyes,
20 because the consumers of water and the people that have to
21 have water to go on with their daily lives is what we're
22 all here for. What we're running into in southern
23 California is an inability to continue with water
24 reclamation projects that can immediately produce clear,
25 measurable results in the amount of water available for

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1 Californians. And I like Chairman Madigan, just got back
2 from Washington D.C., and in talking to representatives
3 there, they're saying, But we're giving all this money in
4 the Bay-Delta area, and so this process is beginning to
5 hang-up our own efforts at the local level to create
6 opportunities to manage our resources better, and that's
7 the problem in California is the ability to manage our
8 resources, and I would urge you all to continue on this
9 process at great speed.

10 I'm going to stay to this afternoon. I want
11 to comment again on Phase I. There is not enough money
12 for water recycling in Phase I. We need to get water
13 recycling going in southern California where it can do a
14 great deal of good for urban users.

15 And I want to continue to emphasize that, and
16 let's please stay at the table and get this resolved
17 because it's not going away. I'm optimistic. We didn't
18 just start this process, it's been going on and on and on,
19 and we must conclude it and then get going with the
20 issues. This is a great plan when you read it. Let's
21 finish it off and get going.

22 Thank you very much.

23 CHAIRMAN MADIGAN: And, David, you were
24 hearing those comments even though you were back there on
25 recycling projects.

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1 MR. MCCOLLOW: I was back there on
2 recycling and also on our membrane treatment project which
3 we're going forward with and hearing comments on how hard
4 it will be to get any more money for any projects in
5 California because Bay-Delta has all that -- has all those
6 funds.

7 CHAIRMAN MADIGAN: Yeah. I agree. Same
8 kinds of comments I was hearing.

9 All right. I have now six speakers slips.
10 This may well be related to our immediate past
11 conversations and let me ask the gentleman. I believe
12 it's John Withen? Winther, excuse me. John, there you
13 are.

14 MR. WINTER: John Winther.

15 CHAIRMAN MADIGAN: Yeah, sure. Excuse
16 me. And you had a comment regarding Byron Buck's earlier
17 comments.

18 MR. WINTER: Yeah, he indicated the
19 status of the Delta Wetland Project, and I wanted to
20 correct that. The state board has not issued a permit for
21 us, but they are in the process of continuing their
22 deliberations. They have asked us to provide some
23 clarifications, which we're in the process of doing.
24 They've asked Jones and Stokes and Associates, who did the
25 environmental document for the State Board to pursue

1 responses to comments, in particularly to the comments
 2 that were contained in a State Board letter to our
 3 attorneys of November 25. I think one of the features of
 4 our project that might have the attention of CalFed and
 5 the water community is that we can move forward quickly
 6 and have a water project that can deliver water in about
 7 three years. There's work yet to be done, and some of
 8 that can be done at the CalFed level. The water quality
 9 features of Delta Wetland Project are probably three or
 10 four hours of modeling away, but they were told that they
 11 need some priority, maybe we can get that from this
 12 organization.

13 An important feature of the Delta Wetland
 14 Project, and I'm not going to go on about it except to say
 15 how close it is to being ready. We have no jeopardy
 16 biological opinions on the fish species of concern. To
 17 talk about minor issues about a project that is
 18 as far along as ours to try to shuttle it off to the side
 19 is I think not in the spirit of the CalFed process. I
 20 like the comment that Stu Pyle made earlier today that's
 21 not to take anything off the table prematurely, and when
 22 you have something that's as far down the line, we've been
 23 at it for 14 years in this project, we've written two
 24 EIR's, and it's very close to completion, and rather than
 25 shuffling it off for some phantom reason, I would suggest

1 The gentleman that came before me spoke about
 2 the problems of high salinity water in the San Diego area,
 3 and they're getting to the point where they can't recycle
 4 that water and they have to blend it down in order they
 5 can recycle it. So recycling is going to be coming to a
 6 halt with the ever increasing salinities in the Colorado
 7 River delivery system, you're going to hit the wall in
 8 southern California in terms of recycling, and it would be
 9 a shame to do that. So I think that -- I think that this
 10 DOC issue is something that we certainly can revisit, and
 11 we'd be happy to do it, but Hap, I think a fairly
 12 phenomenal issue. DOC levels in the Delta are right at
 13 about national average levels. They're not abnormal.

14 Bromide, on the other hand is very high in the
 15 Delta, it's a serious problem. I think salinity is the
 16 thing to be looking at.

17 CHAIRMAN MADIGAN: Okay. Thank you.
 18 Stu, you had a question too. If you don't
 19 mind, John.

20 MR. WINTHER: Yeah.

21 MR. PYLE: There's a graph in the Phase II
 22 report that came out in December to me is rather amazing.
 23 It's a graph of the main sea level at the Golden Gate.
 24 And they sound kind of irrelevant to everybody here,
 25 what's he worried about? It shows in 1920 that the main

1 they keep the process going.

2 Thank you.

3 CHAIRMAN MADIGAN: Thank you, John.

4 Sure, Hap. Couple of questions here. John,
 5 if you don't mind for a second, Hap and Stu both have.

6 MR. DUNNING: Not spending too much time
 7 on it, I'm just curious about what Byron said about the
 8 water quality situation with the islands and switching the
 9 whole project to other islands. Can you say anything at
 10 all about those?

11 MR. WINTHER: Well, I don't know how
 12 much detail you want to get into, but the EIR had studied
 13 the issue of DOC, we'll call it contamination, it's not
 14 technically a correct word because it's not considered a
 15 toxic, and they determined that it would be a -- less than
 16 significant impact. KUA (verbatim) had made a
 17 presentation at the State Board hearing that they thought
 18 it would be a significant impact. I find it a little more
 19 than curious, yesterday morning I reread parts of the loss
 20 for Keros (verbatim) EIR, in Chapter Five in Volume One
 21 deals with water quality, and if any of you can show me
 22 where it says DOC or TOC in that document, I'd be very
 23 surprised that it points out the importance of salinity,
 24 but it doesn't discuss the issue of DOC. And the fact is
 25 DOC is highly treatable; salinity is not

1 sea level OF the Golden Gate was about 18.5 feet, it shows
 2 in the mid-1990s that the main sea level is about 9.1
 3 feet; that's a half a foot of increase in sea level in an
 4 80-year period, which seems to me amazing. And I wonder
 5 if you or technical people there in the Delta are
 6 concerned about that, and it just seems to me that that
 7 must have effects on the water quality that winds up in
 8 supplies in the Delta and that it should have some impact
 9 on the capability to manage flows through the Delta. I
 10 just wonder if people who are involved in the Delta
 11 project, etc., are concerned about that.

12 MR. WINTHER: Well, I thought you were
 13 going to come in a different direction, but let me handle
 14 both of them. I think increasing sea level definitely
 15 will move the salinity grader farther to the east, but
 16 there's filtration that makes the channel smaller. Alex
 17 knows about that, that will move it to the west. So I
 18 think they're balancing features. A typical thing in a
 19 estuary of this type is that the bed level goes up and you
 20 have to -- you have to keep dredging it for ships, but the
 21 natural thing is that it goes up, so these are balancing
 22 thing. I thought where you were going to go, and we hear
 23 it all the time, is what do you do about those levies out
 24 there with the sea level rising so fast?

25 MR. PYLE: I was thinking about that

1 because I could see Walter right behind you.
 2 MR. WINTHER: In those 80 years, in
 3 those 80 years, which is about the -- a little longer than
 4 Bagon Island (verbatim) has been in farming, the soil
 5 level on Bagon Island has gone down 20 feet in 80 years.
 6 Okay? Give you a comparison. In Holland, behind their
 7 outer levies, they've had 900 years and only 3 meters of
 8 subsidence. In the Delta, the subsidence is going on in a
 9 very rapid pace. What does all this mean? We deal with
 10 it. We keep adding to the height of the levies, and if
 11 you stop subsidence, you could quit chasing your tail on
 12 raising the height of those levies.
 13 CHAIRMAN MADIGAN: Okay. Thank you very
 14 much, John.
 15 MR. WINTHER: Thank you.
 16 CHAIRMAN MADIGAN: Arthur Unger from the
 17 Sierra Club.
 18 MR. UNGER: Mr. Madigan.
 19 CHAIRMAN MADIGAN: Sir.
 20 MR. UNGER: Can I advise you to see Mary
 21 Ann Lockhart from our group instead?
 22 CHAIRMAN MADIGAN: Sure, of course.
 23 MR. UNGER: Thank you.
 24 CHAIRMAN MADIGAN: Absolutely.
 25 MS. LOCKHART: My name is Mary Ann

1 and ag? I mean, there must be a lot more water being lost
 2 out in the rest of the state and what is being done to
 3 educate the farmers to be able to make their water use
 4 more efficient. What aids can we give to the farmers? Do
 5 they need more loans? Do they need more education? Do
 6 they need more technological support? What do they need
 7 to make them more efficient? We'd rather see our money
 8 spent on that kind of an effort than -- rather than to
 9 build -- immediately come to the conclusion that we need
 10 more water, water to be wasted. Now, we urban users, you
 11 know, we have our responsibilities, too, and some of the
 12 communities have done very, very well. But you talked a
 13 little bit about perceptions, we need some changes of
 14 attitudes in the urban areas also. You go through
 15 Bakersfield, and it is lovely according to an Easterner
 16 coming to the West to see all these green lawns, to see
 17 all the beautiful trees that are eating all of this water,
 18 and when this really is a desert area after -- once it's
 19 been converted to a desert area from the -- all the tule
 20 swamps, but now we need to think a little bit more about
 21 using native plans. I know the Kern County Water Agency
 22 has some very nice plannings out there, but what is being
 23 done to change the attitude of the public so that we can
 24 do that one little thing and maybe many more other little
 25 things to conserve water and to really live within the

1 Lockhart and I'm a member of a smaller group in the
 2 Kern/Kaweah chapter, and we are interested in what's
 3 happening locally and this a little bit off the subject,
 4 but water conservation has been a great question in our
 5 mind.
 6 CHAIRMAN MADIGAN: It's okay. Actually,
 7 we're sort of transmigrating into public comment anyway,
 8 so your comments are timely.
 9 MS. LOCKHART: All right. Thank you very
 10 much.
 11 We have questioned a pamphlet from the current
 12 water agency saying that water -- the ag efficiency was 75
 13 percent and maybe that is the use of water, maybe that has
 14 increased since that publication was published, but we've
 15 also read all the information from the National Resource
 16 Defense Counsel putting on these ag projects that haven't
 17 been able to conserve water, and we were very impressed
 18 yesterday with the great industry out there by the Arvin
 19 District, and the question is how -- Kern County is said
 20 to be one of the second most efficient counties in the
 21 state as far as water efficiency is concerned, and they
 22 are only up to 75 percent or maybe it's 90 percent now,
 23 what are all the rest of the agencies doing or what's the
 24 rest of the state doing if this is the second most
 25 efficient agency in the country as far as water efficiency

1 environment that was natural in our area. Thank you very
 2 much.
 3 CHAIRMAN MADIGAN: Thank you, Miss
 4 Lockhart. We'd be very pleased to put you on our mailing
 5 list for information as it's developed, particularly in
 6 regards to some of the questions that you raised in your
 7 comments.
 8 MS. LOCKHART: Thank you very much.
 9 CHAIRMAN MADIGAN: Thank you.
 10 Mr. Dennis Keller from the Friant Waterusers Authority.
 11 He will be followed by Miss Rogene Reynolds
 12 from South Delta and Mr. Jim Verboon, farmer.
 13 MR. KELLER: Thank you, Mr. Chairman,
 14 and members --
 15 CHAIRMAN MADIGAN: Good morning.
 16 MR. KELLER: -- members of the
 17 Counsel, I appreciate you being here in the San Joaquin
 18 Valley this morning. I have a couple of quick
 19 observations and one concern which I'd like to bring to
 20 the Counsel this morning. I'm not a familiar face to most
 21 of you. I've spent the last 30 years of my life here in
 22 the southern part of the San Joaquin Valley implementing
 23 policy, not making policy, so I'm sort of where the rubber
 24 hits the road. The thing that I do recognize that faces
 25 you now is that you face the same thing that we face

1 Balancing the needs of an ever changing demand base while
 2 you're looking at it state wide, we look at it locally,
 3 but I'd like to assure you that we look at it statewide
 4 also. This area of the state is invariably tied to the
 5 health and the nature of the Delta and to the health and
 6 the nature of the Trinity basin, and I live on a daily
 7 basis with not only the activities and the nature of those
 8 two areas, but also the -- the long-term projections of
 9 what may happen to those areas.

10 The first observation I'd like to make is the
 11 observation with regard to flexibility. We see in
 12 implementing the policies which are made statewide a
 13 decreasing capability on our side of the fence to use
 14 flexibility as a tool in meeting the ever changing demands
 15 of the San Joaquin Valley. The agricultural base is
 16 changing; we used to have a basis that was principally row
 17 crops, where we could idle during dry years and gear up
 18 and even double crop in the winter years. We now see and
 19 you see as well an ever increasing trend due to economics
 20 to a change in a permanent planting basis which changes
 21 the nature of how we operate our projects, puts an ever
 22 increasing reliance on exports from both the Trinity and
 23 the Delta, and that's why I'm here, to assure you that we
 24 do pay attention to the health of those areas. We see
 25 another change that's occurring down here, and that's the

1 One of the concerns that we had, and I had one
 2 of your -- one of your speakers this morning precede me in
 3 testimony before the State Board last week on Phase 6
 4 exports from the Delta, and shortly after my presentation
 5 the Trinity River and Trinity County people made their
 6 presentation, and we've long been concerned about trends
 7 in the Trinity, and my main purpose for being here this
 8 morning is to express to you a concern that I see a
 9 disconnect occurring in this process and maybe in general
 10 state policy as it applies to the health of the Delta and
 11 exports from the Delta occurring, and that is that the
 12 Trinity seems to be going in a different direction than
 13 many of us are going and particularly from a policy
 14 issue. It was expressed and we're trying to confirm this
 15 at this point in time that EPA has given permission to the
 16 Tribe to generate an in-basin plan which will deal with
 17 water quality standards on the Trinity River, low flow
 18 issues. There seems to be, again, a disconnect in those
 19 planning efforts from these planning efforts that are
 20 occurring here, and on a general state-wide basis. So I'd
 21 like to express that concern.

22 Again, I'd like to express my thanks to you
 23 for being in this part of the Valley and for entertaining
 24 these comments.

25 CHAIRMAN MADIGAN: Thank you,

1 change that's related to urbanization. This is not just a
 2 simple conversion of ag land to urban uses, but also an
 3 ever changing demand related to water quality. I have
 4 more clients now with well head treatment than I've ever
 5 had before, I have clients who have now passed by well
 6 head treatment and now draw from the State Water Project
 7 and from the Friant Division of the Central Valley Project
 8 and treat that water for municipal and industrial
 9 consumption. Puts a total different look on the reliance
 10 on this area on exports from the Delta through the Tracy
 11 pumps. Puts ever more reliance on the Cross Valley Canal
 12 contractors who are now seeing multi-million dollar houses
 13 being built based on reliance of exports from the Delta,
 14 and we're concerned about this loss of flexibility due to
 15 the change from a road crop agricultural base to permanent
 16 plannings to urban type of development.

17 The third thing, which is a good thing that we
 18 see as a change, is that 20 years ago I didn't think I'd
 19 probably ever see NRDC anywhere but in court, we now find
 20 ourselves working on Lower San Joaquin River restoration
 21 issues. We started a historic event last Friday in
 22 Modesto, where we're actually in settlement discussions on
 23 NRDC Patterson with environmental organizations, and so
 24 the policy perspectives that we see as the "implementors"
 25 *are ever changing*

1 Mr. Keller, thanks for your thoughts.
 2 Miss Reynolds, good morning.
 3 And then Mr. Verboon and Jim Crettol, thank
 4 you.
 5 MS. REYNOLDS: Good morning, Chairman
 6 Madigan.
 7 CHAIRMAN MADIGAN: Good morning.
 8 MS. REYNOLDS: And members of BDAC. Did
 9 anybody notice -- well, first of all, let me introduce
 10 myself more fully. My name is Rogene Reynolds, and I'm
 11 from the South Delta. I live one mile north of Old River,
 12 and my family has been in that area -- it started farming
 13 on Middle River in the mid-1880s.

14 Did anybody notice that the room got very
 15 small today; when we walked in it seemed large, but the
 16 discussion has been about some pretty intense and serious
 17 issues, and I, for one, feel the impacts from all
 18 directions. It doesn't matter to the baby in front of
 19 Moses which mom wins, he just hopes it wins. And I am
 20 absolutely torn between the environmental pressure against
 21 storage and for Ecosystem Restoration which takes our land
 22 out of production, and I am torn between that and the
 23 constant and consistent demands on the Delta to satisfy
 24 needs that we didn't create. In a drought, Middle River
 25 is dry. In other times, our channels run backward. And

1 we are told that the peripheral canal will solve those
 2 problems, but we will have no control over how it's
 3 operated. And the promises that were made to us when CVP
 4 began operation haven't been kept. We're in endless
 5 disputes over water rights on the San Joaquin. And the
 6 ultimate result is that the Delta water quality has
 7 continued to be degraded. You have a lot of problems to
 8 solve, and I'm going to explain to you only one point
 9 regarding perception. And you haven't said too much about
 10 the isolated facility today, but we all know that it is
 11 still there. If you talk to somebody on the streets of
 12 Stockton about water, and they're not farmers necessarily,
 13 what pops up first is, Well, I remember that I rationed
 14 during the last drought and the State Water Project
 15 facilities was full of water. And ladies and gentlemen,
 16 that is the perception, so I hope that you understand that
 17 when you consider all of these options, that you realize
 18 that there are some political realities that need to be
 19 addressed.

20 And to my environmental friends, I agree with
 21 you: What is good for the fish is good for the Delta, but
 22 you must understand, that nothing will benefit the Delta
 23 unless we have a fresh flowing water supply through it
 24 from both sides, and that includes the San Joaquin. And
 25 somewhere along the line someone is going to have to give

1 MR. VERBOON: And it's early enough in
 2 the process even though we're four years in and we're
 3 beyond what we anticipated when we started, I think
 4 there's opportunity. And I think the fight over storage
 5 versus nonstorage maybe needs to take place someplace else
 6 or sometime later, because until you fix the Delta and you
 7 start to change to degradations that have occurred there,
 8 storage is irrelevant, because a lot of it is from -- the
 9 plumbing of the Delta was not designed to be fish friendly
 10 to the export pumps. So the plumbing needs to change, the
 11 flowing of the water needs to change prior to any
 12 additional water, or that's not going to be enhanced.

13 A couple things that I wanted to be specific
 14 about is when we start talking about land retirement, SCWA
 15 demands that we look at mitigation for agricultural lands
 16 that comes out, because what's existing here today needs
 17 to be mitigated if we're going to change that aspect
 18 tomorrow. Surface water storage doesn't need to be a
 19 large portion going in directly because surface water
 20 storage augments and makes groundwater storage in this
 21 vicinity a lot more effective because it gives us more
 22 access to water that we can sink that we don't have
 23 currently. Right now we have to sink water when it's
 24 available, and it's not available other than times that
 25 we're experiencing high flows because that water's already

1 a little bit of ground on storage.

2 Do you have any questions?

3 CHAIRMAN MADIGAN: Thank you very much,
 4 Miss Reynolds.

5 MS. REYNOLDS: Thank you.

6 CHAIRMAN MADIGAN: Thank you for taking
 7 the trip down here and for sharing those thoughts with
 8 us.

9 Mr. Verboon. Good morning, sir.

10 MR. VERBOON: Good morning,
 11 Mr. Chairman, members of the BDAC. It's a pleasure to be
 12 here today and I'm very happy to see you down in the San
 13 Joaquin Valley where we're dramatically impacted by
 14 whatever decisions that you will advise. There's a couple
 15 of things that I have some grave concerns about, and the
 16 first one is: In order for you guys to be effective, you
 17 must deal in good faith. If everybody's here to simply
 18 promote their own agenda and not look at what anybody
 19 else's concerns are, this thing is going to be a failure,
 20 and believe me, the way I approached and saw this thing
 21 this morning, I would predict failure.

22 CHAIRMAN MADIGAN: I do at least three
 23 times a day, but hopefully four times a day I predict
 24 success so I'm still here. It's just a personal thing

25 but --

1 committed.

2 Additional small surface storage can trap
 3 water for shorter periods of times allowing more
 4 groundwater banking to occur, making those much more
 5 efficient.

6 The beneficiaries who pays -- well, right now,
 7 I know who's been paying, I'm a Kings River farmer, I
 8 don't get water from the CVP, I'm not directly impacted by
 9 the CVP, but you don't have to go very far to the west of
 10 me to find people who have been paying. They're
 11 roughly -- their cost has gone up by four times since the
 12 CVPIA, and they really haven't even seen what the real
 13 costs are going to be yet because it's been wet since the
 14 implementation of the CVPIA. Those costs are going to
 15 escalate.

16 The red line that Steve had on his graph this
 17 morning from CalFed that showed a reduction in usage is
 18 appropriate that it was red, because the way that that
 19 will occur is that those farmers are going to go broke,
 20 and that water won't be used because of that and the
 21 produce that you see over here, a lot of it won't be
 22 there, not from this area, and certainly not from the
 23 western side of this valley.

24 The restoration funds have been taken from the
 25 central valley project users. They got to pay for the

1 privilege of losing half of their water. So the costs
 2 have been extensive in both the terms of agricultural
 3 losses and to the terms of losses to our work force. You
 4 go out to the cities of Huron and Mendota, and you see the
 5 unemployment and you see the lack of any future
 6 opportunity out there and it's dramatic. I think if we
 7 decide that we want to work together and I -- I like to
 8 pride myself, I call myself a professional environment
 9 manager. I'm a farmer by trade, but I have to manage the
 10 environment in which I work effectively to make it
 11 healthy, because if it's not healthy because the things I
 12 produce don't grow well, they're not quality, they're not
 13 high yielding, and I go out of business.

14 So with that, I really would like to see this
 15 group really make that commitment to make it work, make a
 16 good faith effort to work together and work for a solution
 17 that's going to benefit the environment, and it's also
 18 going to benefit the long-term economy and livelihoods of
 19 the people of this state.

20 Thank you. If there's any questions I'd be
 21 pleased to answer them.

22 CHAIRMAN MADIGAN: Thank you, sir.
 23 Thank you very much for being here today.

24 Jim Crettol followed by Dennis Fox and Nick
 25 DiCroce.

1 what it's for, and they said, Well, how much would you
 2 like? I had to hold them back because it's such an
 3 important issue, the water issue here and the solving of
 4 all these problems in California that all the carrots and
 5 lemons and etc., etc., they said, How much do you want?
 6 We could have filed up the whole wall. Two months from
 7 now --

8 CHAIRMAN MADIGAN: You've already got
 9 enough to fill the whole wall.

10 MR. CRETOL: I know, I know, but two
 11 months from now, if this was May or June, we could have
 12 apricots, peaches, nectarines, the whole gamut.

13 CHAIRMAN MADIGAN: We'll be back.

14 MR. CRETOL: So -- okay. Okay.

15 But I've been to one BDAC meeting before, it
 16 was held down south last year in January, and I made
 17 comments to the group at the time, but of course, the
 18 comments haven't changed very much, it's sad the glacial
 19 pace this has gone, it's kind of an analogy, I'm sitting
 20 here listening to the whole process and there's an analogy
 21 I was just thinking about, there's one process we left out
 22 of this, one small minor detail, when you go to church on
 23 Sunday, I think all of us are fairly religious people, I
 24 go to church every Sunday, we should pray to the Lord
 25 that, you know, all these crops over here start using less

1 MR. CRETOL: Good morning, my name is
 2 Jim Crettol; I'm president of the Kern County Farm Bureau,
 3 I thank you for allowing us to speak, Chairman Madigan.

4 CHAIRMAN MADIGAN: Good morning,
 5 welcome.

6 MR. CRETOL: Good morning. We helped
 7 in, not arranging the meeting being held here, I know it
 8 was up to Stu Pyle and Howard Frick here trying to get the
 9 meeting here in Bakersfield. We're pleased to have it
 10 here, but we were part of the reception last night and
 11 part of setting up this whole produce section over here,
 12 and we want to make it known to all of you, some of you
 13 weren't here last night, but I made a comment last night
 14 it's available to you all, as you leave here today, and
 15 you in the audience, if you're still around, there's
 16 shopping bags over here, this is available for you; it's
 17 for your good pleasure.

18 CHAIRMAN MADIGAN: Thank you, sir,
 19 that's very kind of you.

20 MR. CRETOL: Now, it's -- as part of
 21 acquiring this, when I started getting on the -- I started
 22 getting on the phone, we knew you were having the BDAC
 23 meeting here, got on the phone, some of our farm bureau
 24 people made phone calls to people like Dole, Lair Brothers
 25 and different people around the county and we explained

1 water. There's one last little minute detail, because the
 2 level of detail that you are all striving for is I don't
 3 think -- I don't think it's warranted. There are probably
 4 six to ten major components, and the level of detail of --
 5 such minor detail that you go to in all of this, and
 6 assurances, the process of assurances that the
 7 environmental community wants, the ag sector wants, the
 8 Delta people, they're all very valid. It should be all
 9 focused on just a very few. Step up the process, be a
 10 little bit more focused, we wish you all the well. I knew
 11 this was supposed to be a three-year process, it's after
 12 year four now, and now we're talking about another seven.
 13 I know there's been some new people on the panel, I spoke
 14 with this gentleman over here, Gene Andreuccetti last
 15 night, very nice gentleman concerned about wildlife. We
 16 had a great conversation talking about the habitat
 17 conservation plan we have here in Kern County, we're
 18 working on with Fish and Wildlife and Fish and Game, and
 19 his actions that he's working toward, and I think he and I
 20 could come to an agreement, the two of us, I'm not sure
 21 about all of you together but he and I could and --

22 CHAIRMAN MADIGAN: We'll you begun to
 23 come to grips with the problem.

24 MR. CRETOL: There you go. But again,
 25 thank you all for being here and working so diligently

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1 but I wish you God's speed and the glacial pace which this
2 is moving, I hope the sun rises and heat's very hot to
3 melt this glacier and get this process on. Thank you.

4 CHAIRMAN MADIGAN: Thank you, sir, and,
5 again, thank you very much for your hospitality, everybody
6 here appreciates it for sure.

7 Mr. Dennis Fox.

8 MR. FOX: Mr. Chairman, members of the
9 Commission, I've talked to you before concerning this, I
10 keep going back, perhaps you might remember the gas lines
11 that we had a long time ago. Not too many. But now
12 everybody seems to have forgotten that. Now, we're coming
13 up with the huge cars, the Chevy Suburban, next year
14 they're coming with the Chevy Subdivision, so it's even
15 bigger. What I'm getting at is when things are out of
16 sight, they're out of mind. You know, crisis is over,
17 everything's taken care of. That's why I was -- I believe
18 that might be a point of compromise on the off stream
19 storage, to have triggers that would have to happen before
20 it is constructed. A lot of the water is going to,
21 perhaps, conservation pricing, most of the water is going
22 to turf use, changing the species will eliminate it by a
23 large factor. If you can get into other factors, the
24 increased in-stream capacity by efficiencies of the dams.
25 Spillways on earth and damns so that they don't have to

1 take everything. But once you get these things in, then
2 proceed, because if you've done it by the time -- I think
3 by that time with the population, and I don't think this
4 Commission wants to put birth control pills in the
5 aqueduct, that is going to be a definite --

6 CHAIRMAN MADIGAN: Don't automatically
7 assume that.

8 MR. CRETOL: Okay.

9 But there will probably, you know, with the
10 increased population, there's going to be a need down the
11 road, and I -- and to take a look at the various things
12 that we've had, you're going to have exotic controls in
13 the Delta haven't been looked at. The exotic water using
14 weeds that are taking over the state have not been looked
15 at, predator problems. And a lot of things should be done
16 prior to that, and then when that is done, then I think
17 you will say, We've done most everything we can, now we've
18 got to go on with off stream storage. Thank you.

19 CHAIRMAN MADIGAN: Thank you, sir.
20 Thanks for your thoughtful comments.

21 Nick DiCroce with Cal Trout.

22 Good morning, sir.

23 MR. DICROCE: Good morning, my name is
24 Nick DiCroce, I'm with California Trout. I had not
25 planned to make a comment because what's on my mind is off

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1 lower them by 20 percent might help, and that's kind of a
2 design factor that happened. Upper watershed restoration
3 can proceed. When you should agree on specific
4 requirements such as that, and I'm not just pointing at
5 other places, our county as you went out and saw the
6 recharge basins, that is taking secondary place to perhaps
7 a freeway for developer use, and the developer -- we see
8 water is a selling point for development, and it's a
9 paradigm I think should be changed. The use of water for
10 development is also for the counties. Counties love it
11 because it increases the tax basis Prop. 13. They're in a
12 bind and something that has to work there. But we have to
13 get into some specific requirements for off stream
14 storage. I'm not saying I think we should proceed with
15 it, I think we should proceed with off stream storage, the
16 preliminary work. By the time that is done it's going to
17 be a far time down the road, especially with all the
18 environmental work that has to be done. Should also
19 consider the factors that the off stream storage might
20 also provide, such as elimination and mediation of
21 subsidence. It's valued to wildlife, but I definitely
22 think it'd be definite triggers so people don't say, Wait
23 a minute, wait a minute. We built this big project, our
24 problems are over. Or, Why do we have to change our
25 minds? They're going to build this project that will

1 the subject today, but an earlier speaker mentioned the
2 Trinity River and allowed me a little segue in here. Cal
3 Trout, my fishing organization, fishery organization, has
4 a couple times made a formal request to CalFed to include
5 the Trinity River within the scope of CalFed and within
6 the cope of the Ecosystem Restoration Programs. We
7 haven't gotten any response to our request -- or requests,
8 so what I'd like to do this morning, if you don't mind, is
9 just publicly request that CalFed consider the Trinity
10 River within the scope of the Ecosystem Restoration
11 Programs of CalFed. Thank you.

12 CHAIRMAN MADIGAN: Thank you, sir.
13 There -- you are correct that there is some reluctance to
14 further expand the greater CalFed co-prosperity sphere to
15 include everything, but I understand your request and --

16 MR. DICROCE: And our justification is
17 based partly on the fact that the Trinity has been
18 engineered into the Sacramento River so there appears to
19 be a good justification for including it.

20 CHAIRMAN MADIGAN: Thank you, sir.
21 Thank you very much. Those are the speaker slips that I
22 have this morning.

23 Hap.

24 MR. DUNNING: Just following up on that
25 last comment, aside from whether the Trinity is included

1 it disturbs me a little bit if an individual or
2 organization makes a request like that to CalFed and gets
3 no response yes or no. And I wonder if --

4 CHAIRMAN MADIGAN: We'll specifically
5 follow-up.

6 MR. DUNNING: -- what the policy is,
7 maybe I could ask Steve what the policy is on responding
8 to things of that sort.

9 CHAIRMAN MADIGAN: We will specifically
10 follow-up. We'll make sure that Cal Trout gets a response
11 from CalFed.

12 Thank you.

13 MR. RITCHIE: I believe that issue has
14 been responded to over time numerous times and, in fact,
15 will be responded to again.

16 CHAIRMAN MADIGAN: sure. You bet.

17 All right. Ladies and gentlemen, we've
18 reached the end of the morning's deliberations. It's
19 11:45 or thereabouts, so we're more or less on schedule.
20 The next item scheduled is lunch, and next door for the
21 members of the BDAC is the ever popular BDAC boxed lunch,
22 and for those in the audience we will be back here at
23 12:45, and we will resume with the review of the work
24 group progress on governance issues.

25 Thank you. We are temporarily adjourned.

1 additional BDAC members were appointed in addition to EZE
2 and myself: Roberta, Byron, Stu and Bob were appointed,
3 and it was suggested that we have much closer liaison with
4 a member of the policy group, a member of the highest
5 decision-making body, and we've been developing a
6 relationship with David Cottingham, following that
7 directive.

8 Also, let me mention that since the last time
9 we talked about this, a new senior staffer from the CalFed
10 staff has been assigned to the governance work group,
11 that's Kate Hansel, who's brought a great deal of very
12 good energy and organizational ability to the process, and
13 has actually created another entity, sort of an informal
14 working group that prepares for the work group meetings to
15 make them as productive as possible, particularly
16 important as our time is running out.

17 We met on March 8th, all of the BDAC members
18 except for EZE were able to be there. Also Alex joined us
19 at that meeting, and in the packet at the governance tab
20 you've got three of the four discussion outlines that we
21 worked with at that meeting, the fourth is the 1999 straw
22 proposal, which as the cover memo indicates has really
23 been withdrawn, so we're not going to go into that today.

24 What I'd like to use my time for is, first of
25 all, is to go through the three outlines in the packet and

1 (Lunch Recess is taken.)

2 CHAIRMAN MADIGAN: We are back in
3 session. This is the Bay-Delta Advisory Counsel meeting
4 of March 25th, 1999, and the first item on our agenda to
5 deal with is review of the work group progress on
6 governance issues. And this is by work group Chairs Hap
7 Dunning and EZE Burts.

8 And let me make a couple of announcements here
9 as well. I understand that Doug Hayland is here
10 representing Senator Joe Hanison, and Cal Rossi is here
11 representing Mr. Poochigian, to both of you, thank you
12 very much for being here. We appreciate your continued
13 interest in the activities of CalFed and BDAC.

14 Hap, let me start with you. Would you like to
15 introduce this?

16 Please.

17 MR. DUNNING: Well, let me remind people
18 at the last BDAC meeting some significant changes were
19 made with regard to what had been the assurances work
20 group that had been in existence since August of '96, and
21 as you recall one of the decisions made at the last BDAC
22 meeting was to narrow the focus to just governance, the
23 governance aspect of assurances, although governance is a
24 big part of providing assurances. Another important
25 change was EZE was made -- was made co-chair also

1 highlight some aspects and try to point out where there's
2 agreement and where there's not at the work group level,
3 and then secondly get reactions from BDAC members,
4 comments and any direction that BDAC possibly wants to
5 supply.

6 The first outline which is called Attachment
7 One is the CalFed program oversight discussion outline
8 dated March 8th, '99, and before I get into that, I'd like
9 to say that one word that keeps giving us trouble and that
10 is -- has different meanings in all of this is the word
11 "program." CalFed, of course, now is involved in a
12 programmatic planning exercise, but we also have plans for
13 implementation of particular programs, such as the
14 Ecological Restoration Program or the Levy Program or the
15 Water Quality Program and so forth. If you look at the
16 overhead that's up here, I'm going to try to reserve the
17 word program by itself for the two lower levels, the
18 middle level and the bottom level, and then in talking
19 about the upper or umbrella, talk about oversight, as in
20 oversight program or oversight whatever.

21 In any event, with regard to the oversight
22 task, developing governance suggestions for long-term
23 oversight and long-term continuation of CalFed, there's
24 several parts to it that we've worked with in the work
25 group there's mission principles functions and

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1 structural options. Have we got an overhead on that? Did
 2 we have the mission and principles there? I guess they're
 3 in the attachment. The mission's not proven to be
 4 controversial so far, simply to provide CalFed Program
 5 oversight and policy guidance, but I want to call your
 6 attention to the principles that we've been following and
 7 suggest that perhaps there should be an additional one
 8 that's important. No impairment of existing agency
 9 regulatory authority, high level of efficiency and
 10 decision-making, minimize opportunities for conflict,
 11 maximize flow of communication and information, and,
 12 perhaps, another that we should add at some point to that
 13 list of principles is some kind of rough state/federal
 14 parity. Mike at the last BDAC meeting emphasized the need
 15 to have the federal government committed long-term on
 16 this. Obviously, we're in a situation where federal laws,
 17 such as the Clean Water Act, Endangered Species Act, the
 18 CVPIA are major drivers of this whole process, and as we
 19 all know, they trump state law if there's in conflict. We
 20 have the U.S. operating the CVP and continued federal
 21 funding is critically important, so whatever we design
 22 institutionally, it has to -- in my opinion at least, it
 23 has to involve heavy continued federal involvement.
 24 CHAIRMAN MADIGAN: So how do you want to
 25 say that?

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1 MR. DUNNING: Well, state/federal
 2 parity.
 3 CHAIRMAN MADIGAN: Okay.
 4 MR. DUNNING: Or rough state/federal
 5 parity would be a suggestion.
 6 CHAIRMAN MADIGAN: Let's just make a
 7 fast survey here.
 8 That's sounds reasonable? Okay.
 9 MR. DUNNING: Well, that was good, thank
 10 you.
 11 CHAIRMAN MADIGAN: Sure. Think nothing
 12 of it. I can be quick when I have to be.
 13 MR. DUNNING: The discussion in the work
 14 group is focused on the function and options part of it,
 15 and let me mention where there seems to be agreement among
 16 work group members. First of all, there's agreement that
 17 oversight as the name suggests is an oversight entity,
 18 only it doesn't get into implementation, but really that
 19 doesn't quite get us into the problem. The problem is,
 20 having said that, you have to figure out just how muscular
 21 your oversight entity is going to be. I think everybody
 22 participating thinks it should develop policy, of course,
 23 we start out with policy, after a while there's going to
 24 be policies that are there, but there may be a need to
 25 modify them over the long haul and then certainly the

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1 oversight entity that would be responsible for
 2 implementing and developing modifications in policy,
 3 people agree it should evaluate progress, it should deal
 4 with conflict among the different programs, it should
 5 decide on linkages, triggers, bundling, all of that, it
 6 should be accountable and so forth. But beyond that,
 7 there are differing views on some aspects. For example,
 8 what about budget authority? Do we envision the situation
 9 where the oversight entity has a pot of money and divides
 10 it up among different programs, or do we think more that
 11 they're going to be dedicated funding streams that are
 12 attached to many if not all of those programs and that's
 13 kind of a given, and the budget authority is limited. If
 14 you look at "Budget review and prioritization of CalFed
 15 program budgets," that's item two at the bottom of page 1,
 16 notice what we're saying right now and it's a little
 17 fuzzy, I understand, but it says "Implementation entities
 18 direct the priorities at the individual program level,
 19 overall entity provides balance and coordination between
 20 implementation programs." So we have different views, I
 21 think, among the people participating at the work group
 22 level on just what kind of budget responsibility there
 23 should be in this oversight entity.
 24 Secondly, although it's agreed that in
 25 principle the oversight entity is not responsible for

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1 implementation. There is a question what happens if at
 2 the program level there's a breakdown in implementation,
 3 suppose things just aren't working well in one of those
 4 boxes back in the middle or bottom line of the initial
 5 overhead, to what extent should we have an oversight
 6 entity that can step into the breach and do something
 7 about that, which would get them of course into some kind
 8 of fixing of implementation at least.
 9 Finally, Alex made a point at the work group
 10 meeting that perhaps at the oversight entity level there
 11 should be the capacity to do technical analysis of the
 12 potential for conflicts among the different implementation
 13 programs, that maybe you shouldn't have to wait until
 14 there's conflict, and you get into the conflict resolution
 15 function of it. Maybe before that you should have some
 16 robust ability to look technically at the potential for
 17 those conflicts.
 18 So those are some of the things that are under
 19 discussion right now at the work group level. With regard
 20 to the options which are mentioned on page 2 and 3, three
 21 of them, one is basically the status quo; the second is to
 22 formalize the status quo by various JPA's and MOU's; and
 23 the third is to have a new joint entity. At the moment
 24 we've really been simply trying to identify the advantages
 25 and disadvantages of each of those options, and I don't

1 think we really have a work group view on which is best to
 2 pursue. So those are a few comments on the overall entity
 3 question.
 4 Then we have the ecosystem entity which is
 5 what we initially done a lot of our governance work on.
 6 We have in Attachment 2 the mission and the principles,
 7 maybe some notion of state/federal parity ought to be
 8 added to the principles here as well as to the principles
 9 on the overall entity. I think there's a fair degree of
 10 consensus within the work group on the mission and on the
 11 principles and the functions and duties, the authority,
 12 all of that, that's on that first page, our discussion has
 13 largely focused on the structural options for this new
 14 entity that we propose. We've got them in Attachment 3,
 15 status quo is one option, a public corporation is a second
 16 option. We've come to the conclusion based on our
 17 research to date that very likely a public corporation
 18 would have to be federal. There seemed to be some
 19 constitutional law problems and state law so far as having
 20 a state public corporation. And the third option is a
 21 501c3, a private entity formed under California law.
 22 We've looked at some organization up in Oregon in the
 23 Deschutes area that was pushed by Senator Hatfield, that's
 24 organized as a 501c3 but has stakeholder and governmental
 25 involvement.

1 may be, there's a thought that it should probably be a
 2 governmental entity rather than a private entity, and it
 3 should somehow combine state and federal governmental
 4 responsibility.
 5 I'm hoping to get some help on this. I
 6 mentioned at the last meeting that people at the
 7 California Environmental Trust, Michael Mantel and Joe
 8 Bodovits have been working some foundations who have an
 9 interest in CalFed, who have an interest particularly in
 10 governance issues for CalFed, who, as far as I know,
 11 haven't actually committed funds but are prepared to
 12 commit substantial sums of money to help with this, and
 13 one of the things that that money could be spent for is
 14 some kind of expert panel that might involve people coming
 15 from places like the Columbia River Basin or the
 16 Everglades, from academic institutions, people who are
 17 experts on these organizational questions and
 18 implementation questions, perhaps some people at the
 19 Congressional level would be involved, and we're hoping
 20 that that moves forward in an expeditious kind of way. At
 21 our last meeting we said what we'd like to do, and I
 22 realize this is ambitious given the number of questions we
 23 haven't resolved, but what we'd really like to do is come
 24 back at the San Diego meeting with BDAC in July with firm
 25 recommendations on both the oversight entity question and

1 Number 4 on our option list is a new
 2 state/federal governmental entity, and although it says
 3 with regard to option 4 that a model is the Tahoe Regional
 4 Planning Agency, I'm not sure that's really on target. I
 5 think the fact may be that there is no model. TRPA is
 6 regulatory, and we're not talking about a regulatory
 7 entity. It's also basically an interstate compact entity
 8 with Nevada and California and doesn't have the kind of
 9 federal presence that we're talking about, so maybe there
 10 is no model right now of the kind of new state/federal
 11 joint governmental entity that we're talking about.
 12 The fifth is a state entity with federal
 13 involvement, and I might mention parenthetically, that the
 14 straw proposal, which is not being forwarded to you at
 15 this time, would have tried to set up in 1999 something
 16 like number 5, and the work group, at least the
 17 stakeholders at the work group meeting were pretty
 18 unanimously opposed to that on a theory that's really
 19 prejudging where we ought to go, and we shouldn't get
 20 started on something that's model 5 if it turns out
 21 following our discussions and analysis and BDAC's decision
 22 and CalFed's decision that one of the other structural
 23 options is better.
 24 If there's a tendency within the work group,
 25 it seems to be to support number 4, unprecedented as it

1 the eco entity question, and ask for decisions from BDAC
 2 at that time, that would set us up for legislative
 3 hearings in the fall, and Mike Machado has a bill which
 4 has been put in which is seen as a two-year bill, and the
 5 possibility is there would be interim hearings in the fall
 6 on that, and possibly something in the Congress, although
 7 we don't really know about that. We've had one contact
 8 with the policy group, several stakeholders were invited
 9 to make a brief presentation to that group about what
 10 we're doing, and it was clear to me that among major
 11 figures at the policy group level, there are reservations
 12 and questions, particularly about any kind of new
 13 ecosystem entity. There's an obvious concern about
 14 proliferation of agencies, one more agency in the mix
 15 taking money and taking responsibility from existing
 16 agencies has a down side to it. I think our answer is at
 17 least twofold to these concerns. One is: We believe
 18 there have been significant inefficiencies in doing the
 19 ecological restoration work to date, but given the fact
 20 that CalFed has no legal identity, it can't hire people,
 21 it can't contract in its own name, it always has to go
 22 through some participating agency, it seems there is a
 23 kind of cumbersomeness to the whole thing, which is
 24 unfortunate. Now, I think the work group has not done
 25 enough yet to document that. We've kind of had that

1 conclusion in people, like Kate Hansel and others who have
 2 been intimately involved in the ecosystem restoration work
 3 to date have said that that's correct, but we maybe need
 4 to do more to really put down in a documented way just how
 5 that inefficiency has occurred. So that's one thing is to
 6 get away from that, and, more broadly, to say that with a
 7 new entity we can give over the long haul, more focus,
 8 more visibility to the problem of restoring the
 9 environment in the Bay-Delta area. We've had
 10 conservancies in the other parts of the state that's done
 11 very well. We have the Tahoe conservancy, we have the
 12 coast conservancy, we have Santa Monica mountains
 13 conservancy, and this is our idea, really, is to have
 14 something for the ecosystem entity which is comparable to
 15 one of those conservancies, and which, in the end, will
 16 provide an assurance that the ecosystem restoration goals
 17 will be achieved over the long haul as fully and
 18 efficiently as possible.

19 We welcome participation by BDAC members who
 20 are, even if they haven't been before, we're meeting again
 21 on April 22nd in Sacramento from 1:00 to 4:00. I think
 22 I'll stop there and ask EZE to add his comments about this
 23 and then Eugenia and then see if we can get some
 24 discussion and reaction.

25 CHAIRMAN MADIGAN: Thanks, Hap.

1 possible but unlikely that the panel will actually be
 2 convened in early May at this time, but it's really the
 3 timing of this panel that really affects the timing of the
 4 rest of the program in coming up with the draft governance
 5 proposal. The purpose of this panel is to explain the
 6 lessons learned from governing other ecosystem restoration
 7 programs elsewhere in the United States, and we don't
 8 have -- the panelists have not been selected yet, in
 9 fact, they're just trying to formulate the criteria right
 10 now for selecting the panel. And this panel will be an
 11 independent panel sponsored by the California
 12 Environmental Trust. If this panel actually convenes in
 13 early May, it is possible, but, again unlikely, that there
 14 will be a recommendation coming to BDAC and the policy
 15 group at the joint meeting in mid-May. If the panel is in
 16 -- later in May or in June, then that recommendation will
 17 likely come to BDAC at your meeting in July, and then the
 18 draft governance proposal will be released sometime during
 19 the summer, and that would be in time for any
 20 congressional or legislative hearings that Hap referred
 21 to.

22 Also, the other thing I wanted to mention is
 23 that the governance work group will be meeting on an
 24 as-needed basis. Right now the only other meetings that
 25 are scheduled right now I think are -- well, we just had

1 EZE.
 2 MR. BURTS: Hap, I think you've covered the
 3 key points. It's just important to once again reiterate
 4 what I think is obvious: All this work that is being done
 5 at some point really converts to something that must be
 6 implemented, and that relationship between what will be
 7 the oversight group and the implementation entity is very
 8 important. And I think also the timing on this, we need
 9 to underscore that there are activities underway. There
 10 are people beginning to focus on this and think about this
 11 issue, and so timing is very critical, and with BDAC input
 12 at this time, I think is especially critical because, you
 13 know, we've got the one or two bills sitting out there, we
 14 don't know when somebody's going to take off and end up
 15 giving us something that we end up reacting to. I think
 16 the process that we've set out has been a good process for
 17 going through methodically and identify key elements of
 18 what should be a strong governance program. But I think
 19 defining those relationships and doing it on a timely
 20 basis must be underscored.

21 CHAIRMAN MADIGAN: Thanks, EZE.

22 MS. LAYCHAK: The only thing that I
 23 really want to add to this, too, is really the main
 24 purpose of this expert panel, which is -- the timing of
 25 this panel is somewhere between early May and June. It's

1 the one in March, and then the one in April. However, the
 2 work group will probably meet depending, again, upon the
 3 timing of the panel. So just because you don't see
 4 diamonds up here doesn't mean that the work group won't be
 5 meeting.

6 That's all I had to add at this point.

7 CHAIRMAN MADIGAN: okay. Thank you,
 8 Eugenia.

9 MR. DUNNING: About what that expert
 10 panel is, we're not thinking about it as show and tell,
 11 about, you know, what's going on in the Everglades or
 12 Columbia, we're thinking about experienced people who come
 13 here and learn something about our situation and then
 14 advise based on their experience there what they think we
 15 best ought to do here.

16 CHAIRMAN MADIGAN: Okay. Let me start
 17 there. I know there are questions, let me start, it's
 18 unclear to me, Hap, what you're thinking is at this point
 19 in terms of being the relationship between the ecosystem
 20 group and the governance group. It seems to me that
 21 there's some considerable risk of the two of them being
 22 out of balance, that one of them could wind up a lot
 23 stronger than the other one, and that you want to be
 24 dealing with that, so they ought to kind of look alike,
 25 even if we want --

1 MR. DUNNING: We want them to compliment
 2 one another, and in principle we want the overall group
 3 just to be doing the oversight and all the different
 4 things that flow from that idea. But as I said, there is
 5 some disagreement at the work group level as to just how
 6 powerful the overall group should be in terms of budget
 7 responsibility, terms of other things. Is that getting at
 8 your concern?
 9 CHAIRMAN MADIGAN: Yeah, it is. I mean,
 10 this is one of those things where the balance and the
 11 equation is going to be important, I suspect, over time,
 12 so that somebody isn't running rushed over somebody else.
 13 And so the powers that attend are going to have to be
 14 somehow reasonably consistent, whichever model is finally
 15 selected.
 16 MR. DUNNING: I would hope if things are
 17 running well, that the egosystem entity would be operating
 18 with a large measure of autonomy, but it does have to be
 19 consistent with the other programs that are being
 20 implemented.
 21 CHAIRMAN MADIGAN: I've tried to figure
 22 out in the past where this thing would be housed at the
 23 state level, at least in terms of its participation. Have
 24 you guys given that some thought?
 25 MR. DUNNING: Well, it kind of depends

1 working on this thing. This is one of those rare things
 2 that the stakeholders are coming together on, but I'm
 3 afraid you're way out ahead of the federal and from what
 4 I've heard some of the state agencies as well.
 5 Mr. Wheeler was never -- was always very, I guess cautious
 6 is probably the best word -- I'm trying to be diplomatic
 7 here -- as to just exactly how far he wanted to go with
 8 this new entity discussion, and I was sometimes associated
 9 with some of that as well. I think at the policy
 10 committee meeting, a number of federal agencies did raise
 11 -- and state agencies raised a lot of issues. This can
 12 be challenging to them, but I thought that the discussion
 13 that we had at the last policy group meeting was as good,
 14 and it really brought out some very key points that the
 15 potential conflicts between either Cal Fish and Game or
 16 the Fish and Wildlife Service in terms of how -- just how
 17 this thing, particularly an egosystem entity might get
 18 organized.
 19 I'm glad that the group has decided to look at
 20 it in terms of the overall structure. Because I think
 21 most of us on the policy group looked at, Well, what are
 22 we going to have to implement the whole CalFed program?
 23 And we -- so far the ecosystem program is, again, gotten
 24 out very far ahead. I will assure you that when you look
 25 at all of those different program areas out there, the

1 on which structural option you end up with, if it's
 2 number 5, if it's a state entity with some federal
 3 participation, then I suppose it would be in the resources
 4 agency, the way the Tahoe conservancy is, although there
 5 are other options.
 6 CHAIRMAN MADIGAN: Well, presumably it
 7 would be --
 8 MR. DUNNING: If we could somehow figure
 9 out number 4, then it gets a little more complicated.
 10 Four has a lot of complications, even though it may be
 11 best in principle because we don't have models, and
 12 because, you know, we've been told that state
 13 appropriators want to appropriate to an entity controlled
 14 by them, maybe exclusively, and maybe federal legislative
 15 appropriation committees want to do the same thing. We
 16 have to evaluate how -- how serious a problem this is --
 17 CHAIRMAN MADIGAN: Hard to see anybody
 18 giving up too much power in this thing.
 19 MR. DUNNING: David, do you have
 20 questions -- or comments, rather, that you could give?
 21 CHAIRMAN MADIGAN: David, sure, go
 22 ahead.
 23 MR. COTTINGHAM: Sure, thanks.
 24 And Mr. Chairman, I really want to thank Hap
 25 and EZE and Eugenia and all the people who have been

1 people in the levy program and the people in the water
 2 quality program, Mr. Buck and others are going to make
 3 sure they're going to want their separate entities, too,
 4 and so we've got to figure out the umbrella relationship
 5 with that. Hap mentioned both the congressional and the
 6 California legislature over -- the role of oversight
 7 there. We've seen the budget estimates of what CalFed
 8 implementing the long-term CalFed program could cost both
 9 for the first seven years of Stage I and for later, and
 10 it's a pretty big chunk of change. We haven't gotten -- I
 11 guess we're going to talk about financing in a little
 12 while, but as long as the United States Congress is going
 13 to be expected to appropriate a lot of money, they're
 14 going to want an individual that they can see is
 15 responsible for this. I'm sure you heard a lot of that
 16 this week. One of the things about the existing egosystem
 17 restoration is they know they get to be up on Bruce
 18 Babbitt or Patty Bidikey or me, because we are responsible
 19 in that line of authority for signing off that these are
 20 the projects that want to get done. The idea that there's
 21 going to be tens or hundreds of millions of dollars going
 22 to an entity created, even if it's legislation, I think
 23 we've got a long way to go to convince the authorizing and
 24 the appropriation committees on that. So we weren't -- I
 25 was talking with Eugenia and Hap yesterday a little bit

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1 and we thought it might be a good idea to see if we could
2 get some of the folks from the legislature and the
3 Congress who will have -- almost all of these new entities
4 would require some type of legislation, and get some sort
5 of a ground truthing here as to what -- we can ask our
6 friends on the committee in the Congress and legislature
7 first and if -- to brainstorm with us as to what might be
8 doable, because they will have to carry the burden once it
9 gets to the congressional or legislative arenas. This is
10 really cutting edge sort of public policy, and I don't
11 think that the arguments that you were getting from -- the
12 folks who were at the policy meeting were getting weren't
13 over intellectually this is what ought to be done, it was
14 pragmatically within the checks and balance system of how
15 do you do it.

16 There are some good examples, they pointed out
17 the shoots example. It's great. Senator Hatfield really
18 liked the idea of consensus groups. I believe it has -- I
19 want to say 19, but it could be 18 or 20 members, they get
20 a million dollars a year for five years and they have to
21 do everything by consensus. And, you know, so if we get
22 19 folks from around California and we don't --

23 CHAIRMAN MADIGAN: That's what we're
24 going to do, sure enough. We're not going to spend a dime
25 on this whole thing without absolute consensus.

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1 MR. COTTINGHAM: We're making good progress
2 on this and Hap and EZE and others are pulling together on
3 this.

4 MR. DUNNING: Mike, can I just -- oh,
5 sorry EZE.

6 MR. BURTS: I think it really points out
7 the crux of the issue here, the difficulty that we face.
8 Conceptually, talking about coordination and oversight is
9 one thing, it's when you get to the details, budget being
10 one, accountability and implementation on programs, these
11 are the tough issues and finding, you know, the
12 appropriate organizational structure to carry that out.
13 But that's kind of the fun of this thing, too, because the
14 cutting edge element of this is such that we really are
15 approaching this that, you know, we're looking for models
16 that will work, but if we have to put together a new model
17 and go sell it, you know, I think there may be a
18 willingness to try that as well, because this is -- you
19 know, there isn't anything else like this in the country
20 that's comparable, complexity, and even from, you know, an
21 authorization and funding standpoint, you know, there are
22 so many elements to this thing that come together that you
23 just don't see this in other program areas.

24 CHAIRMAN MADIGAN: Okay. Hap.

25 MR. DUNNING: Let me just add two quick

1 comments in response to what David said, and one other
2 point that I didn't make before.

3 With regard to new entities at the program
4 level, nobody so far has come forward with regard to the
5 water quality program, the watershed program, or any of
6 the other programs outside of ecosystem restoration and
7 said we need a new entity. Our working assumption is that
8 the institutional apparatus is pretty much there for those
9 other programs. Now, we haven't done much to really
10 examine carefully the existing institutional apparatus for
11 those other programs, and if we had more time on this,
12 that would ideally be something we could do, but I don't
13 think we have to fear there's going to be, you know,
14 proposals for half a dozen new entities. We're talking
15 about an ecosystem entity possibly, and maybe because we
16 do have it in the list of options an overall entity, or
17 maybe just one of those. So that's one point. With
18 regard to the issues on how they do the money, although
19 it's a smaller amount of money that we're talking as David
20 emphasized, we do have this, and what they do in the
21 legislation is authorize appropriations and certain
22 amounts to the bureau, but then the legislation also says
23 the Bureau of Reclamation shall pay from funds authorized
24 under this title up to 50 percent of the cost of
25 performing projects proposed by the working group and

1 approved by the secretary. So there's a sense that money
2 is to go to them, although you do have the secretarial
3 approval involved. The point I didn't make in any initial
4 presentation, which I just wanted to add, with regard to
5 the ecosystem entity the entity, is we are thinking one
6 part of it would be integrating all the funding, bringing
7 together all these different funding streams for
8 environmental projects, including CVPIA restoration money
9 and putting it into this entity. That's an important part
10 of it.

11 CHAIRMAN MADIGAN: Okay, thank you,
12 Hap.

13 I have three so far, Alex, Byron and then
14 Bob.

15 Alex.

16 MR. HILDEBRAND: I think Hap has given a
17 very good introduction and discussion of this topic and
18 others have made point -- important points, but going back
19 to your point, Mike, about the need to have some
20 compatibility in timing between the ecosystem thing and
21 the other thing, an illustration of the need for that as
22 Hap mentioned, the need to see that before the ecosystem
23 governance group implement a program, that it goes through
24 some kind of review -- technical review for compatibility
25 with other goals of the thing. Now, we haven't figured

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1 out yet just who or how that will be done, but I think
 2 it's in a very important thing to be done and has now
 3 drafted the ecosystem governance doesn't make that point,
 4 it would implement the program after that was done by
 5 however it may be done. And to me it's primarily a
 6 technical analysis, and it's not a regulatory analysis,
 7 it's just that somebody has to be able to certify before
 8 they go ahead that it is, indeed, compatible, and I don't
 9 think they can govern themselves on that. I think that
 10 there's been a lot of criticism of the expenditure money
 11 so far because it's been handed out on the basis of eco
 12 needs without that compatibility, this review. Now,
 13 whether that's led to anything seriously going wrong, I
 14 don't know, but the procedure has not included that
 15 review.

16 CHAIRMAN MADIGAN: Thank you.

17 Byron.

18 MR. BUCK: I'd kind of like to echo Hap's
 19 comment about a lot of us are not looking for a whole
 20 bunch of new entities and, indeed, the only one we've
 21 really come up with in terms of a completely new entity is
 22 the ecosystem entity, and since David kind of mentioned
 23 water quality. We've certainly looked at that in the
 24 urban on how this is going to work out, and we see
 25 certainly the current system with the state regional board

1 CHAIRMAN MADIGAN: How do you balance --
 2 how do you balance among all those six subcategories there
 3 if you don't have equivalent structures among those
 4 various entities?

5 MR. BUCK: Well, I think --

6 CHAIRMAN MADIGAN: And I'm not arguing for
 7 equivalent entities, that's not -- I don't think we should
 8 be about the business of creating any more entities
 9 than --

10 MR. BUCK: And I think what we're saying
 11 is we have implementing entities already that are capable
 12 of taking these portions of the CalFed program, provided
 13 they're given balanced direction from some oversight to
 14 carry them out. Where we found that not to be the case
 15 was in the ecosystem entity because it was much too
 16 diffuse, much too difficult.

17 CHAIRMAN MADIGAN: I understand that.

18 MR. BUCK: And often conflicting, and
 19 there wasn't accountability or sufficient authority. So
 20 we needed something new there, but, again, with all the
 21 others, we think at least for the start that there are
 22 entities out there capable of taking that on provided,
 23 again, there's the proper oversight that can make sure
 24 they're doing in the way that the CalFed intended.

25 CHAIRMAN MADIGAN: Okay. Bob.

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1 being capable of certainly of dealing with the source
 2 control issues and the pollution control problems on the
 3 ecosystem side of water quality, but we're still going to
 4 need certainly a CalFed oversight entity, much as its
 5 structured now but certainly more formalized to really --
 6 CHAIRMAN MADIGAN: Or at least with the
 7 same players as you have now.
 8 MR. BUCK: Yeah, essentially the same
 9 players to be able to track continuous improvement, which
 10 is now the goal in the Phase II document, and also to take
 11 feedback from the Drinking Water Counsel, which has been
 12 proposed with the Phase II document which we'll take a
 13 look at from a technical basis where our treatment
 14 standard's going, where's treatment technology going, how
 15 is the regional and state board doing on source control,
 16 and do we then need to move to facilities to ultimately
 17 meet drinking water goals. So there are sort of entities
 18 within entities, but they are small, narrow function
 19 groups, more technical panels that will provide advice to
 20 the oversight function, which is looking over the whole
 21 direction of the CalFed program and whether the programs
 22 are properly linked and ultimately be making decisions
 23 down the line that we have to change direction or do
 24 things -- do more dramatic things such as facilities or
 25 more storage that we couldn't deal with in Phase I

1 MR. RAAB: On March 18th there was a
 2 lengthy article in the San Francisco Chronicle in the
 3 outdoor section and the headline is reorganizing an effort
 4 to protect natural resources. And this article goes on to
 5 say that Fish and Game has been trying to overcome a list
 6 of problems, and what that problems are illustrated by
 7 something that Governor Wilson did not too long ago. And
 8 what it did was to waive an endangered species tool that
 9 Fish and Game had to obtain a compliance. And this had a
 10 negative effect on the employees in Fish and Game who were
 11 charged with regulatory enforcement. And here is a quote
 12 from one of them, he says, "Fish and Game, our mission has
 13 been compromised at the highest level." What happened is
 14 political pressure from advisories caused the governor and
 15 the legislature, discouraged field personnel from
 16 enforcing the law. And that's -- there's a name given
 17 here, he's a former lawyer of Fish and Game, Hal Thomas.
 18 Another employee, his name is given here, too, Eugene
 19 Tofuley, says, "The waiver was an in-your-face example of
 20 the Wilson administration that had a dismaying effect on
 21 Fish and Game employees." Now, what this adds up to me is
 22 that there is no attempt to address a problem of
 23 enforcement. Oversight is not enforcement; implementation
 24 is not enforcement, even though they put us on the path.
 25 But the fact remains that there is not going to be a

1 successful restoration, it could limp along, but I don't
 2 see it as being successful unless there's an enforcement
 3 entity that sees to it what is proposed, what is
 4 implemented, what the programs are, are out of the reach,
 5 not the total reach that's never going to happen, but at
 6 least there's a balance so that governors can't do what
 7 Wilson did. And he's not the first one, by any means, to
 8 do this, and he won't be the last. And the legislature's
 9 been moving in on this for years, not just in Fish and
 10 Game but elsewhere, they've been compromising programs,
 11 they've been compromising flows, and we have a whole
 12 history of that, and yet there's no -- no addressing in
 13 CalFed of even considering a meaningful enforcement to the
 14 restoration program.

15 CHAIRMAN MADIGAN: Hap, and then I want
 16 to ask Bob a question. Go ahead.

17 MR. DUNNING: Bob, I think the situation
 18 is just a little bit different to my mind at least when
 19 you talk about enforcement and the Endangered Species Act,
 20 you're talking about regulatory requirements, we're not
 21 talking about regulation with this eco entity, we're
 22 talking about something that compliments what's done by
 23 regulatory agencies. We're talking about an entity that
 24 would be endowed with various assets of water and money
 25 and land and so forth, and hopefully fast on its feet and

1 feelings hurt because decisions haven't gone their way in
 2 terms of what they believe deep down genuinely inside is
 3 adequate water supplies for the State of California. I
 4 would not want to see one entity get an enforcement
 5 capability that wasn't reflected in the others. I think
 6 Hap's answer is the right one, the enforcement lies in the
 7 laws that apply, and what you're trying to do is make the
 8 most efficient and effective use of the resources of
 9 enforcements that you have at your disposal.

10 MR. DUNNING: Probably the best
 11 protection, Bob, is to work toward having continued
 12 stakeholder consensus that the Delta ought to be fixed.

13 CHAIRMAN MADIGAN: Even better. Even
 14 better.

15 MR. DUNNING: It's in everybody's
 16 interest, not just the environmental groups but the
 17 agricultural groups and the urban groups all benefit from
 18 having the Delta get fixed an ecological functions get
 19 restored and species recovered and so forth.

20 CHAIRMAN MADIGAN: Yeah, even better.

21 Okay. Questions.

22 Okay. Presumably -- I'm sorry, Mary.

23 MS. SELKIRK: I have a question for Hap
 24 and for the work group. I know that there's been a lot of
 25 discussion about a joint state/federal entity being

1 would do things like run the EWA and make other decisions
 2 to optimize things as much as possible from the
 3 environmental point of view. So you need to set it up,
 4 you need to have good people there, you need to have
 5 funding available, and then it can go. I don't think it
 6 can be isolated from a governor or a President in the
 7 event we've got federal strings, who for some reason
 8 decides it wants to cripple the operation, I just don't
 9 think we can do that.

10 CHAIRMAN MADIGAN: Well, thank you,
 11 Hap. I mean, you really answered my question, because if
 12 we're going to be successful in achieving some sort of
 13 balance between all these things, it would argue -- it
 14 would seem to me, Bob, that not just ecosystem restoration
 15 would have enforcement, but that watershed programs would
 16 have enforcement, water quality would have enforcement,
 17 water supply would have enforcement, water use efficiency
 18 would have enforcement, levy programs would have
 19 enforcement that would then begin to operate
 20 independently. And I don't think that's what we want. I
 21 mean I understand people having their feelings hurt
 22 because a decision didn't go their way. I suspect that
 23 there are people in the Department of Water Resources
 24 who -- well, I don't suspect. I mean, I certainly have
 25 been told that that there are people who have their

1 possibly the way to go. Has the group discussed how to
 2 deal with the question of legislation that even with
 3 strong support on the federal side you may be looking at
 4 several years before there's any legislation passed to
 5 create such an entity? What happens in the meantime, you
 6 know, between now and then?

7 MR. DUNNING: well, we have talked about
 8 it, and people have emphasized the difficulties in getting
 9 federal legislation. You know, I said that the
 10 stakeholders did not support the straw proposal now, and
 11 that was largely on the reasoning that we don't want to
 12 prejudge how we come out, but once we do come out, if we
 13 have a recommendation and BDAC approves it and CalFed goes
 14 with it, then I think we have to sit down and say, well,
 15 how long is it going to take us to get there and are there
 16 things we can do in the interim that will help us along
 17 that path and not take us down some different path.

18 CHAIRMAN MADIGAN: Yeah, that you'd have
 19 to retreat on to --

20 MR. DUNNING: Right.

21 CHAIRMAN MADIGAN: -- get on again. I
 22 agree with that.

23 MR. DUNNING: sometimes things get
 24 started and you say, well, it's just temporary, and we all
 25 know of examples where you know temporary ends up being a

1 long time.

2 CHAIRMAN MADIGAN: Right.

3 MR. DUNNING: And we don't want that to

4 happen.

5 CHAIRMAN MADIGAN: Okay. Hap, EZE,

6 Eugenia, very good thinking. Good work. Not an easy

7 undertaking. This is just a huge, huge thing. I mean, I

8 suspect it's fair to say that this would be without

9 precedent in this country, to work out an institutional

10 arrangement for something of this magnitude on a specific

11 basis, so it is well worth the time and the effort but

12 thank you for giving that time and effort.

13 Stu.

14 MR. PYLE: My question or comment is about

15 the appointment of the expert panel.

16 CHAIRMAN MADIGAN: Okay.

17 MR. PYLE: I just wonder if there could be

18 some BDAC or other input into the ideas of whose going to

19 be selected for that because I think various people may

20 know individuals who they think have a particular talent

21 in some line there, so could there be some reference of

22 that nominations for that panel before the final decision

23 is made?

24 MR. DUNNING: I've been invited to those

25 planning meetings, I've been to two of the three meetings

1 specifically on this matter before the house.

2 Okay. Seeing none, then we'll move on to the

3 next matter which is a review and concurrence on CalFed

4 Bay-Delta program approach for the proposed Stage I

5 actions, bundles and preliminary cost estimates, and

6 Stain. Where's Stain? There's Stain over there on the

7 green side of the room. He's going to make the

8 presentation.

9 MR. BUER: Mr. Chairman, and members of

10 the Counsel, thank you for the opportunity to spend a few

11 minutes with you this afternoon to talk about the CalFed

12 Stage I bundles. As you're very well aware, the CalFed

13 Bay-Delta program is a long-term comprehensive program

14 designed to address ecosystem, water quality, water supply

15 and levy problems. But that long-term program is launched

16 with specific actions, and as we look at our schedule,

17 we're scheduled to begin implementation immediately after

18 the Record of Decision, which according to our current

19 schedule would begin next year. Now, those actions in

20 order to move forward expeditiously need to be designed

21 and agreed to in the very near future, so that the -- the

22 planning, permitting, decision-making process, deciding

23 which agencies will be carrying actions forward and what

24 staff will be allocated to do it, all those things need to

25 be done in the near future, so there's not a hiatus as we

1 they've had, and if you have a particular why don't you

2 talk to me about it, and I can pass it on to that group

3 and see. It's -- you know, it's being sponsored by the

4 California Environmental Trust, they've sort of -- they're

5 funding the money, they're putting it on, but they had

6 made it very clear they want to do it in complete

7 cooperation with CalFed staff and with BDAC and with the

8 work group, so I've been involved and I know they've met

9 we Kate Hansel at least once, so those are the conduits

10 right now, and for anybody that has an idea or suggestion

11 of who would be good and how we ought to organize it, we

12 very much welcome that.

13 CHAIRMAN MADIGAN: And please extend our

14 appreciation to the trust for taking this on.

15 MR. DUNNING: I will.

16 CHAIRMAN MADIGAN: That's also a serious

17 effort and they're to be the recipient of our gratitude

18 for doing so.

19 MR. DUNNING: As I understand it, it had

20 been Secretary Babbitt and Lester who had actually perhaps

21 planted the seed for this with them.

22 CHAIRMAN MADIGAN: Okay. Good.

23 Okay. Thank you very much. The next item on

24 the agenda -- before I go any further, let me ask if

25 there's anybody in the audience who wants to comment

1 begin the implementation in Phase III of the program.

2 Now, the goal is to get the implementation of the program

3 off to a good start by selecting the appropriate

4 cost-effective, high priority, balanced set of actions so

5 that all the stakeholders in the process can see that

6 they're indeed getting better as a result of these actions

7 moving forward. In designing the first draft set of

8 bundles, which you have had the chance to look at in your

9 packets, our goal was to achieve, to the extent feasible,

10 a regional balance and a programmatic balance between the

11 various objectives of the CalFed Bay-Delta program.

12 An overview of the process that we have

13 started down the road on and which we hope to continue

14 with, first of all, to identify the actions to start with,

15 and that's a process that we began by going to the CalFed

16 program managers who in touch -- who in turn have been in

17 touch with the various stakeholders groups and of course

18 have been privy to the many, many, comment letters and

19 input received through this body and others, so the first

20 set of actions were not created in vacuum, it was a result

21 of trying to integrate all the input that we've had so

22 far. Secondly, to try to group those actions into

23 bundles, and I -- each time I think of bundles I think of

24 the three little pigs and the bundle of sticks, but the

25 concept is to group things in the logical way, such that

1 if you look at the grouping geographically, the
 2 stakeholders in the particular region, see that there is a
 3 reasonable way to move forward that no one group is
 4 suffering as a result of actions to address concerns of
 5 perhaps a more vocal group. Secondly, to look at the --
 6 at the balance of actions, for example, related to the
 7 lengthy discussion we had this morning on Water Management
 8 Strategy. There are perceptions that storage needs to be
 9 forward but other water management tools need to move
 10 forward, and I think the consensus is that all these tools
 11 need to be explored in a fair way and our bundling seeks
 12 to address that concern.

13 In terms of bundling mechanisms, how do we
 14 assure that these actions will indeed move forward
 15 together? And the answer to that of course is a very
 16 complex one because for each set of actions you may have a
 17 different set of answers so we need to grapple with that
 18 as CalFed staff and as a stakeholder community. And in
 19 our presentation today, I'm just going to touch on the
 20 various tools for bundling and linking and seek feedback
 21 from this group and others, on how best to accomplish
 22 that. If we get concurrence on the direction of the
 23 program and on the specific group of actions and so on,
 24 then we can add detail to the individual actions and pull
 25 more resources in to freshen those out.

1 in mind that the implementation of the actions has to
 2 involve silence. That is, we can't just look at which
 3 action's more popular. The whole foundation for the
 4 program should be -- and to the extent that we can make it
 5 a consensus-based process should be based on science and
 6 adaptive management and, therefore, the actions that we
 7 select have to fit into that framework.

8 CHAIRMAN MADIGAN: You want to add that
 9 as a bullet for this group's consideration?

10 MR. BUER: I would certainly want that to
 11 be on the table throughout. And so I guess that's a good
 12 segue into this slide. In general, these are the things
 13 that we're seeking feedback on today. The general
 14 approach we're taking to selecting Stage I actions, any
 15 kind of feedback you might offer us today and later on the
 16 specific actions that have been selected and highlighted
 17 in the table in the handouts that you've received.
 18 Feedback on the groupings, the bundles, and the linkages
 19 between the specific actions that might be contemplated
 20 and employed. And your feedback on what the appropriate
 21 stakeholder review process should be.

22 As we settle on the list, we want to add the
 23 additional detail, and what I envision right now is about
 24 three pages of information for each action that you see
 25 detailed in table 1, including a fairly brief description

1 The critical element here of course is that
 2 the whole stakeholder community needs to be involved in
 3 each step. And so given the time line that we're on, that
 4 results in a logistical concern that we need to deal
 5 with. My initial proposal is that as comments come in on
 6 this bundle package, that we will reroute those back to
 7 the CalFed program managers to work with the comments in
 8 their respective stakeholder and technical teams to make
 9 sure that the integrity of the program is not perturbed as
 10 we get those comments back.

11 It's also very important to note that these
 12 actions that we're talking about today do not represent
 13 final decisions. It's a draft proposal, and recognizing
 14 that environmental documentation has not been completed on
 15 them, every action that's going to move forward has to do
 16 so with the appropriate environmental documentation
 17 process. In general, that means that the CalFed
 18 programmatic document is completed and then the specific
 19 actions move forward as teared actions with various levels
 20 of environmental documentation ranging from negative
 21 declarations to environmental assessments, and finding no
 22 significant impact, all the way up to full blown EIR's and
 23 EIS's.

24 I also want to emphasize in terms of
 25 identifying and selecting the actions that we have to keep

1 of the action, and implementation schedule, potential
 2 budget and resource requirements, and identification of
 3 implementing entity, so that these things will lead
 4 directly to coordinated planning with implementing entity
 5 so that they're ready to go come implementation time.

6 Potential linkages mechanisms could include
 7 legislation, include bond language, contracts, agreements,
 8 agency funding commitments, and as we come up with these
 9 linkages we have to remember that we could build a very,
 10 very tight linkage between his actions and maybe end up
 11 with a structure so rigid we can't move forward, so there
 12 has to be a balance between level of assurance and
 13 flexibility to incorporate adaptive management in the
 14 process as we go forward.

15 As a first cut, we came up with seven draft
 16 bundles, the first one on the list, and I want to
 17 emphasize this is not in order of priority, I just
 18 numbered them for convenience, but the first bundle on the
 19 list involves the Lower San Joaquin River and the South
 20 Delta, and that bundle of actions is designed to address
 21 the complex water quality, flow, stage, flood control,
 22 fisheries, and habitat and economic concerns in that
 23 region.

24 CHAIRMAN MADIGAN: Congratulations,
 25 Alex, you're the highest priority

1 MR. HILDEBRAND: A lot of comment on it.
 2 MR. BUER: The second bundle of equal
 3 priority, the Lower Sacramento River and the North Delta
 4 Regional Bundle designed to work through the -- again, the
 5 very complex issues surrounding diversions from the
 6 Sacramento River, water quality in the Central Delta, and
 7 the water quality in the South Delta, flood control
 8 concerns, both local and regional, and the potential for
 9 extensive habitat restoration in that area, in part
 10 because of the fairly natural state of the Suisun River
 11 watershed.

12 The third is the Yolo Bypass, Suisun Marsh and
 13 West Delta Bundle, and in this bundle we reach up into the
 14 watersheds, all the way up into the Cache Creek watershed
 15 recognizing the connectivity between what's going on
 16 upstream and what's going on downstream. For example, we
 17 are including here actions to explore the mercury problems
 18 in Clear Lake, potential remediation issues. The
 19 connection of course is that any kind of mercury transport
 20 that comes into the Delta region, if you enhance wetland's
 21 habitat, there's a potential for methylation of that
 22 mercury and creating a far more dangerous situation than
 23 you even have at present. So there's a recognition that
 24 in this package that we have water quality, salinity,
 25 ecosystem, levies, flood control, all these issues need to

1 transfers and water use efficiency measures.
 2 Finally, in the Governance bundle, I don't
 3 know if that's really a bundle, but I had to have some
 4 place to put it. We're talking bundles so it's a
 5 Governance bundle. And I think you already discussed that
 6 so I won't focus any further on that one.

7 Concurrent with the attempt to layout a
 8 plausible list of Stage I actions, CalFed staff has been
 9 working with stakeholders and technical support staff to
 10 try to come up with a first cut at what the costs might
 11 look like. The costs have been revised as of this morning
 12 to be consistent with the current thinking in Washington,
 13 therefore, you're seeing \$75 million for the ecosystem
 14 restoration and our detail tables catch up with that
 15 shortly. So this, in essence, is a list of estimated
 16 costs associated with the actions in the table. It
 17 doesn't mean that all the actions listed there would come
 18 to this cost, because a number of those actions extend
 19 multi years beyond the two years for which we're looking
 20 at budgeting. But this is intended to be a guide for the
 21 planning process and for the agency allocation process,
 22 and I'll be happy to spend more time on the details
 23 supporting this a little later in the presentation if you
 24 wish.

25 I want to make sure all of you have the

1 be dealt with.
 2 The next bundle addresses the whole Delta
 3 together and links the ecosystem restoration and levy
 4 repair and maintenance actions.
 5 The last three on the list, the Sacramento
 6 River, and San Joaquin River and tributaries, essentially
 7 reaching up the Sacramento River and down the San Joaquin
 8 River to look at the river corridor restoration linked to
 9 flood control, making sure that those kind of restoration
 10 activities do not impair protection for vital human
 11 structures, such as bridges, towns, industries, and so on,
 12 so looking at a way to do a coordinated development of
 13 ecosystem restoration while maintaining and enhancing
 14 flood control.

15 Similarly, on the San Joaquin River system,
 16 those actions and also moving into the tributaries to look
 17 at gravel, restoration, fishery habitat, restoration, so
 18 that there's a net benefit both for fisheries, flood
 19 control, and terrestrial habitat. The Integrated Water
 20 Management bundle is the largest of all the bundles in
 21 terms of actions you can see grouped within that. We have
 22 general watershed actions in the watershed program, most
 23 of the water quality actions which do not have a specific
 24 location or nexus. The Integrated Storage Investigation
 25 elements that were discussed this morning. The water

1 supplemental handout that was provided today, that has the
 2 table with the numbers inserted in the table.

3 CHAIRMAN MADIGAN: All the BDAC members
 4 are looking at the revised copy with the corrections on
 5 it. Okay.

6 And for members of the audience, the answer
 7 is, Eugenia, they are also available at the front desk for
 8 those of you who would like the revised package.

9 MR. BUER: So we added the cost numbers at
 10 the last minute to catch you off balance, I guess.

11 CHAIRMAN MADIGAN: Sure.

12 MR. BUER: We're working on them through
 13 this morning.

14 As an -- I guess an exercise to kind of flush
 15 out the concept a little bit, I thought we could focus on
 16 the Lower San Joaquin River bundle and go through the list
 17 of actions, not spending too much time on them but to kind
 18 of give you a sense for -- and it lets you react to
 19 whether we've actually achieved the kind of balance that
 20 we're seeking to achieve in assembling these bundles.

21 The first action item is looking at the CVP
 22 Tracy Fish Facility, which has over many years experienced
 23 significant fish mortality due to the outdated screens and
 24 there's a very dynamic process underway right now to
 25 review that facility and its potential for improvement to

1 address the loss of fish due to entrainment. The outcome
 2 of that debate is still uncertain, but it certainly has a
 3 prominent role in moving forward.
 4 Secondly, the State Water Project and the
 5 Central Valley Project together have been working to
 6 address problems in the South Delta for a number of years,
 7 DWI has been a visible lead but it's a joint program that
 8 involves actions which would be capable of allowing the
 9 State Water Project to achieve full export capacity when
 10 conditions in the Delta are right. That is a full 10,300
 11 csf, and there's a complexive actions there, including a
 12 new screened intake, some dredging, barriers in the
 13 channels or their functional equivalent, and another
 14 action.

15 The next is implementation of the Vernalis
 16 Adaptive Management Plan, at this point in time it appears
 17 that the agencies DWR, USBR, and the resource agency are
 18 moving towards implementation of that plan with the
 19 understanding, and this is where the bundling concept is
 20 coming in real-time that there's a potential for a local
 21 impact in the Lower Delta Region from implementation of
 22 this plan, therefore, there needs to be a strong linkage
 23 with improvements in the South Delta that can compensate
 24 for that.

25 Another action we identified was potential

1 recognize of course that the water quality problems in the
 2 San Joaquin River to some extent are a result of the kind
 3 of soils that are served by the irrigation areas and
 4 selenium management is an important element in the
 5 long-term solution to that region. Also looking at
 6 sources of bromide the point was made earlier today that
 7 bromide is an important contaminant for drinking water.
 8 We think of the ocean as being the main source, but we
 9 have to look upstream also at potential sources there. So
 10 there's the San Joaquin River Bundle, the others are
 11 constructed more or less along the same kind of lines
 12 where we try to look at flow, water quality, fisheries and
 13 structures to come up with balance.

14 In terms of where we hope to go from here, the
 15 immediate need for us is to update the descriptions that
 16 you see in table one, such that the description of actions
 17 addressing integrated storage are more closely aligned
 18 with the write up that you've seen on Integrated Storage
 19 Investigation, to get a more tight integration of those
 20 study activities, to explicitly include comprehensive
 21 management, comprehensive monitoring and research actions
 22 into the program. They're implicit now in many actions,
 23 but to acknowledge those. Also, the C-mar program has
 24 some -- some overview activities to make sure that the
 25 whole program is properly managed in terms of developing a

1 relocation of veale tract drainage, which impacts the
 2 Contra Costa Water District's intake, with the thinking
 3 we've identified a significant although temporary
 4 potential impact to water quality at the Contra Costa
 5 intake under certain conditions when the improvements
 6 contemplated under the South Delta improvements are in
 7 place, therefore, this could in turn compensate for that
 8 to maintain or improve the urban water quality provided to
 9 Contra Costa Water District.

10 Another concept that will be explored in terms
 11 of feasibility evaluation will be the evaluation of timing
 12 of release of those salinity that builds up in the soil in
 13 the San Joaquin Valley such that it has minimal damage in
 14 terms of water quality downstream. So that could include
 15 releasing those pulses when it does the least damage when
 16 flows are greatest. The concept of recirculating flows
 17 that would come from the Delta and then released down the
 18 San Joaquin River to help meet the Vernalis Adaptive
 19 Management Plan flows, fish flows and water quality
 20 requirements will also be explored in a feasibility
 21 study. In actions to address dissolved oxygen problems in
 22 the Lower San Joaquin River, particularly in the vicinity
 23 of Stockton will be looked out, and a stakeholder group
 24 has been formed already to focus on that problem.

25 Two other elements which I'll note here. We

1 science needed to move forward.
 2 For watershed management, that particular
 3 needs to be flushed out more and we expect to have
 4 additional detail on those actions with significant
 5 stakeholder involvement very soon.

6 Administrative costs are implicit here but we
 7 need to look at each these of actions to see to what
 8 extent administrative costs need to be identified. Some
 9 actions, they're relatively high and others relatively
 10 low. As I mentioned before, each of these actions need to
 11 be flushed out in terms of detail. Many of you aren't
 12 familiar with each action might read a particular line and
 13 say, Gee, this is pretty cryptic, what the heck does that
 14 mean? We want to be able to point you to three pages so
 15 you can get the full details when you ask that question.

16 I mentioned that we've done some preliminary
 17 cost estimates. We also now need to move towards a
 18 financing plan, which of course that process has been
 19 discussed here a number of times, but now with these
 20 specific actions we need to start looking in the real way
 21 at who are the beneficiaries of each of these actions, who
 22 should likely be the sources of funding for them, how will
 23 we allocate the costs among beneficiaries of each
 24 actions. So this will be a complex and challenging task
 25 for which we will come back to you for advice

1 So that's it. That's a quick overview of the
 2 bundling document, the rationale behind it, and our
 3 general approach for moving forward. We hope to have a
 4 draft implementation plan that incorporates the Stage I
 5 action as well as the framework for implementing the rest
 6 of the program available concurrent with the release of
 7 the draft EIR, draft EIS, even though it's not an
 8 essential part of the programmatic document. It is simply
 9 the foundation for moving beyond that as we go forward.
 10 And it certainly provides a good vehicle for testing
 11 mainly the programmatic concepts that we've talked about
 12 in this forum and others.

13 CHAIRMAN MADIGAN: Okay. Thank you
 14 Stan.

15 I have Hap then Stu then Richard.

16 MR. DUNNING: Stein, in the memo that's
 17 in the packet, there's a paragraph on the Governance
 18 bundle. It refers there to the potential formation of an
 19 entity for coordinated implementation of program
 20 monitoring activities. We've talked only a little about
 21 monitoring in the work group. I guess my own assumption
 22 had been that each of the implementation programs would do
 23 its own monitoring and perhaps the oversight entity where
 24 appropriate would do additional more independent
 25 monitoring, but I hadn't thought we needed a new entity

1 detailed information on this -- who's doing these, to fill
 2 out what you're doing. I'm concerned about when you list
 3 all of these series of actions and then your tables since
 4 I'm looking at page 5 here, you list the implementing
 5 agency -- implementing entity, and I wonder if you're also
 6 assembling your financial information in terms of the
 7 budget requirements of, say, your reclamation Core of
 8 Engineers, Department of Water Resources, Department of
 9 Fish and Game, that if you could carry these further out,
 10 and for a given series of tabulations if you would know
 11 for each year how much budgeting requirement is going to
 12 be put on each of those established entities and how much
 13 is left over that will have to go to -- either to an
 14 environmental entity or the overall governing coordinating
 15 entity.

16 MR. BUER: Well, the goal is to be able to do
 17 that. The first element selecting the implementing
 18 entity, we're just taking a first cut at it, the way we
 19 arrived at that is we sat down with each program manager
 20 and as they identified what they felt were the priority
 21 actions, we said, Well, who are the most likely entities
 22 that would carry this forward, either due to their
 23 geographic involvement or programmatic involvement or
 24 historic activities? So that's certainly subject to
 25 change. But given that identification, then the next step

1 just for monitoring. So I wonder if you could address
 2 that and let us know what the rationale for that is, how
 3 it would be set up.

4 MR. BUER: The rationale is simply to
 5 bring before you the -- the need to address monitoring the
 6 comprehensive way. And I don't mean to imply that we
 7 definitely need a monitoring entity, but that the need to
 8 keep an integrated approach to the monitoring problem,
 9 that needs to be addressed.

10 MR. DUNNING: There's no disagreement
 11 about that but it's the entity part that --

12 CHAIRMAN MADIGAN: So Hap is there a
 13 better way to word this right now?

14 MR. DUNNING: Well, at the end it talks
 15 about actions to assure that water quality and water use
 16 efficiency measures can be fully implemented. You could
 17 just add actions to assure that monitoring water quality
 18 and water use efficiency measures are fully implemented
 19 and drop that bit about the entity.

20 CHAIRMAN MADIGAN: Stein?

21 MR. BUER: Okay. We can do that.

22 CHAIRMAN MADIGAN: All right. Thank
 23 you.

24 Let's see, Stu.

25 MR. PYLE: Stein you said you had more

1 is to -- is to identify first the estimated cost of this
 2 activity, secondly, determine whether that activity is
 3 currently being funded or budgeted in the agency, or if
 4 this will be an activity above and beyond current levels
 5 of activity and therefore need a budget change or funding
 6 augmentation and either staffing up internally or adding
 7 consultant support to get the work done. And a good
 8 example is, in the bundle now we've included the South
 9 Delta Improvements Program, that's currently funded
 10 through DWR at the rate of \$2 million dollars a year, and
 11 more than likely they will continue to do so, and yet we
 12 include it here because it's a critical element in the
 13 overall CalFed process because it's key to making the
 14 environmental water account work, and that's -- through
 15 this last several months of discussions it's become clear
 16 that that's really a very, very critical element so we
 17 highlighted even though the budgets of the existing agency
 18 covers that activity. But there are a number of other
 19 activities that are not currently budgeted that would need
 20 to include a budget augmentation.

21 Did I address your comment?

22 MR. PYLE: Yeah, yeah, hopefully that
 23 level of detail needs to show up and hopefully it's
 24 coming.

25 MR. BUER: Yes. It needs to show up and

1 also it's a lot of work to do that.
 2 MR. PYLE: I understand. It takes a lot
 3 of coordination.
 4 MR. BUER: A lot of coordination and I
 5 don't know if we'll be able to do that for all the actions
 6 in the time we have allowed, but I think at the federal
 7 level, too, there's a commitment now to develop a new
 8 cross cut budget for the activities that address or
 9 involve the CalFed Bay-Delta process in one way or
 10 another.
 11 CHAIRMAN MADIGAN: Thanks Stu.
 12 Richard and then Alex and then Byron.
 13 MR. DENTON: Stein, with the possible
 14 exception of the Lower San Joaquin South Delta Bundle,
 15 where you have implementation of the VAMP program, I don't
 16 see as part of your bundles the flow issues, the release
 17 of flows in the Sacramento and other tributaries, is that
 18 left out on purpose, is it implied in here somewhere?
 19 MR. BUER: It's specifically listed in the
 20 Water Management Bundle, and let me go to that a second.
 21 MR. DENTON: You had planning in there,
 22 I don't see actual release of flow.
 23 MR. BUER: Let me just refer -- I'm going
 24 to put this up. I know you can't read the details but
 25 since you've got it at your table, I'll point to it, this

1 MR. DENTON: No.
 2 CHAIRMAN MADIGAN: Okay.
 3 MR. DENTON: Well, it's a beginning.
 4 It's planning. It's doing studies, but with the possible
 5 exception of purchasing of water.
 6 CHAIRMAN MADIGAN: Um-hmm.
 7 MR. DENTON: Which still doesn't say if
 8 flows are going to be released. I don't see actual flow
 9 release programs in here. If that means there aren't any,
 10 then that's the answer.
 11 CHAIRMAN MADIGAN: Hap, did you want to
 12 speak specifically on this.
 13 MR. DUNNING: Richard, wouldn't the EWA
 14 bring --
 15 MR. DENTON: Well, it doesn't say when
 16 and where.
 17 MR. DUNNING: Well, no, but the whole
 18 idea wasn't it that the DWA was to have the flexibility to
 19 provide flows if necessary.
 20 MR. DENTON: That's true, but there are
 21 also flows that should be provided outside of the EWA.
 22 CHAIRMAN MADIGAN: Byron.
 23 MR. BUCK: I think that's the point of 20
 24 million dollars on the environmental water purchases that
 25 money would be there and the agencies would be able to use

1 is page 12 of your table one, and if I could refer you to
 2 item 93 and 94, it says establish private environmental
 3 water account and environmental water purchases.
 4 CHAIRMAN MADIGAN: Stein.
 5 MS. NOTTHOFF: The new one doesn't have
 6 it.
 7 MR. BUER: Well, look at the number on the
 8 left hand column.
 9 CHAIRMAN MADIGAN: Sure, go ahead and
 10 call it out to me here.
 11 MR. BUER: I'm sorry, number 93 and 94.
 12 CHAIRMAN MADIGAN: Thank you.
 13 MR. BUER: And there's another one, too,
 14 let me just come back and locate that a second.
 15 MR. BUCK: Fifty-five.
 16 MR. BUER: Did you find 55?
 17 Yes. Put 55 up there. Fifty-five is action
 18 number two in the integrated Water Management Bundle,
 19 number 55 says develop a long-term plan for instream
 20 flows, develop ecologically based hydrologic models and
 21 water management strategies and apply it to formulate
 22 instream flow augmentation plans.
 23 CHAIRMAN MADIGAN: So the question,
 24 then, is, Richard, does that begin to answer your
 25 question?

1 that in real-time depending on the hydrology we get over
 2 the next two years to provide what they can at least in
 3 the near time determine a worthwhile flow improvements
 4 while the long-term study is going forward to look on the
 5 long-term basis what we need to do, so certainly there's
 6 money in there for enhancement of flows in the near term.
 7 MR. BUER: That's correct. The entire
 8 AFRP, Anonymous Fish Restoration Plan, is incorporated
 9 into CalFed's ecosystem restoration program and a key
 10 element of that is providing for the identified stream
 11 flows, particularly in the critical stream period, in the
 12 main stem Sacramento and the tributaries. We recognize,
 13 however, that those tributary flows are sometimes very
 14 difficult to augment because we don't have project
 15 facilities up there where you just open the gates and let
 16 water out at the appropriate time. Those are hard working
 17 streams with local folks that use the water, and so
 18 detailed complex discussions, negotiations need to take
 19 place in order to allow for additional instream flows on
 20 the side tributaries, it's to be done in such way that we
 21 do not incur local economic damage.
 22 CHAIRMAN MADIGAN: Richard, would you be
 23 more comfortable if that begins to satisfy your concern
 24 with specific language in here that said that the EWA and
 25 \$20 million dollars specific intent includes the -- the

1 main stream flows and tributary flows, I mean, does that
 2 help?
 3 MR. DENTON: That would help, yes. It
 4 just did it not seem to be --
 5 CHAIRMAN MADIGAN: I see that, EZE,
 6 yeah.
 7 MR. DENTON: That would help,
 8 definitely help.
 9 CHAIRMAN MADIGAN: All right. Stein, is
 10 that okay with you?
 11 MR. BUER: Yes, sir.
 12 CHAIRMAN MADIGAN: Okay. Fine.
 13 Alex. Now we get to the top priority here.
 14 MR. HILDEBRAND: Look on page 5, which
 15 lists the actions that expected to be taken in respect to
 16 the Lower San Joaquin River and South Delta Region
 17 Bundle. I have considerable concerns with those actions.
 18 CHAIRMAN MADIGAN: It's supposed to be
 19 page 5 in here again.
 20 MS. NOTTHOFF: Give us numbers of the
 21 actions.
 22 CHAIRMAN MADIGAN: Yeah, that would
 23 help.
 24 MR. BUCK: Three, four, five, six.
 25 MR. HILDEBRAND: Well, let's start with

1 CHAIRMAN MADIGAN: Well, let's take this
 2 one, then.
 3 Stein, do you have a suggestion as to how --
 4 as to something would be an acceptable rewording of this?
 5 MR. BUER: Well, if we put in the "such
 6 as" rather than what we have here at this time, we can
 7 probably do that in the table, but the reality is that the
 8 agencies are moving forward with VAMP.
 9 CHAIRMAN MADIGAN: Yeah.
 10 MR. BUER: And I don't know that changing
 11 the wording in this table will alter that. I've familiar
 12 with Alex's concerns and we've taken it to heart, and
 13 that's one reason why, despite some agencies' scepticism,
 14 we have included the feasibility study, item 8, evaluate
 15 recirculation benefits and impacts, which is a plan that
 16 Alex has promoted with energy and skill and --
 17 CHAIRMAN MADIGAN: I guess, Stein, the
 18 only thing in terms of saying something like "such as" is
 19 that -- that may be amended or there may be other bits and
 20 pieces of this thing that come along. I understand your
 21 concern for something that's already moving ahead, and,
 22 Alex, I'm looking for something that recognizes that.
 23 MR. HILDEBRAND: I don't think it clearly
 24 is moving ahead. In the first place, it was supposed to
 25 move ahead by the tributary districts being paid \$4

1 action 5, which was just alluded to. What it says is that
 2 you're going to provide the so-called VAMP flows, fish
 3 flows during April 15th to May 15th Vernalis by activating
 4 the so-called SJRA agreement. First place, that's only
 5 one way of providing those fish flows. The state board is
 6 in the process of extensive hearings to determine the best
 7 way of providing those, and nine alternatives they're
 8 looking at, this is only one of them.
 9 CHAIRMAN MADIGAN: All right. Would it
 10 feel better if it says such as?
 11 MR. HILDEBRAND: I don't think it should
 12 even be such as. If you look at it further, the problem
 13 with that particular agreement, it has a lot of problems
 14 that are not in some of the other agreements. It assumes
 15 that it will violate the Vernalis standard both frequently
 16 and substantially, which is hardly a way to implement the
 17 control program. It does not for -- it doesn't address
 18 the question of fixing the problem of low flow on very
 19 high salinity in the main stem of the river from Salt
 20 slough down to Vernalis. It only addresses preserving the
 21 salmon smolts that migrate between April 15th and May
 22 15th, and the biologists have testified that less than two
 23 thirds of them will migrate at that time. It does nothing
 24 to protect the salmon smolts that migrate earlier or later
 25 than that. I could go on. It doesn't --

1 million dollars a year for 12 years, and the \$3 million of
 2 that was to come from the Feds and one million from State
 3 money in -- from the state to implement it from State's
 4 point was withdrawn from the budget. The State does not
 5 have the money to implement it. It won't get implemented
 6 for an entirely different reason, and that is that the
 7 flows are such that you can't put ahead a river barrier
 8 which is part of that proposal when the flows get above
 9 5,000 csf, and there may be above that, and if you get a
 10 late storm it might go way above and then you can't you
 11 even tear it out, so they can't put it in without an
 12 access permit from the adjacent reclamation district, and
 13 the adjacent reclamation district is not likely to accept
 14 the flood risk associated with installing that, they got
 15 washed out once before by doing that. So I don't think
 16 there's going to be put a river barrier this year, I don't
 17 think the financing's clear as to how it will be financed
 18 and the tributary people will say they definitely won't
 19 cooperate unless they get their money, and so I don't
 20 think it is a sure thing that's going to go ahead this
 21 year.
 22 CHAIRMAN MADIGAN: Ann, on this item.
 23 MS. NOTTHOFF: Well, yes, I think Alex in
 24 his minimal way has put his finger on just one example of
 25 what I was going to ask generally about this list and in

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1 fact, the VAMP flows are probably an example of something
2 that's further along in the decision-making process than
3 most any of the other -- many of the other items on this
4 list and that is how do these relate to what the ISI is
5 evaluating. How do we know that these are the actions
6 that will faithfully implement the ERP and the ISI and the
7 other program elements when we haven't decided what the
8 final package looks like? I have a cart and horse kind of
9 question there, and I guess just more practically is
10 this -- are these the kinds of things -- these are CalFed
11 actions, right, not actions that we're being asked to talk
12 about in June with the round table? That's a different
13 set of actions, is that right, or how does this relate?

14 MR. BUER: Actually, many of these actions
15 were identified and drawn from the round table list of
16 activities, so there's --

17 MS. NOTTHOFF: Okay.

18 MR. BUER: -- an attempt to be consistent
19 with that, as well as the third implementation of the
20 ERP. As many of you may be aware, the ecosystem round
21 table is moving forward with identifying ecosystem actions
22 that should be taken quickly early on even before the
23 programmatic EIR is done, and before the long-term
24 ecosystem program is done and there's a transition
25 period. So we have tried to incorporate both of those

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1 concepts in here. Ann, I think you raise a very, very
2 good question, and that's a fair one for this -- for this
3 counsel to ask, is this set of activities that I laid out
4 for you today, is this a premature thing to do? And I'm
5 one of the ones to debate that, we started the action
6 recognizing that if there's a commitment implement right
7 after the record of decision, we've got to start now.

8 CHAIRMAN MADIGAN: I don't want to
9 debate that one right now, I'll get to that. I want --
10 Alex really still has the floor on the San Joaquin issues
11 and it's a fair question to deal with today. I do want to
12 take questions or comments of those of you have
13 specifically on Alex's point on the San Joaquin, because
14 I'd like to work through this thing and resolve the issues
15 as we go.

16 David.

17 MR. COTTINGHAM: I was out of the room for
18 just a few minutes when Stein was introducing this, but my
19 understanding of this list is that it is an attempt by
20 Stein and his colleagues and some of the committees to put
21 together those types of activities that would go on
22 regionally; we were requested to do that. VAMP is one of
23 those things that they really had to put on there because
24 it has progressed so far. Now, as of Tuesday morning, I
25 think we were expecting the San Joaquin River group to

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1 have signed and delivered the VAMP proposal to the federal
2 agencies. And there's a whole -- obviously with the
3 litigation that with the judges decision that was handed
4 down last week and other things we will be reviewing
5 that. But as an example of the kind of things that would
6 be implemented during the first seven years, I think Ann
7 and others have said -- I know Alex doesn't like it, and
8 he has certainly expressed that, but I think we have gone
9 out and looked at the various water quality impacts, and
10 as much as we can, I think the CalFed policy group last
11 week, after much discussion of it, was really the best
12 thing to do, that was before the judge handed down the
13 decision of course some of the measures in B2 litigation
14 are VAMP measures as well.

15 CHAIRMAN MADIGAN: All right. Stein
16 let's --

17 MR. HILDEBRAND: If you want --

18 CHAIRMAN MADIGAN: -- Let's try the
19 such as thing here for just a second.

20 Keep going Alex. The floor is yours.

21 MR. HILDEBRAND: The implementation program
22 also assumes that water acquisitions will be made that
23 violate the provisions for acquisitions in the CVPIA, and
24 that they -- doing -- providing revamped flows in that
25 manner, they can be provided in other ways. Also

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1 interfere with the item 8 where you going to -- or item 9,
2 how you going to manage the discharges, because if you
3 provide those flows in that manner you don't have much
4 latitude to get rid of the -- no, it's not 9, number 7,
5 pardon me. Number 7, there is very little latitude to do
6 what proposes in number 7 if you provide those flows in
7 that manner, where if you provide them with recirculation
8 then one or two of the other alternatives you have
9 considerable latitude to do that. And the fishery
10 consequences of not correcting that problem up there are
11 rather severe as well as the problems for the --

12 CHAIRMAN MADIGAN: So specifically as to
13 item 7, Alex, what would you suggest?

14 MR. HILDEBRAND: Well, going ahead and
15 endorsing number 5 conflicts with accomplishing number 7.

16 CHAIRMAN MADIGAN: Stein.

17 MR. BUER: Okay. Well, I've made an
18 attempt up here to insert language that I hope might be
19 acceptable. We can take another run at it, for number 5,
20 implement spring flow management action such as proposed
21 Vernalis plan. Does that give leeway?

22 MR. HILDEBRAND: I think what you should
23 say is you're going to implement spring flow management
24 actions, leave out the such as. There are a number of
25 ways to do that. This is only one way and a lot of

1 downsides to it, and as compared to some of the other
 2 alternative is not very good.
 3 CHAIRMAN MADIGAN: I think the problem
 4 is that it's something that if, in fact, it's not going to
 5 get done this year, it seems to be a preferred tactic by
 6 agencies who are dealing with the issue, and either we
 7 should come out with a position that says we think this is
 8 stupid and we don't want to do it, or we should recognize
 9 what's going on right now, and the point of "such as" I
 10 guess is it's a weasel word or two weasel words to say
 11 that there could be other possibilities but it's still
 12 recognizes what may not be an inevitability, but is at
 13 least a potential likelihood. If that makes sense.
 14 MR. HILDEBRAND: May I ask it's going to be
 15 in court, you're not going to get an access permit, it
 16 would violate the CVPIA provisions.
 17 CHAIRMAN MADIGAN: All right. So let's
 18 go back to 7. If there is language in 7 that is in
 19 conflict with 5?
 20 MR. HILDEBRAND: I'd put it the other way
 21 around.
 22 CHAIRMAN MADIGAN: All right. If there
 23 is language in 5 that is in conflict with 7?
 24 MR. HILDEBRAND: If you've got 5 you
 25 greatly degrade the potential of doing number 7.

1 the -- if the screen facility goes in, it could mean that
 2 the state facility would operate much as the CVP, that is
 3 pump around the title cycle it wouldn't be a constant rate
 4 of pumping, but it would vary maybe plus or minus 30
 5 percent around the average daily means. Which means that
 6 current stage impacts on the south valley region would be
 7 exacerbated and the South Delta barriers program have been
 8 shown through modeling and through practical experience to
 9 mitigate for that. The current situation is that federal
 10 agencies, particular, the U.S. Fish and Wild Service, and
 11 National Marine Fishery Service are currently not
 12 comfortable with the -- with the forgone conclusion that
 13 the barriers are the only way to address that. And they
 14 are currently working in the subgroup to a team that I'm
 15 heading up to explore functional alternatives to
 16 barriers. Exactly what that means at this time, we're not
 17 sure, but in fairness to the agencies' concerns, we're
 18 giving them an opportunity to work through that and
 19 they're do so on a relatively fast time line, they are
 20 scheduled to release something on this issue on Friday.
 21 And that will be made available to the stakeholder
 22 community right away. My understanding is that the
 23 concept they're looking at is reoperation of the
 24 San Joaquin River system to provide the appropriate flows
 25 in the Lower San Joaquin River.

1 CHAIRMAN MADIGAN: You are comfortable
 2 enough with 7, then, and it is --
 3 MR. HILDEBRAND: Oh, yeah. I think that's
 4 something that's very desirable, but it will be very
 5 difficult if you go to 5 as the means of achieving those
 6 flows.
 7 CHAIRMAN MADIGAN: Okay. What's next?
 8 MR. HILDEBRAND: Well, on number 4, it
 9 seems to be referring to a scheme for taking water into
 10 the Clifton court throughout title cycle in order to
 11 screen in that location. If you do that you greatly
 12 exacerbate the problem of maintaining adequate channel
 13 depth in the south valley channels. And if you don't put
 14 in the title barriers, you continue to recycle several
 15 hundred thousand tons a year of salt, comes down the river
 16 from the CVP service area and sucks right over from the
 17 federal pumps and gets sent back down in the valley,
 18 whereas if you put the title barriers in, you don't do
 19 that.
 20 CHAIRMAN MADIGAN: Stein.
 21 MR. HILDEBRAND: So there are problems with
 22 this -- primary effects list isn't complete. You got some
 23 downsize.
 24 CHAIRMAN MADIGAN: Okay.
 25 MR. HILDEBRAND: Okay. Alex is correct if

1 Now, before you react, Alex, I'm just letting
 2 you know this is where the agencies are going, and where
 3 we may end up on this could very well be a -- a return to
 4 the barriers, but I can't say that's a forgone conclusion
 5 at this point in time. Technically I agree with
 6 everything Alex said.
 7 MR. HILDEBRAND: I agree you have to
 8 examine that, about 99 9/10 sure it will work, but that
 9 doesn't mean you don't have to demonstrate that.
 10 Let's move over to page 11, action 52. I'm
 11 skipping some of the lesser things just to illustrate my
 12 problem.
 13 CHAIRMAN MADIGAN: That's okay. What
 14 we'll do today is that we're going to agree to this
 15 concept, and to the extent in agreeing to a concept we can
 16 agree to some language around here that then goes to the
 17 policy group as they -- as they continue to tweak it, then
 18 that's helpful. So I don't object to spending a little
 19 time doing this, Alex.
 20 MR. HILDEBRAND: Well, on 52 you want to
 21 have meander corridor, I assume that means increase the
 22 amount of meander that already occurs in the San Joaquin
 23 River. And the primary effect to that, which isn't
 24 listed, is that we already have a big problem in that the
 25 unlike the Sacramento River, the San Joaquin River has a

1 very depleted summer flow, rather than the case of the
 2 Sacramento area, the summer flow is actually increased by
 3 the project. San Joaquin is greatly decreased. So you
 4 would get a sedimentation that comes into the thing, and
 5 it drops out because there isn't enough velocity to keep
 6 it suspended and that's particularly true when of it gets
 7 down to isles of them, so we're having enormous
 8 degradation of the entire main stem of the river, and
 9 along the valley floor and into the channels in the South
 10 Delta, this creates a significant increase in the flood
 11 protection problems. It's an ongoing decrease in the
 12 capability of the system to manage a given flood flow, and
 13 if you augment the meander, you're going to exacerbate
 14 that problem.

15 CHAIRMAN MADIGAN: Stein.

16 MR. HILDEBRAND: So I don't think it's a
 17 feasible thing to do to -- or productive to increase the
 18 meander. I don't think it's even good for the fish,
 19 because the problem we have now is as the thing aggrades,
 20 you get a wider and flatter channel, the water runs back
 21 and forth in it, and it gets hot and it's not very good
 22 for the fish and you can't keep any shade for them along
 23 the bank because the water doesn't stay next to the bank,
 24 water's all over the place.

25 CHAIRMAN MADIGAN: So if we say, Alex,

1 1997, and to some extent to '95, the current levy and
 2 San Joaquin River is not designed to handle big flows, and
 3 so the concept of looking at the floodplain more as a
 4 ecological system, rather than a levy channel which either
 5 needs to be dredged or not is now being reviewed both in
 6 terms of the flood control benefits, the fisheries
 7 restoration benefits, and so on. I firmly believe that,
 8 Alex, your concerns need to be part of the discussion, but
 9 it shouldn't preclude the possibility of looking at a
 10 wider river plane where you address flood control through
 11 acquisition from willing sellers, realigning levies,
 12 restoring the connectivity between the channel and the
 13 floodplain to benefit a split tail and other species. So
 14 I think your ideas need to be part of the study, but the
 15 thrust of this is that coordinative look at the floodplain
 16 as an ecological entity, and as a flood control system.

17 MR. HILDEBRAND: I would agree. If you
 18 word it that way, I wouldn't object to it, but I don't
 19 think increasing meander is going to contribute to that
 20 and certainly ONLY ONE of a whole lot of things to look at
 21 IN figuring out how to better manage that floodplain.
 22 That does need to be done, it's under a comprehensive
 23 study by the core right now, which is quite outside the
 24 CalFed program.

25 MR. BUER: Well, this is actually alluding

1 here -- the initial word there is study, and then how
 2 about possible implementation and acquisition to follow
 3 that since --

4 MR. HILDEBRAND: Well, you can study it but
 5 the primary effect of it is it's going to exacerbate the
 6 aggradation of an already seriously aggraded channel.

7 CHAIRMAN MADIGAN: As I understand, the
 8 point of the meander isn't to seriously degrade the
 9 existing channel, it's to create opportunities, and so
 10 presumably, Stein, as a part of this those opportunities
 11 will only occur where you don't have significant adverse
 12 effects like accelerating deposition into the channel or
 13 something like that.

14 MR. BUER: Yeah, I would respond, again, I
 15 have very deep respect for Alex's knowledge of the
 16 San Joaquin River system, there's nothing like being there
 17 for a long time and seeing a lot of floods come and go.

18 CHAIRMAN MADIGAN: Well, the population
 19 of California has increased twelve fold as we learned
 20 earlier today.

21 MR. BUER: And Alex has raised this
 22 concern before, and I think it ought to be carefully
 23 incorporated into the study, but the general thrust of
 24 item 52 is to take a fresh look at our approach to flood
 25 control on these rivers systems and as we experienced in

1 to that study, that's why we have a DWR and the Core
 2 listed at the lead agencies.

3 MR. HILDEBRAND: Well, I think your
 4 objective, though, ought to be what you just said rather
 5 than the objective of creating meander.

6 MR. BUER: Okay. That's fair. And we can
 7 modify the wording that -- to accomplish that. That's
 8 reasonable.

9 CHAIRMAN MADIGAN: Okay. All right,
 10 thank you.

11 Byron.

12 MR. BUCK: Thanks, Mike.

13 I just kind of want to give a flavor for some
 14 perception problems that I think the program is getting in
 15 parts of the urban community and particularly in the
 16 south, and this is kind of a 30,000 foot view that I think
 17 maybe you could probably expose to a little bit when we
 18 all go.

19 CHAIRMAN MADIGAN: Yeah, don't ask me to
 20 explain.

21 MR. BUCK: What CalFed's doing, and I
 22 think it came about when the program moved away from
 23 taking a particular alternative and went to the stage
 24 approach, and what we got now is a perception that, at
 25 least in Stage I, we've got essentially ecosystem things

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1 going on. And I would not agree that that's the truth,
 2 but that's clearly the perception in a lot of quarters,
 3 when you look at this list and the Stage I bundle you look
 4 at the water quality items that they are all almost
 5 ecosystem related because fundamentally there aren't a lot
 6 of things you can do in the Delta to improve drinking
 7 water quality that we know that we can do today, that is.
 8 So when I get asked questions like how fast is our
 9 drinking water going to improve, and when's it going to
 10 happen in Stage I, I really can't answer it yet, there
 11 aren't any real good answers yet and that's not very
 12 satisfying to a lot of people around the state and they're
 13 losing faith in the program because of it. And I don't
 14 have a good answer for how to fix that because
 15 fundamentally again when you look at -- in the Delta we
 16 can do some drain relocations, but even looking at those
 17 expensive. We don't know, we have to model very carefully
 18 to see how much improvement that's going to make. At the
 19 first plush level it's maybe ten percent at the margin we
 20 might get out of it, for a couple of projects costing a
 21 hundred million dollars a pop. So we don't want to just
 22 throw things on the table that would have some improvement
 23 without a fair amount of study. So we are in reality into
 24 looking at studying a number of things that haven't been
 25 looked out because we were looking really looking at

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1 solving water quality problems largely, through facilities
 2 now we've but the that off into the horizon. We now got
 3 to spend a lot of time looking at things that may not give
 4 us much bank for the buck and we don't really have
 5 anything in the near term to implement. And, again,
 6 that's created a pretty gib perception and support problem
 7 because we aren't able to show much tangible improvement.
 8 We've got real good policy goals about continuous
 9 improvement, real good policy goals about where we need to
 10 get to in the end, but we don't have a lot to show people
 11 in the near term particularly in the next seven years
 12 we're going to have a lot of --
 13 CHAIRMAN MADIGAN: That came up in
 14 Washington this week. Anybody have any real good answer?
 15 MR. BUCK: And I do have one specific
 16 comment, Mike, on the bundles themselves, Stein, on the
 17 governance bundle you've got identify urban water
 18 conservation certification entity. There's broad
 19 agreement in the stakeholder community on the urban side
 20 that we ought to have the California Water Conservation
 21 Counsel be that entity. I know that the policy hasn't
 22 bought off on that, so I would suggest at a minimum we
 23 take -- we take DWR out of implementing column because I
 24 think that sends the wrong message that that's the
 25 direction maybe people are wanting to go. I'm not sure

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1 that's what really what was implied there. I don't have
 2 any trouble recognizing policy group hasn't engaged on
 3 this issue, but just for the record, the stakeholder
 4 community is in complete agreement as to what the entity
 5 ought to be with that certification body.
 6 MR. DENTON: 101.
 7 MR. BUCK: It's 101, yes. Thank you.
 8 MR. BUER: That's probably the easiest
 9 change yet just a line through it, and Byron's right.
 10 CHAIRMAN MADIGAN: Okay. Other
 11 questions. Thoughts.
 12 MR. MEACHER: I'm curious to find out
 13 from Stein if under -- if you look at I think it's 95,
 14 that's pretty much the only place that you see the
 15 watershed program, but in the language of -- the effects
 16 or the actions to be taken, there's nowhere in this
 17 document where we address the two items that were put in
 18 by Secretary Babbitt as a result of the meetings in
 19 November and December, into the watershed program which
 20 was one look at the reoperation of the existing
 21 facilities, especially hydro, and then the need for some
 22 comprehensive watershed management act for the State of
 23 California. So I guess basically, Mike, my question is:
 24 Is that hidden somewhere in here, Stein, as an
 25 administrative task?

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1 MR. BUER: Let me just look a second at
 2 the --
 3 MR. MEACHER: It's not written
 4 specifically.
 5 MR. BUER: No.
 6 MR. MEACHER: But those are definite
 7 Stage I action items that appear in the watershed program
 8 plan, and there's got to be a cost associated with it, so
 9 I guess it's a reminder to CalFed staff that those have to
 10 be addressed someplace.
 11 CHAIRMAN MADIGAN: Is this a fair place
 12 to reflect those, Stein?
 13 MR. BUER: Yes.
 14 CHAIRMAN MADIGAN: Okay.
 15 MR. BUER: There are two actions, and the
 16 second one the Comprehensive Water Management Act, I got
 17 down the first, I got reoperation of existing facilities
 18 for water quality. I probably should know but I don't,
 19 could you explain that.
 20 MR. MEACHER: The action added to the
 21 watershed program plan was investigate the potentials and
 22 that it would probably run into storage conveyance, water
 23 quality, a number of areas, but it was reoperation of the
 24 existing hydroelectric facilities.
 25 MR. BUER: Oh, okay, that's in here

1 MS. SPIVY-WEBER: That's number 66.
 2 MR. MEACHER: Sixty-six?
 3 MR. BUER: This is kind of -- the grouping
 4 around there includes most of the actions in the
 5 Integrated Water Management Strategy, and item 66 says
 6 power facilities reoperation for water supply.
 7 MR. MEACHER: Okay. With that in mind,
 8 then, have we relieved the watershed program plan of that
 9 function by putting it under storage and conveyance, so I
 10 no longer have to worry about that?
 11 MR. BUER: I wouldn't say that. I think
 12 you'll continue to worry whether I say so or not, but we
 13 have -- what we have done is taken the affirmative step of
 14 including it in the Integrated Storage Investigation and
 15 recognizing that there may be opportunities for forced
 16 energy as PG&E and Southern Cal Edison, look at the
 17 possibilities divestiture of the hydro facilities. So no,
 18 I don't think including it Integrated Storage
 19 Investigation means you can stop talking about it in the
 20 watershed group.
 21 MR. MEACHER: So maybe that would be
 22 under a secondary CalFed program then? Well, you've got
 23 it under storage and conveyance, and the next column
 24 secondary CalFed program maybe would be the watershed
 25 management.

1 with existing and proposed resources successfully, and so
 2 we do have to set some priorities as to what needs to be
 3 worked on right now to hit get the ground running with in
 4 2001 if we hit our schedule as we hope.
 5 CHAIRMAN MADIGAN: Fran, you had your
 6 hand up.
 7 MS. SPIVY-WEBER: The ISI, I am
 8 assuming is what you mean by number 67. Is that what --
 9 MR. BUER: Well, there are several
 10 elements in there, and I made a comment in passing that
 11 we'll be modifying this portion of the bundle and for
 12 those who are sitting in the back, we're looking at --
 13 generally on the items from -- let's see, 60 through 68.
 14 These are the elements that we are also grouping with the
 15 integrated storage investigation. And go ahead and your
 16 comment, Fran.
 17 MS. SPIVY-WEBER: Well, I was just
 18 trying to figure out if you were getting ahead of the ISI
 19 paper or with these projects.
 20 MR. BUER: Okay. I don't think we're
 21 getting ahead of it because we look in the paper, these
 22 are the -- the specific items listed there, but I think
 23 that we need to improve the language here so it's more
 24 reflective of the general challenge posed by the
 25 integrated storage investigation. In order to put some

1 MR. BUER: Oh, okay.
 2 MR. MEACHER: And how about the
 3 comprehensive -- the California Watershed Act, do --
 4 MR. BUER: I would think that would come
 5 under the governance bundle, if it goes anywhere. So let
 6 me put it on here as a reminder that we're --
 7 MR. MEACHER: And the reason I bring it
 8 up is because it's identified and it's in the program
 9 plan.
 10 CHAIRMAN MADIGAN: Okay. With those
 11 changes, Bob, are those accurate reflections of your
 12 concerns at this point on those issues?
 13 MR. MEACHER: Yeah, I've got other
 14 thoughts, but it's no big deal.
 15 CHAIRMAN MADIGAN: That's okay, this is
 16 not the final draft right now.
 17 MR. MEACHER: Those are just --
 18 CHAIRMAN MADIGAN: But to the extent
 19 that we can help shape it today, it's a useful exercise.
 20 MR. BUER: And, of course, the caveat is
 21 there's going to be a desire to load into the Stage 1-A
 22 bundle all the things that we -- we collectively believe
 23 ought to be done in the program and so we have to keep --
 24 and this is not a reaction to this particular action, but
 25 a general caution that you can only start so many things

1 meat on the bones, I took a cut at guessing at the
 2 specific investigations that likely would take top
 3 priorities in an integrated storage investigation. For
 4 example, we wouldn't go out and investigate every
 5 potential storage facility site in the state, there have
 6 been a fair amount of work already that we build on and
 7 more than likely the few possibilities that are on the
 8 table now would be that subgroup that would get additional
 9 attention, such as small chart enlargement, the sights and
 10 alternatives, off stream storage study that the Department
 11 of Water Resources is conducting, the potential for
 12 looking at in-Delta storage options and so on. So I would
 13 think based on a whole lot of engineering work and
 14 environmental work that's been done already, it's unlikely
 15 that it suddenly jump to a whole new set of facilities and
 16 say this is where we run for the money. Am I responsive
 17 to your question?
 18 MS. SPIVY-WEBER: I believe so. I
 19 guess once these studies are done, they'll be looked at in
 20 terms of all the various storage options and the best will
 21 rise to the top; is that correct?
 22 MR. BUER: I hope that's the case, and --
 23 MS. SPIVY-WEBER: Because there's no
 24 assumption that one kind of storage is going to be better
 25 than the other, we're just going to be looking to see so

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1 you can make those comparisons.
 2 MR. BUER: Right, and there's two
 3 elements. One is comparing alternative storage facilities
 4 against each other, one way of looking at it is, you can
 5 look the alternative surface storage sites against each
 6 other, they have the same general kind of characteristics
 7 and general types of operational water rights and
 8 environmental impact concerns, then you compare those and
 9 look at them together with groundwater, conjunctive use,
 10 and against all the other water management tools that we
 11 have discussed and are not part of the program, and much
 12 of what Steve Ritchie said this morning about the
 13 integrated evaluation of these tools will be incorporated
 14 as really the engine for the integrated storage
 15 investigation. So there is -- the same people working on
 16 integrated storage investigation are doing the economic
 17 evaluation and the screening, so it's fairly tightly
 18 integrated. The problem really is resources and the
 19 complexity of the problem. And the fact that this is not
 20 a problem that is amendable to purely technical answer. I
 21 think, Ann, you mentioned earlier that you hoped
 22 detectable studies will guide us. It's very ambiguous an
 23 answer. I don't think that's the case. I think very
 24 clear policy preferences have to guide the studies,
 25 otherwise you'll get a multitude of alternatives with no

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1 way to discriminate between them. But we're seeking
 2 policy guidance as this program goes forward to constrain
 3 those studies so that the outcome would be useful.
 4 CHAIRMAN MADIGAN: Byron.
 5 MR. BUCK: One that ought to be added back
 6 on the water quality issue, Phase 2 document recognized
 7 water exchange studies as perhaps a way of getting better
 8 drinking water quality to urban areas, that really
 9 probably ought to be listed as a set of studies in the
 10 integrated water management bundle because that is,
 11 indeed, something that if they prove feasible from and
 12 institutional and physical could make some near term
 13 improvements.
 14 MR. BUER: Okay.
 15 CHAIRMAN MADIGAN: Mary.
 16 MS. SELKIRK: I thought that was in here
 17 by Ron.
 18 MR. BUCK: I didn't see it.
 19 MR. BUER: I don't think we have that in
 20 here.
 21 MR. BUCK: It's definitely on the Phase II
 22 document, that much I know.
 23 MS. SELKIRK: I'll see if I can find
 24 it.
 25 CHAIRMAN MADIGAN: Okay. Anyway point

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1 being?
 2 Alex.
 3 MR. HILDEBRAND: Trouble with that exchange
 4 business is it's fine for the urban water quality, but in
 5 the absence of valley drain, it continues to exacerbate
 6 the problem the salt imbalance in the valley, and so I
 7 don't think it's an allowable option unless you put in the
 8 drain which CalFed has so far explicitly excluded.
 9 CHAIRMAN MADIGAN: Okay. Stein, what
 10 else?
 11 MR. BUER: Well, that's all I have to
 12 present. I'm just taking in your comments.
 13 CHAIRMAN MADIGAN: All right. The point
 14 of the exercise is to see if we have some agreement on the
 15 approach for the proposed Stage I actions -- the approach
 16 of the proposed Stage I actions bundle cost estimates.
 17 This isn't a vote in detail on everything, although we did
 18 spend some time today trying to give the policy committee
 19 some of our advice.
 20 Ann.
 21 MS. NOTTHOFF: Well, okay. Just to try
 22 and help clarify this for me, how -- I mean, we've talked
 23 all along about triggers and there would -- you know,
 24 we're going to go through this analysis, we're going to
 25 try, you know, the more affordable and the less intrusive,

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1 you know, measures first, then we, you know, seeing how
 2 those work then we could start looking at more concrete
 3 alternatives. I mean, that's how I've understood the
 4 CalFed analytical process to be based on, how do you see
 5 that as being? So what's the timing and the staging of
 6 all these things? These things aren't just all going
 7 forward together, are they? Or what is -- how do you see
 8 setting these out in time and which ones go first and if
 9 you get that conclusion then does that trigger that you
 10 will study the next one?
 11 MR. BUER: It's a good point. Let me see
 12 if I can be responsive to that. The structural options
 13 that are in this bundle list, none of these are funded for
 14 construction. They're all feasibility evaluations. And I
 15 think as Stu said earlier today, it takes a long time to
 16 work through all the engineering, economic, and
 17 environmental issues, and in order for physical storage
 18 facilities to be a real option for the -- for the program,
 19 those studies have to proceed in parallel with aggressive
 20 implementation of other nonstructural programs, and as you
 21 look at the funding table that was included with this
 22 package handed out with the correction, there's various
 23 significant funding for water use efficiency, and water --
 24 let me pull it up a second. Pull it back in.
 25 That's timing issues in terms of timing for

1 the heavy duty investments in storage, these are all
 2 studies, essentially, whereas for water use efficiency,
 3 we're looking for 2000, 30 million, for 2001, almost \$90
 4 million dollars and much of that is actually
 5 implementation programs. Similar to water quality, much
 6 of that, that's more in terms of studies, some
 7 implementation. Water transfers is setting up the frame
 8 work that's relatively modest amount of funding for the
 9 clearing house and so on. So I guess my view of it is
 10 that the way we've laid out the Stage I actions is an
 11 attempt to lay the foundation for the decision process in
 12 terms of nonstructural versus structural solutions to
 13 water supply and water and quality and moving forward with
 14 the programs around with very significant consensus now.

15 And the question of what triggers the
 16 implementation of storage that's built into the -- into
 17 the water management strategy is the needs evaluation and
 18 the economic evaluation, which, in essence, what it does
 19 is it looks at the full practical or practicable
 20 implementation of nonstructural measures and then you look
 21 at the system and say given the fully -- pushing those
 22 programs to the practical limit, you still haven't
 23 identified need for which surface storage is the
 24 appropriate item. So in my view, the way we lay off these
 25 studies, we move forward with implementation of those

1 quickly for you. The conveyance total of 16.6 million for
 2 year 2000 includes 6 1/2 million for Tracy Fish Facility,
 3 two million for the South Delta improvements, 100,000 for
 4 the recirculation evaluation, and a million for the lower
 5 McConley river flood and ecosystem restoration evaluation,
 6 a million for feasibility of Delta cross channel
 7 reoperation and the hood diversion. Two million for
 8 Sacramento River restoration, and finally \$4 million for
 9 the Vernalis adaptive management plan. So that's the
 10 foundation for the 16.6 million.

11 Does that answer your question? I went
 12 through that quickly, I can write it down.

13 MR. HILDEBRAND: Did you say \$4 million for
 14 the ecosystem program?

15 MR. BUER: I'm sorry?

16 MR. HILDEBRAND: Did you say \$4 million for
 17 the ERA program?

18 MR. BUER: For the VAMP, you mean?

19 MR. HILDEBRAND: Yeah, but the way you have
 20 it in here is actually implementation of the SJRA, which
 21 is not the same, you can implement the VAMP other ways.

22 MR. BUER: Well, yes, \$4 million dollars.

23 MR. HILDEBRAND: So that means you're going
 24 to finance entirely from the federal budget or the SJRA to
 25 make up for the fact that the State doesn't have anything

1 actions and the studies that set the framework for the
 2 decision down the line.

3 CHAIRMAN MADIGAN: Fran.

4 MS. SPIVY-WEBER: What are the numbers
 5 that correspond to the conveyance budget item of 16
 6 million?

7 MR. BUER: The conveyance will be found in
 8 the -- primary in the Integrated Water Management Bundle,
 9 near the end of it. Let me just pull this out for a
 10 second.

11 Well, let me tell you, it's inside, getting my
 12 handouts mixed up and in all the excitement. The elements
 13 in the conveyance are, number one, the South Delta
 14 improvements, the study and the South Delta improvements
 15 is primarily an investigation which I've discussed for the
 16 South Delta region, including screening and the barriers
 17 and other alternatives and so on. Another element is the
 18 North Delta facilities evaluation which could be looking
 19 at a screened intake at the Sacramento River to help
 20 compensate foreclosure, so the Delta cross channels, in
 21 terms of water quality balancing those, I believe the
 22 Tracy Fish Facility is another part of it, and let's see,
 23 I think those are -- there's some other things I'm missing
 24 here, let me just find it a second.

25 Here it is. Let me run through the list

1 in its budget, is that what you say?

2 MR. BUER: Well, no. What I'm saying is
 3 that this is the estimated dollar value and it doesn't get
 4 at the cost part of the --

5 MR. HILDEBRAND: It's the dollar cost not
 6 the dollar value.

7 MR. BUER: It's the dollar cost, that's
 8 correct. We don't comment on the dollar value at this
 9 point.

10 CHAIRMAN MADIGAN: Okay. The point of
 11 this exercise, then, is that we would pass a motion here
 12 today which would -- which would indicate our concurrence
 13 with the CalFed approach on proposed Phase 1 action for
 14 the bundles and the notion of bundles and preliminary cost
 15 estimates. Is there someone willing to --

16 MR. HILDEBRAND: I bet against that with
 17 regards to the action.

18 CHAIRMAN MADIGAN: Well, let me get a
 19 motion first.

20 All right. Stu, there's a motion. Is there a
 21 second to that motion?

22 All right. There's a motion and a second.

23 Having a motion on the floor, let me ask if
 24 there are any members in the audience who wishes to speak
 25 to this item as well?

1 Yes, sir, sure, of course.
 2 I'm sorry, this is Sprieck Rosekrans. Just
 3 quick thing that was --
 4 CHAIRMAN MADIGAN: Sure, Sprieck, use
 5 the microphone.
 6 MR. ROSEKRANS: I'm sorry, this is a quick
 7 thing which I feel a little guilty I guess because I'm
 8 missing the environmental water account meeting today,
 9 there's a group of scientists, biologists who were doing
 10 the gaming exercise to evaluate how this may work, and
 11 this was a priority item designated by the Secretary of
 12 the Interior, and it's got a blank space here under
 13 details and assumptions, and I would simply suggest that
 14 we put in maybe two short statements to say what the
 15 environmental water account is, something like implement
 16 real-time curtailment of Delta export pumping to reduce
 17 entrainment and offset water supply impacts with relaxed
 18 rules.
 19 CHAIRMAN MADIGAN: Okay. Thank you.
 20 Hap.
 21 MR. DUNNING: I've never done business
 22 by motion before, have we ever? Four years, I was just
 23 curious why.
 24 CHAIRMAN MADIGAN: I don't have to have
 25 a motion. It doesn't matter much to me it's just I want

1 CHAIRMAN MADIGAN: Fair enough. Alex
 2 has dissented from the motion.
 3 Is there anyone else who chooses to dissent
 4 from the motion?
 5 All in favor say aye.
 6 Opposed no. Alex. Two, who else did I hear,
 7 Ann?
 8 MS. NOTTHOFF: No.
 9 CHAIRMAN MADIGAN: An and Alex.
 10 All right. Bob, three, thank you.
 11 Okay. Well done, Stein, thank you very much.
 12 Pass our comments along. We will be interested in seeing
 13 this again as it progresses further and it gets refined.
 14 The only other item that I have before the
 15 house today is public comments. I have one request and it
 16 is sort of a semi public comment. Brenda, please come to
 17 the microphone. We look forward to you joining us
 18 officially.
 19 MS. SOUTHWICK: Thank you Chairman Madigan
 20 and members. I just had a quick question. I'm not clear
 21 on the tie-ins. My understanding is CalFed is essentially
 22 a management process. And you have all these other
 23 regulatory processes such as what the State board does
 24 with the water quality control planning.
 25 CHAIRMAN MADIGAN: Yes.

1 some sort of indication of concurrence because the CalFed
 2 people have asked us for that.
 3 MR. DUNNING: I thought Alex asked for a
 4 motion a couple of years ago and you said we --
 5 CHAIRMAN MADIGAN: That's right.
 6 MR. HILDEBRAND: I had the audacity to
 7 suggest there should be a motion.
 8 CHAIRMAN MADIGAN: It's the hell of it
 9 when you've got chairman's rules.
 10 MR. DUNNING: What's happened here?
 11 CHAIRMAN MADIGAN: Chairman's rules.
 12 That's what happened.
 13 MR. HILDEBRAND: You mean the chairman can
 14 be as whimsical as he wishes.
 15 CHAIRMAN MADIGAN: You're not kidding.
 16 Boy, I'll tell you what. There has to be a few advantages
 17 to this job and that's the only one I can think of right
 18 now.
 19 MR. HILDEBRAND: I want to be clear on the
 20 record that I do not support the Water Management Strategy
 21 unless -- until it's revised to incorporate the things
 22 that we discussed this morning.
 23 CHAIRMAN MADIGAN: Right.
 24 MR. HILDEBRAND: And I dissent from the
 25 actions

1 MS. SOUTHWICK: And the listings and
 2 everything. It's not clear to me how all these all
 3 tie-in. I see Stein's list of actions and how they will
 4 figure into CalFed's delivered processes and getting the
 5 programmatic EIS put together, but how does it work on the
 6 practical every day level. Is there someone at CalFed
 7 monitoring every regulatory action that takes place in the
 8 state and then saying at some point this has to come into
 9 which CalFed program, and what is that point if that's the
 10 case?
 11 CHAIRMAN MADIGAN: It's a good question,
 12 I think it's within Hap's committee's charge to look at
 13 how -- what the intake procedure is ultimately going to be
 14 for his governance body and for his environmental
 15 restoration group and I don't know that you're that far
 16 along.
 17 MR. DUNNING: We don't have any comment
 18 on that.
 19 CHAIRMAN MADIGAN: But it's a fair
 20 question. It does need to be dealt with. There will have
 21 to be some ongoing evolution of CalFed as a governance
 22 body, whatever that is among that list that Hap and EZE
 23 identified today. One of the questions that they will
 24 have to deal with is how do they -- what is the intake
 25 mechanism there, and how much power do they have to

1 require intake, I suppose, among other things.
 2 MS. SOUTHWICK: Thank you.
 3 CHAIRMAN MADIGAN: Stay tuned.
 4 Yes, sir.
 5 MR. EGLER: Tom Egler with U.S. EPA and I
 6 actually want to expand on that answer. I understood the
 7 question as being essentially one of what is going to be
 8 the interrelationship between the CalFed program broadly
 9 defined and the ongoing activities of a whole series of
 10 regulatory agencies kind of across the board. We flagged
 11 this very briefly in the most recent edition of the Phase
 12 2 report and committed to setting up a work group this
 13 year to start talking through that. And, in fact, we've
 14 had one meeting of that work group of CalFed staff and
 15 most of the regulatory agencies, state and regional
 16 boards, VHS. We're meeting again on Monday. But I think
 17 it's a very quick -- if you look at the time line here,
 18 we're proposing doing things that only regional or State
 19 boards can do, and we have to get the actions that we're
 20 proposing to do in line with both the budgets and the
 21 scenario planning for those agencies, so that process is
 22 underway. I won't say that it's far underway but at least
 23 we started it. Does that get closer to what you were
 24 asking?
 25 CHAIRMAN MADIGAN: Thank you, Tom.

1 of the purview of CalFed, however, there's two impacts:
 2 One is that -- this is a flood crimp is when the floods --
 3 sometimes you do get water that is not desired going into
 4 evaporation ponds and that problems and then eventually
 5 into the river. The other has to do with water, that's
 6 quality, the other one has to do with quantity, and it has
 7 to do with water that could be used in the area being
 8 wasted, and they would like to use it on -- in the area,
 9 which would cut down the imports to the area, and the
 10 other is that in order as you know, to purify contaminated
 11 water it's usually done with dilution which increases more
 12 water coming in. And it seems to be the problem has to do
 13 with money, as it always is. However, in this case, I
 14 would say it's probably too much money, which is kind of
 15 novel. And perhaps you might wonder why. The way the
 16 thing has been handled as every time it floods we do a
 17 study or we go out and get the Core and do another study.
 18 I think the Core has other things to do, but they're
 19 mandated to do a crimp. And the crimp and the results
 20 come back -- or do a study, not a crimp, they do a study
 21 and they're mandated to come back and it comes back
 22 usually after November. People seem to notice that
 23 happens and the cost benefit ratio is -- they've had
 24 hundred million dollars dams to save 25 million dollar
 25 towns and there's no cost benefit ratio and the people up

1 Yeah, sure, David.
 2 MR. COTTINGHAM: Let me just answer that.
 3 I think Brenda phrased it as what is the management
 4 responsibility, and I think that CalFed today has been
 5 primarily planning entity, but it has certainly helped
 6 that almost on a weekly basis now, that the regulatory and
 7 the management agencies get together through an operations
 8 group and they discuss these issues. It has certainly
 9 helped a great deal to coordinate the implementation and
 10 management of all these regulatory agencies across the
 11 board so.
 12 CHAIRMAN MADIGAN: Okay. Thank you
 13 both. Thanks. And, Brenda, thanks for the question.
 14 All right. Ann, welcome aboard. Nice to see
 15 you. Nice to have you join us.
 16 I have another speaker slip coming up here.
 17 Let me also mention Tom Madick our earth while companion
 18 in the audience who managed to sit through the whole
 19 bloody affair again today. That must say something, Tom,
 20 but God knows what it would be.
 21 Mr. Fox. Yes, sir.
 22 MR. FOX: Yes, I'm Dennis Fox, and I'm
 23 speaking on behalf of many of the resident stakeholders of
 24 the White River Crimp. And that is mainly -- that is
 25 mainly ~~not~~ that the Tulare Lake Basin, as you mainly out

1 in many of these towns do not have any assessed valuation
 2 to do anything on their own. Probably the best way to do
 3 is why I was thinking is mention it to you, and the
 4 impacts, and what they'd like to do is -- the locals can't
 5 get counties to listen, they want -- quite often they're
 6 not happy dealing with the nonprofessional public. And
 7 they have their own ways that they would like to see done
 8 mainly on crimps, and they'd like to have some voice in
 9 their own. Some places they're getting a little tired of
 10 having politicians make promises and this is going to be
 11 it and then it goes. Sometimes the politicians are not
 12 welcome to, like Huron, some of the areas they'd like to
 13 do is to put channels around the town and move the flood
 14 down to the next town. Just let you go up make a promise
 15 to the next town is the way it seems. This is the
 16 appearance and I think it is quite often justly seen.
 17 What CalFed's basis would not be money, there
 18 are ways they'd like to handle this, it could be small.
 19 Like TD models of what you'd like to do in the Delta, and
 20 it has to do with putting in -- like on the levies put in
 21 Arizona bridges which have the dips and stuff just to
 22 catch the overflow, and they would like to do some work
 23 with catching the water into public lands that they
 24 have -- that are just valley basins. And they would like
 25 probably mainly just some expertise, and maybe a workshop

1 would be amendable. I hate -- don't let this go to your
 2 head but the process -- they would like perhaps to see the
 3 process that you are doing and see the crimp process and
 4 how it flows. Thank you.
 5 CHAIRMAN MADIGAN: Thank you. Nothing
 6 goes to our head around here, I guarantee you. There's no
 7 opportunity.
 8 Walter.
 9 MR. WALTER: I just might answer
 10 Mr. Fox's questions or comments. We have a study ongoing
 11 of the White River Poso Creek stream group, and that's in
 12 its very early stages. The big issue here is the flooding
 13 of the little town of Earlimart which is along 99 and, of
 14 course, that's a community of about 5,000 people, so we're
 15 going to try to help them and work with them.
 16 CHAIRMAN MADIGAN: Water commission also
 17 looked at it about three months ago.
 18 MR. WALTER: Again, we're working with
 19 that group, so I'll be glad to get any work that we can.
 20 CHAIRMAN MADIGAN: Thanks, Walter.
 21 Thank you very much. Howard, Stu, thank you very much for
 22 your assistance for putting this affair on, and thank all
 23 of your friends who hosted everything yesterday and last
 24 night and brought us one of the worlds great collection of
 25 carrots today. I assume the invitation stands to have a

1
 2 STATE OF CALIFORNIA) ss.
 3 COUNTY OF MADERA)
 4
 5 I, TERESA MACIEL, Certified Shorthand
 6 Reporter, do hereby certify that the foregoing pages
 7 comprise a true, full, and correct transcript of my
 8 shorthand notes and the proceedings had upon the hearing
 9 of the above-entitled matter.

13 TERESA MACIEL, C.S.R. No. 10134

1 few on the way out. We are out of here.
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