

Draft
BAY-DELTA ADVISORY COUNCIL
MEETING SUMMARY

July 9, 1998

Town and Country Hotel & Convention Center, San Diego

Major Outcomes

- Draft Finance Plan - Chair Mike Madigan asked that a finance small group discuss the issue of equity as it pertains to determining benefits of the CALFED Program and allocating costs to beneficiaries. Chief Deputy Director Steve Ritchie committed to developing cost estimates for a bundle of specific actions, such as the South Delta and Lower San Joaquin River Bundle.
- Governance - BDAC generally concurred that formation of a Delta Drinking Water Council, as a new BDAC working subcommittee, was needed to assist the Program in achieving the Water Quality Program goals and objectives.
- Restoration Coordination - BDAC unanimously approved the 1999 Restoration Coordination Funding package. The majority of the members asked that future project selection processes occur in more public forums, and that BDAC be more involved in the priorities and project selection process.

Welcome and Chair's Report (Chair Mike Madigan)

Chair Mike Madigan opened the meeting at 8:50 am. Introduction of BDAC members, the federal representative and guests were made. The meeting schedule for the rest of 1999 was announced: September 16-17 in Red Bluff, October 28 and December 15 in Sacramento. The Chair thanked the organizers of the local tour and reception, which were held on July 8. Howard Ball (San Diego Water Authority) thanked Mark Stadler (San Diego County Water Authority) for coordinating the tour, reception and the upcoming panel. He provided highlights of the tour and reminded BDAC that Southern California has a need for water supply reliability and good water quality.

Draft Finance Plan and Update (Kate Hansel)

Kate Hansel (CALFED Program Staff) provided an overview of the packet materials and draft Finance Plan. She asked BDAC two questions: Is a broad-based Bay-Delta system diversion fee an appropriate funding source for the CALFED Program? When is it in the public interest to use public funding for CALFED programs and actions.

Discussion

- In regards to the first question, BDAC member Byron Buck stated that benefits, such as protections from Endangered Species laws, need to be tangible to garner his support. BDAC

members Stuart Pyle and Howard Frick stated that the fee should be broad based and apply to all diverters. BDAC members Richard Izmirian and Roberta Borgonovo supported such a fee and Ms. Borgonovo pointed out that using the fee to pay for ecosystem restoration would provide water supply reliability and water quality benefits. Vice Chair Sunne McPeak suggested several principles for determining whether a fee should be imposed: clear identification of the fee's purpose, that the fee be applied to upstream, in-Delta and export users, and that it be easy to administer. BDAC member Hap Dunning and Vice Chair McPeak discussed that the fee should be carefully structured to avoid a constitutional challenge. BDAC member Robert Meacher suggested that the fee could resemble the fees on telephone bills and that it be broad based. BDAC member Eric Hasseltine stated that such a fee was probably the most practicable way to pay for ecosystem restoration and that before a fee could be imposed, that allocating costs to the public and private sectors needed to be done. BDAC member Mike Stearns suggested that benefits and cost sharing formulas could be more easily identified if small bundles of projects were analyzed. BDAC member Bob Raab suggested that residents in Marin County and other areas, that do not impact the Delta, should be exempt from a diverter fee.

- With regards to the second question, Vice Chair McPeak and Mr. Buck pointed out that public funding for a) very expensive projects that have specific benefits, such as water recycling, b) projects with broad public benefits, c) those that promote new technologies and d) those that address a risk that would not be addressed if public monies were not used would be appropriate, as those projects would reduce future demands for water.

Ms. Borgonovo, Mr. Izimirian and BDAC members Francis Spivy-Weber and Tom Graff questioned whether water reclamation in southern California reduces exports from the Delta. They proposed that public monies be used when there is a direct benefit to the Delta ecosystem. Chair Madigan and BDAC member Steve Hall countered that savings in the Metropolitan Water District boundaries benefit the San Joaquin valley by rebuilding groundwater basins and setting aside spring flows, and that those benefits are in the public interest. Mr. Buck explained that the Delta benefits from water conservation in Southern California only in wet years because much of the water is transferred to the San Joaquin valley to meet that area's water demand. He stated that conservation in dry years would result in environmental benefits if new storage is built. BDAC member Steve Zapoticzny stated that the benefits need to be looked at on a statewide basis and should not be picked apart. BDAC member Don Bransford summed up the discussion by stating that benefits needed to be measured and defined, and accountability for impacts, along with a broad definition of public interest/benefit, is needed.

Recommendation

Chair Mike Madigan asked that a Finance Small Group discuss the issue of equity.

CALFED Bay-Delta Program Action

Chief Deputy Director Steve Ritchie committed to developing cost estimates for a bundle of specific actions, such as the South Delta and Lower San Joaquin River Bundle.

Public Comment

Greg Zlotnick (Santa Clara Valley Water District) pointed out that due to the multiple sources of water that supply his district, his district may bear a disproportionate share of a Delta diverter fee. He supported the view that conservation and recycling benefits include reductions in future demand.

Dennis O'Connor (California Research Bureau) explained the purpose of mitigation fees, different mechanisms for paying a diversion fee, for applying finance concepts to specific projects, and defining a public benefit.

Mr. Graff asked that BDAC engage in future discussion on financing new storage projects. He distributed a letter from Taxpayers for Common Sense.

Governance - Review Workshop Outcomes and Form Delta Drinking Water Council

Mr. Dunning updated BDAC on progress made by the Governance Work Group. BDAC member EZE Burts noted that the schedule for developing a long-term governance strategy is ambitious. Kate Hansel reviewed the schedule and introduced Joseph Bodovitz (California Environmental Trust).

Mr. Bodovitz explained that the Trust sponsored a workshop on Ecosystem Restoration governance issues on June 16 in Sacramento. He summarized major outcomes from the workshop (the workshop summary and background material are available at the CALFED offices).

Discussion

- Ms. Borgonovo and BDAC Member Mike Schaver pointed out that a broad spectrum of community based organizations need to be involved in the CALFED process. Mr. Schaver emphasized that tribal entities should be involved in revising the CALFED framework agreement.
- Mr. Hall and Mr. Bodovitz discussed that regulatory mandates, such as the Endangered Species Act and the Clean Water Act will likely remain in place as legislative charters are enacted to address CALFED governance. Mr. Dunning, Ms. Borgonovo and BDAC

Draft BDAC Meeting Summary

July 9, 1999

Page 4

members Gene Andreuccetti and Tom Decker discussed with Kate Hansel the appropriate roles of the Policy Group and BDAC in addressing issues such as development of Ecosystem Restoration Program performance measures.

Presentation

Chief Deputy Director Steve Ritchie asked BDAC for concurrence on establishing a Delta Drinking Water Council and reviewed the strawman proposal handed out at the meeting.

BDAC Concurrence

Mr. Buck and Ms. Borgonovo generally supported creation of the Council as a BDAC working subcommittee. BDAC generally concurred with the two council members.

Public Comment

Nick DiCroce (CalTrout/EWC) suggested that water supplies are adequate, that CALFED must change its assumption during the coming year, and that more water is needed for water supply reliability, water quality and ecosystem restoration.

Tim Worley (Three Valleys Municipal Water District), noted progress was made by the Southern California Water Dialog Group (made up of environmental and water district interests) on water use efficiency and water quality.

Restoration Coordination 1999 Funding Package (Mary Scoonover/Wendy Halverson Martin)

Mary Scoonover, (Deputy Attorney General) asked for BDAC members to declare conflicts of interest with any of the projects to be discussed. No BDAC members declared such interests. Wendy Halverson Martin (CALFED Program Staff) reviewed the packet materials and handed out a written recommendation from the Ecosystem Roundtable. She asked that BDAC support the Roundtable's recommendation on the package.

BDAC Recommendation

Mr. Buck moved for support of the package and Chair Madigan recognized a second to his motion. After some discussion, BDAC unanimously passed the motion. After the vote, Vice Chair McPeak took over chairing the meeting, as the Chair had to leave due to a previous engagement.

Discussion

- Mr. Meacher questioned the low levels of funding for watershed projects and those subject to the competitive bid process. Mr. Buck asked for a comprehensive review of the projects already funded. Mr. Pyle asked that details on how projects were scored be provided, and BDAC member Tib Belza noted that local public participation is needed for projects located north of Sacramento.
- Other BDAC members expressed levels of discomfort with the process. Ms. Borgonovo, Mr. Buck, Mr. Hall, Vice Chair McPeak, Mr. Bransford, Mr. Frick, Mr. Pyle and BDAC member Pat McCarty asked for a transparent process that clearly presents the selection criteria, scoring process and priorities, involving BDAC more in reviewing effectiveness of projects, and developing selection criteria and priorities. Mr. Decker cautioned that BDAC's role not overlap with that of the Policy Group and the Roundtable.

CALFED Bay-Delta Program Action

Mr. Ritchie proposed that BDAC receive an update on the Ecosystem Restoration Program, that public outreach to local communities be improved, and that the Roundtable chairs present their recommendations to BDAC.

Draft Programmatic EIS/EIR Review and Video (Steve Ritchie/Valerie Holcomb)

Mr. Ritchie announced that the draft EIS/EIR was released on June 25. He urged people who have comments on the EIS/EIR to provide them to CALFED either at the scheduled public hearings or in writing. Mr. McCarty suggested that the public hearing in Stockton be moved to another location.

Valerie Holcomb (CALFED Program Staff) introduced and BDAC viewed the new CALFED video "Striking a Balance".

Southern California Water Management Issues Panel

Gordon Hess (substituting for Maureen Stapleton, San Diego County Water Authority) explained the California 4.4 plan will frame how the state will live within the 4.4 million af allocation from the Colorado River. The three main elements to the plan are: the San Diego/Imperial Irrigation District water transfer program, quantifying the agricultural entitlement to Colorado River water and allocating it to those water districts re-operation or surplus criteria to gradually reduce California's use of water over the 4.4 maf cap. He further explained that the Authority's intent is to not increase demand on Bay-Delta water through water use efficiency and conservation. The Authority is seeking an optimal blend of State Water Project and Colorado River water for water quality purposes. In addition, the Authority is committed to the CALFED Bay-Delta solution.

Chris Burman (IDEC Pharmaceuticals Corporation) explained that IDEC is one of ten profitable pharmaceutical companies that exists to develop and manufacture cancer and autoimmune disease treatment products. The manufacturing of these products is critically dependant on consistently high quality water and requires facilities that cost in excess of \$100 million. Changes in the water quality could invalidate FDA approvals. The number of manufacturing facilities will expand and require a continued and expandable supply of high quality water to ensure the investment in the facilities. He mentioned that other states are heavily recruiting IDEC and other companies and promote the reliability of their water supplies.

Ed Kimura (Sierra Club, San Diego Chapter) explained that the manufacturing and residential sectors use about 88 percent of the water consumed in San Diego County. He pointed out that San Diego County is implementing all of the water conservation Best Management Practices agreed to in earlier years. He reported high success in the residential sector and moderately low success in the commercial sector for switching to ultra low-flush toilets. He also mentioned rebate programs to encourage purchase of horizontal axis washing machines. He stated that encouraging changes in landscaping to xeroscaping could not only conserve water but could also encourage replacing exotic plants with natives, thus improving the environment for native animal species.

Discussion

- Mr. Decker and Mr. Zapoticzny pointed out that adequate quantities of good water quality will keep manufacturing businesses from moving away from San Diego. The high cost of water and recycling will encourage industry to be efficient. Ms. Spivy-Weber stated that the community can work together to shift water use from landscaping to manufacturing.
- Ms. Borgonovo and Mr. Kimura discussed that separate meters for irrigating commercial and common areas in multi-family complexes can help lower water usage. Mr. Buck pointed out that using water landscaping is not a wasted use and that irrigation reduces salt loads. He and Mr. Pyle discussed that tiered pricing structures that charge more for irrigation can affect low-income residents and the landscaping industry. Mr. Raab suggested that any increased use of northern California water will cause re-directed impacts and that water conservation in the hotel industry should be aggressively pursued. Mr. Hess agreed. He and Vice Chair McPeak pointed out that price increases in water rates do not result in a corresponding decrease in water use, as water prices are very inelastic.

The meeting was adjourned at 4:00 pm.