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

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**ORIGINAL**

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TRANSCRIPT OF PROCEEDINGS  
Veterans Memorial Center  
203 East 14th Street  
Davis, California

Thursday, October 28, 1999, at 9:14 a.m.

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REPORTED BY: KELI RUTHERDALE, CSR No. 10084  
SUSAN PORTALE, CSR No. 4095

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PORTALE & ASSOCIATES DEPOSITION REPORTERS

211 East Weber Avenue  
Stockton, California 95202

(209) 462-3377

1 COUNCIL MEMBERS PRESENT:

2 SUNNE McPEAK, Vice Chair, Bay Area Council

3 STEVE RITCHIE, Executive Director

4 ERIC HASSELTINE, Contra Costa Council

5 ALF BRANDT, Department of Interior

6 STEVE MACAULAY, Chief Deputy Director,

7 Department of Water Resources

8 GENE ANDREUCETTI, California Waterfowl

9 Association

10 ROBERTA BORGONOVO, League of Women Voters

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

12 ALEX HILDEBRAND, South Delta Water Agency

13 MIKE STEARNS, San Luis Delta Mendota Water  
14 Authority

15 DON BRANSFORD, Glenn-Colusa Irrigation  
16 District

17 PAT McCARTY, Delta Protection Commission

18 HARRISON (HAP) DUNNING, The Bay Institute

19 TOM DECKER, California Chamber of Commerce

20 BOB RAAB, Save San Francisco Bay Association

21 RICHARD IZMIRIAN, California Sportfishing  
22 Protection Alliance

23 FRANCES SPIVY-WEBER, Mono Lake Committee

24 EZE BURTS, Los Angeles Area Chamber of

25 Commerce

1 COUNCIL MEMBERS PRESENT: (continued)

2 MARCIA SABLAN, City of Firebaugh

3 ROSEMARY KAMEI, Santa Clara Valley Water  
4 District

5 JUDITH REDMOND, Community Alliance with Family  
6 Farmers

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1 (All parties present, the following proceedings were had at  
2 9:14 a.m.)

3  
4 VICE CHAIR McPEAK: Good morning, ladies and  
5 gentlemen, and welcome to the Bay-Delta Advisory Council  
6 meeting for Thursday, October 28th, 1999. We want to  
7 welcome you to -- not only to this meeting but also to  
8 Davis, and to congratulate you on finding your way here, and  
9 if you had to drive, finding parking.

10 And to just report to you the kind of effort  
11 that your staff -- CALFED staff went to, at times, just  
12 trying to locate a meeting place for today. And as to share  
13 that as a sort of sign of the strength of the economy,  
14 Eugenia tells me they checked more than thirty locations in  
15 Sacramento and nothing was available. I know from some  
16 personal experience that that's true in the Bay Area as  
17 well. And so it's an amazing sign of the times that it's  
18 difficult to even find meeting space.

19 As you just heard, I think my microphone was  
20 turned on. That's a reminder for me to remind all of you  
21 that we really need to speak into the microphones today in  
22 order to give the sound professionals the ability to turn it  
23 up and us to be heard.

24 Can all of you in the back of the room hear?  
25 You can. We'll try to speak up, and if we should start

1 fading, give me a signal, and we'll try to get on top of it.

2           Secondly, in order to assist our reporter, our  
3 stenographer, again today, if you can state your name as you  
4 speak. I will try to also call on you by full name, but if  
5 I miss that, please also state your name.

6           Okay. The first thing we want to begin with  
7 is telling you that we're going to be searching for a new  
8 date in December to meet. You probably currently have  
9 December 15th on your calendar. It's like a pilgrimage  
10 every year: On December 15th we all come to Sacramento to  
11 celebrate the original signing of the Bay-Delta Accord and  
12 hope that we've made progress in the preceding twelve  
13 months, so we had set the 15th.

14           This time there's two challenges to that day.  
15 The first is the policy committee is going to be meeting at  
16 that time and needs a full day, so we need to move off of  
17 it. And probably just as important to all of us is that  
18 Chairman Madigan, who apologizes for not being able to be  
19 here today, wants to arrange to coordinate that meeting with  
20 Lester Snow's schedule so we can also thank him and have  
21 somewhat of a celebration.

22           So Eugenia and Steve will be trying to check  
23 calendars with Mike, with Lester, step around the policy  
24 committee and let us all know. And hopefully there will be  
25 someplace in Sacramento or near Sacramento for that meeting

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1 that is available on a day.  
 2 Next we have had sent to the Bay-Delta  
 3 Advisory Council, sort of en masse, an invitation from San  
 4 Francisco Baykeeper who are doing their celebration honoring  
 5 Dr. Andy Cohen on next Thursday, November 4th, and so just  
 6 because the invitation came here and as a matter of public  
 7 record it will be circulated so you all see it.  
 8 And the next thing I'd like to ask is that in  
 9 your packet -- don't you think the staff did a great job of  
 10 coordinating for Halloween the colors? You have a pumpkin  
 11 packet. I like all of those little touches. You need to  
 12 fill out whether or not you are vegetarian or turkey. I  
 13 guess it's whether or not you want a vegetarian or turkey  
 14 sandwich, not whether you are a vegetarian or a turkey.  
 15 Fill that out, and that will be picked up, right, Eugenia,  
 16 for today's order?  
 17 MS. LAYCHAK: Yes, as soon as possible.  
 18 VICE CHAIR McPEAK: I think it's a privilege  
 19 and pleasure that I have the opportunity to introduce to you  
 20 as our acting executive director the individual who's been  
 21 the deputy executive director, and that's Steve Ritchie, so  
 22 welcome Steve.  
 23 MR. RITCHIE: Thank you, boss.  
 24 VICE CHAIR McPEAK: I like that. Bosses to  
 25 all of the BDAC members. We also have as our state

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1 representative today Steve Macaulay, who is DWR deputy  
 2 director. Steve's also a resident of Davis, and can tell  
 3 you what the various parking rules and curb colors mean. I  
 4 had to go move my car so --  
 5 We also -- and we have from the federal  
 6 government the Department of Interior solicitor Alf Brandt,  
 7 so we have our two federal and state liaisons and  
 8 representatives to keep us on track.  
 9 We want to announce that the Bay-Delta Water  
 10 Council will have their first -- the Delta Drinking Water  
 11 Council will have their first meeting on November 3rd, next  
 12 Wednesday, and the membership includes Steve Zapotichny and  
 13 Frances Spivy-Weber, so there's a total of sixteen members  
 14 on the Delta Drinking Water Council representing urban and  
 15 agricultural water districts, state and federal agencies,  
 16 environmental groups, local government, southern, coastal,  
 17 and central California, so it's a fairly diverse group in  
 18 stakeholder perspective and geography, although sixteen  
 19 individuals --  
 20 Fran, do you have any further comment you  
 21 would like to make as a representative of BDAC to the Delta  
 22 Drinking Water Council?  
 23 MS. SPIVY-WEBER: No comments, except that if  
 24 you have issues that you particularly want me to flag for  
 25 you, let me know. And if you have statements that you want

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1 made and you are not able to be there, again, let me know.  
 2 VICE CHAIR McPEAK: Great. We have some, I  
 3 guess, invited input or specific direction from the policy  
 4 group, depending on how you wish to view it, in which they  
 5 are reminding us that given the schedule, looking ahead to a  
 6 record of decision and when there will be a published and  
 7 released EIS/EIR, that it would be appreciated and timely if  
 8 BDAC provided comment as a group to the policy group on the  
 9 preferred alternative before March of next year. Certainly  
 10 before March 7th of next year.  
 11 And so I'm sharing that with you just to have  
 12 it in your mind as to the fact that we are going to try to  
 13 coalesce a position from the council here on the preferred  
 14 alternative on the solutions.  
 15 So for five plus years there will have been  
 16 effort here, most of which has been an exchange of ideas and  
 17 informal recommendations reflecting a consensus that has  
 18 floated up to the policy group, but I think this is a good  
 19 signal and is also an important request that they are asking  
 20 us to try to reach a position from BDAC.  
 21 They are expecting to have a production  
 22 deadline or timetable next year on the EIS/EIR around April  
 23 7th, so they need to have the input at least a month in  
 24 advance in order to meet record of decision goal of June.  
 25 In December when we get the meeting date set,

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1 the focus is going to be on long-term governance and on the  
 2 framework progress report. And then we do want to meet  
 3 Thursday, February 3rd, 2000, in Sacramento, so I want to  
 4 share that date with you.  
 5 We would expect that to be the next one after  
 6 the December meeting; right? That's the first one in the  
 7 year 2000. The first one of year 2000, the new century, new  
 8 millennium, however you count it. Some people strictly say  
 9 it's 2001 is the beginning of the new century, but the  
 10 convention is February 3rd.  
 11 The December date is in flux. It is going to  
 12 have to be set around the policy group and Lester's  
 13 schedule. It was for the 15th, and it's not going to be on  
 14 the 15th at this point. I think we can safely say it will  
 15 not be on the 15th, but that's what you probably have on  
 16 your calendar.  
 17 And then again we are targeting April 6th and  
 18 7th, Thursday/Friday, for the next meeting of BDAC. So  
 19 February 3rd, April 6th and 7th, and then June 1st. The  
 20 April meeting would be getting ready for the record of  
 21 decision. February 3rd would be when we would, therefore,  
 22 be asking for comment from BDAC, and if we need to schedule  
 23 another meeting, then there's time between February 3rd and  
 24 the beginning of March. The April 6th/7th would be focussed  
 25 on getting ready for the record decision, and then June 1st

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1 would be the final meeting before record of decision.  
 2           So right now we have staff proposing three  
 3 meetings in 2000: February 3rd, April 6th and 7th, June  
 4 1st, and if we have to we'll add another one. Yes?  
 5           MR. HILDEBRAND: -- and the need to provide  
 6 information to the policy committee. On September 21st I  
 7 wrote a letter to you and Mike and Lester, which apparently,  
 8 for some reason, didn't get delivered, but I called  
 9 attention to the fact that it's my belief that no member of  
 10 the BDAC could tell you exactly what the true Delta plan is,  
 11 how the flows would be, why they are that way, why we don't  
 12 do something different, how they relate to bromine problems,  
 13 drinking water problem, and Delta problems.  
 14           And it seemed to me that we need to have an  
 15 in-depth discussion in the BDAC, a presentation and  
 16 discussion to review that. It's a key part of the plan is  
 17 the through Delta plan.  
 18           And I don't think we can intelligently advise  
 19 the policy committee as to whether we are ready to endorse  
 20 the plan until we know what it is. So it seems to me we not  
 21 only need to have that on the agenda at one of the next two  
 22 meetings, but it needs to be a big part of the agenda, and  
 23 if so, we better plan for it now.  
 24           VICE CHAIR McPEAK: So excuse me, Alex, what  
 25 I'm discerning from your comment is that you are proposing

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1 that the next agenda include a more extensive discussion of  
 2 what is exactly now in the preferred alternative for the  
 3 through Delta, what's the approach, and what's as much of  
 4 the specifics as is now set forth.  
 5           MR. HILDEBRAND: What is the plan, how is it  
 6 derived, answers to questions people have as to why it isn't  
 7 this way or that way, and it's the success of the plan  
 8 depends a lot on the success of the through Delta and yet we  
 9 have not had any in-depth discussion of that for a long,  
 10 long time. It certainly has been altered since we discussed  
 11 it, so I think it needs some real thorough rigorous  
 12 discussion.  
 13           VICE CHAIR McPEAK: It might be appropriate  
 14 because when I reference the frame of progress report, it's  
 15 that framework is around the integrated storage  
 16 investigation and the environmental water account, and  
 17 that's also a fairly meaty part of the ultimate decision and  
 18 how the interplay is.  
 19           MR. HILDEBRAND: It's important.  
 20           VICE CHAIR McPEAK: Steve, would there be a  
 21 problem scheduling that item on the agenda?  
 22           MR. RITCHIE: No. In fact, I think that's  
 23 appropriate because what we're looking for, as you described  
 24 earlier, is the recommendation relative to the preferred  
 25 alternative under CEQA and NEPA. As Alex mentioned, that's

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1 really at the heart of it.  
 2           The record of decision subsequent will reflect  
 3 that, also have some side documents as well, but right at  
 4 the heart of the preferred alternative is that, so I think  
 5 that's actually a good suggestion.  
 6           VICE CHAIR McPEAK: Okay.  
 7           MR. HILDEBRAND: Thank you.  
 8           VICE CHAIR McPEAK: Very good. So whenever we  
 9 get that December meeting date set, then we will add that  
 10 also to the agenda, along with the long-term governance and  
 11 the integrated storage investigation and environmental water  
 12 account progress report.  
 13           I have a couple other things to share with  
 14 you. It's the intent of CALFED to have one to two  
 15 additional environmental justice representatives appointed  
 16 to BDAC, hopefully by the December meeting; one from urban  
 17 and one from rural, so that's the intent.  
 18           We have scheduled for the policy group meeting  
 19 on November 17th the following yeses. Let me see if I am  
 20 reading this right, Eugenia: Mike Madigan and Roger Fontes  
 21 and Pat McCarty and Mike Schaffer. We had at the meeting on  
 22 the 17th Byron Buck, Stu Pyle, Bob Raab, and Brenda  
 23 Southwick.  
 24           Did I say October 15th? Sorry. October 5th,  
 25 that's right.

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1           And we are waiting to hear from if governance  
 2 is on the agenda, then, of course, Hap, we would like to  
 3 have you at the November 17th meeting, and if -- what is  
 4 Water Management Strategy, WMS, I'll get these initials  
 5 right, Alex, then, if that's on the agenda, we'd like you to  
 6 attend.  
 7           So that's where we're at right now. If Mike  
 8 and I cannot, then we start backfilling too to get six  
 9 people at the table, so we're working at that.  
 10           (Speaker inaudible.)  
 11           VICE CHAIR McPEAK: If Eze wants to go, Eze  
 12 gets to go. Your compadre wants you to go, Eze. Mr. Burts  
 13 will be there on November 17th too. Very good.  
 14           So if governance is on the agenda, yeah. It's  
 15 likely it will be. I think you guys should hold the date.  
 16           MS. LAYCHAK: I got confirmation from Mary  
 17 Selkirk that it will be on the agenda. What type of  
 18 decision it will be is unclear at this point.  
 19           VICE CHAIR McPEAK: We are going to have a  
 20 report on the October 5th policy group meeting from Byron,  
 21 but he won't be here until 11:00, so we'll come back and  
 22 insert that in the agenda.  
 23           I think I've gone through preliminary  
 24 announcements now and are ready to go back on schedule, just  
 25 about, for the meeting, if I understand this correctly, and

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1 therefore, we're going to turn to our interim executive  
 2 director, Mr. Ritchie.  
 3 MR. RITCHIE: Thanks. In the packet there is  
 4 an executive director's report, which I won't go through in  
 5 any detail, but we can answer questions about it.  
 6 A couple of things I would like to highlight.  
 7 First of all, on year 2000 operations, it's interesting to  
 8 note the way we wrote it was CALFED FY2000 operations, so  
 9 maybe we've finally passed through the barrier of there  
 10 being a lot of different agencies out there separately into  
 11 more of a group.  
 12 But in any event, water operation for year  
 13 2000 is the subject of fairly intense discussion among the  
 14 different agencies involved, the water operators and fishery  
 15 agencies. One of the things we've been working pretty hard  
 16 at is trying to avoid some of the problems that were  
 17 encountered this last year.  
 18 Also the agencies are working and coming to  
 19 grips with implementation of the proposal for B2 that is in  
 20 play at this point in time from the federal government, so  
 21 those discussions are going on, and I think there will be  
 22 some public discussions and workshops coming up in the near  
 23 future on that.  
 24 Secondly, I just wanted to note for anybody  
 25 who missed it the Trinity River EIS/EIR was released last

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1 week, and I don't know if Alf would like to make any  
 2 comments about that, but it was out for about a forty-five  
 3 day comment period, so if you are interested in that and for  
 4 some reason have not seen it, in fact, you might want to  
 5 contact Alf to make sure you can get a copy of that.  
 6 And lastly just to note last week in  
 7 Washington, D.C. on October 20th there was a meeting with  
 8 Secretary Nichols, Secretary Babbitt, and Senator Feinstein  
 9 in Washington and a number of stakeholders to talk about  
 10 various issues. One of those high on the list was federal  
 11 funding, and the Senator expressing an interest in carrying  
 12 some legislation on that, but with the constant refrain of  
 13 if the stakeholder communities can come together on a  
 14 consensus position that she would be willing to do that.  
 15 There was also discussion of water management  
 16 overall and CALFED activities relative to that, which I  
 17 think was a good discussion and highlighted some of the  
 18 problems we need to deal with.  
 19 And also on the topic of governance, just as  
 20 an aside, there was a suggestion put forward and the  
 21 possibility that in any legislation, looking at an  
 22 authorization extension for Bay-Delta funds or something  
 23 like that, that the governance issue might be introduced as  
 24 part of that for further debate on that front, knowing that  
 25 on the state front and the federal front legislation is

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1 likely to be alternately necessary of some kind.  
 2 Those are some brief highlights. I guess the  
 3 other one I would note is we did have a going away for  
 4 Lester last Friday, and we didn't bring it today, but  
 5 there's an overhead where they put Clinton's hair on top of  
 6 him, and once you get rid of the mustache, he looks  
 7 amazingly like the president. But there's nothing else to  
 8 highlight off your report.  
 9 VICE CHAIR McPEAK: I just have to question  
 10 that last report.  
 11 Are there any questions to Steve from his  
 12 report? Okay.  
 13 Steve, we are going to take up the CALFED  
 14 FY2000 priorities next, okay. Thank you, then. Let's go to  
 15 the priorities presentation. We're really ahead of  
 16 schedule.  
 17 MR. RITCHIE: This is a fairly amazing room  
 18 because we have this high ceiling here and low ceiling  
 19 there, it seems awkward.  
 20 We've got an item this time on the agenda  
 21 relative to CALFED federal fiscal year 2000 priorities, and  
 22 part of the reason we have that this year is that, in fact,  
 23 on the federal appropriation front this time around there  
 24 was not just ecosystem restoration money for early  
 25 implementation but also money for other areas of the CALFED

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1 program. The appropriations for a total of sixty million  
 2 dollars, of which thirty million dollars was for ecosystem  
 3 restoration activities and thirty million dollars for other  
 4 CALFED program areas.  
 5 So CALFED, for the first time, is confronted  
 6 with the need to determine and make a recommendation to the  
 7 Secretary of Interior, who makes the ultimate decision, on  
 8 how to spend the money, ecosystem money as well.  
 9 So in grappling with this, we've done some  
 10 work on developing CALFED's federal fiscal year 2000  
 11 priorities overall. I'd like to go through those fairly  
 12 briefly.  
 13 We presented these to the policy group at  
 14 their October 5th meeting in a preliminary matter. We're  
 15 here for discussion with you today, then we'll be bringing  
 16 these to the policy group on November 17th for their  
 17 concurrence.  
 18 Within those priorities, I guess there's a few  
 19 of them. First is actually completion of the programmatic  
 20 EIS/EIR, that's number one. We can do all kinds of early  
 21 implementation activities, but actually getting to a record  
 22 of decision is critical from the point of view of the CALFED  
 23 agencies, so that's really number one on the list.  
 24 The second item on the list is what we're  
 25 calling 2000 operations plan contingencies. As I mentioned

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1 in the executive director's report, we had problems in  
 2 operations this year and need to deal with those, so we're  
 3 working very closely on trying to make sure the year 2000  
 4 operations plan will be successful. And as part of this we  
 5 think we need to make sure that we billed in for some  
 6 contingencies, such as: If the Delta smelt hang around the  
 7 pumps an extended period of time this year, what are we  
 8 going to do? So that's a second priority here.

9 The third is really early implementation, of  
 10 which ecosystem restoration has been part of the program for  
 11 several years now. So we're looking at continuity in the  
 12 ecosystem restoration program continuing on this year. And,  
 13 in fact, there's thirty million dollars, as I said, in the  
 14 federal appropriations set aside for that.

15 The second point relative to early  
 16 implementation as a priority for CALFED is in the Delta  
 17 itself. That's the area of primary conflict, so looking at  
 18 making the program go forward overall, we believe we need to  
 19 have a significant focus in the Delta itself.

20 The third area for early implementation is in  
 21 the whole sweep of water management actions, what we've  
 22 tried to talk about as the water management strategy of  
 23 making all the different water management actions work  
 24 together. That includes conservation, recycling, transfers,  
 25 storage, both groundwater and surface storage, water quality

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1 improvements. Those things all have to be working to make  
 2 the system work.

3 What we're working on the water management  
 4 strategy is to how to lay those out over longer period of  
 5 time. What we see is we need to start moving some things  
 6 forward there in what we're calling early implementation.

7 Lastly I think CALFED believes we need to have  
 8 some kind of progress starting in all areas. Implementation  
 9 is going to be a big deal after the record of decision, so  
 10 we need to start setting things up so that implementation  
 11 can take place overall.

12 So that really is sort of the quick summary  
 13 of, on a conceptual level, what we believe the CALFED  
 14 priorities need to be for federal fiscal year 2000.

15 Hap?

16 MR. DUNNING: Steve, I'm surprised that early  
 17 implementation of long-term governance structure is not on  
 18 the list. Seems to me that ought to be a priority in 2000  
 19 to get going on some significant progress on that.

20 MR. RITCHIE: Actually that's one I agree with  
 21 you. We've been thinking of these in terms of ones that we  
 22 have to spend money on to make them happen, and that one,  
 23 I'm not sure, takes a lot of money to make it happen.

24 MR. DUNNING: It's not the money it's the  
 25 focus, it's the attention, I think, that's needed.

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1 MR. RITCHIE: Based on the fact that we're  
 2 here, we have a proposal going forward. Maybe I'm negligent  
 3 for not having it here. There's no question that moving  
 4 that forward is a very high CALFED priority.

5 I've made probably the misstep here of  
 6 emphasizing those things to which money is related, but  
 7 there's no question in my mind, I agree with you completely,  
 8 that governance is a high priority for us.

9 VICE CHAIR McPEAK: So you'd like to see a  
 10 fifth bullet under the early implementation would be initial  
 11 implementation of long-term governance?

12 MR. DUNNING: Yes.

13 VICE CHAIR McPEAK: It's better to have five  
 14 bullets than four anyway. It's a number that resonates with  
 15 nature.

16 MR. RITCHIE: That is the kind of feedback  
 17 we're looking for. This is what we need to take forward to  
 18 the policy group at this point.

19 Any other thoughts on the overall list of  
 20 priorities?

21 VICE CHAIR McPEAK: Any other comments to  
 22 Steve? Good. Then the next -- you will add that for the  
 23 overhead?

24 MR. RITCHIE: Yes, we will do that.

25 As far as what this means, then, for the

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1 CALFED implementation, the next item on the agenda relates  
 2 to restoration coordination and early implementation of the  
 3 ecosystem restoration program, so what I will deal with is,  
 4 in effect, the thirty million dollars of nonecosystem  
 5 restoration money.

6 What you have in your agenda package is a  
 7 table that I presented at the October 5th policy group  
 8 meeting, and what I'll do now is show an overhead with some  
 9 refinement of that for what I would call the below-the-line  
 10 numbers. The above-the-line numbers on that table are  
 11 ecosystem restoration numbers, and Wendy Halverson-Martin  
 12 will talk about those. I'm going to talk about just the  
 13 program areas that are nonecosystem restoration.

14 And basically we've broken those into three  
 15 overall categories, what we call Delta improvements, water  
 16 management, and CALFED management. And CALFED management  
 17 is, in effect, what contributes substantially to CALFED's  
 18 operating budget within the program.

19 First on Delta improvements -- I should say  
 20 also there's two options here. And these options came  
 21 forward as option one, which is primary by CALFED staff to  
 22 try to meet the early implementation goals I was talking  
 23 about of progress in different areas and focussing on the  
 24 Delta.

25 Option two was developed from a slightly

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1 different point of view that emphasis goes to the water  
 2 management area and basically says we should try to look for  
 3 other funds to do some of the other things.

4           Let me go through option one, which basically  
 5 of the thirty million would set aside approximately eleven  
 6 million for Delta improvements. And those Delta  
 7 improvements fall in the category of things in the south  
 8 Delta and things in the north Delta. I've included Suisun  
 9 Marsh for conversational purposes in the north Delta.

10           On the south Delta front, the first thing  
 11 there, the one thing the policy group has already given very  
 12 clear direction on is that six million dollars does need to  
 13 be set aside for the Bureau of Reclamation for work on the  
 14 Tracy fish facility. This is design work for a new five  
 15 hundred cfs fish screen and fish handling facility there.  
 16 That actually exists in both options.

17           Secondly is money for water quality  
 18 improvements, water quality planning and pilot projects,  
 19 starting work on improving source water quality in the Delta  
 20 through things that are investigations or actions moving  
 21 towards source control of pollutants in the Delta, primarily  
 22 related to drinking water quality, but they are  
 23 interplayable between drinking water quality and  
 24 environmental quality.

25           And secondly -- thirdly is what we called

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1 environmental documentation, and this is to do the set of  
 2 improvements we're talking about in the south Delta, we need  
 3 to move money forward into starting the NEPA/CEQA work on a  
 4 project-level basis to do a set of south Delta improvements  
 5 as a package. So this is particularly for the facility side  
 6 of improvements in the south Delta money to begin, again,  
 7 the environmental documentation work.

8           Within the north Delta we're proposing  
 9 starting with the development of a regional north Delta  
 10 plan. This resolves around ecosystem restoration and flood  
 11 control improvements working together with the primary focus  
 12 in the area around the McCormack/Williamson Tract, which is  
 13 a parcel along the Mokelumne River, that has just been  
 14 purchased, and we need to work through how that will fit  
 15 into a combination ecosystem restoration and flood control  
 16 plan for the area.

17           Again we need to start environmental  
 18 documentation for whatever actions that we want to make  
 19 happen there in that area.

20           There also would be money here for commencing  
 21 an overall risk assessment for Delta levees, as well as a  
 22 Suisun Marsh levee improvement plan. As you know, we laid  
 23 out into the program that modifications of the Suisun Marsh  
 24 levees need to be part of the program, so we need to do some  
 25 work there. That whole category will take about two million

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1 dollars of money to move that forward, so that's about  
 2 eleven million dollars that would go into the Delta as  
 3 starting to move these things along.

4           Option two, that would just focus it down to  
 5 the six million for the Tracy fish facility, and we'd say,  
 6 you know, we need to find other sources of funds to make  
 7 these other things move along. Those aren't readily  
 8 apparent at this time. It's just a matter of where can  
 9 CALFED spend its money most effectively.

10           In the lower category is water management, and  
 11 the first version has about fourteen million dollars for  
 12 that and about nineteen million dollars under option two,  
 13 the balance of the money.

14           And we've basically set aside under either  
 15 one, not knowing for sure yet at this point, but knowing  
 16 that we need to have, in effect, a pot of money available to  
 17 take some water management actions if we have some issues to  
 18 deal with in 2000 operations.

19           This money, based on the budget language, is  
 20 not for water purchases but could be for physical  
 21 improvements relative to ground water management or  
 22 conveyance that might help.

23           Additionally, where this question mark is, and  
 24 I've kind of lumped in my brain with the ten million  
 25 dollars, are outcomes of the water management development

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1 team. That's the group that Steve Macaulay will talk about  
 2 later that talks about what water management actions can we  
 3 get started in stage one and do we need to start putting  
 4 some money now into some of those projects to make them come  
 5 to fruition.

6           That money, we would know for sure if we need  
 7 money for those kinds of things probably in December of this  
 8 year as it becomes clearer which of those water management  
 9 actions could start.

10           We also have money here for  
 11 conservation/recycling plan and pilot projects. There's not  
 12 enough money here to do large-scale recycling projects, for  
 13 example, but I think there may be some opportunities to do  
 14 some focused work that will help make conservation and  
 15 recycling a success.

16           The same is true in the groundwater area. We  
 17 think that groundwater has a lot of promise and money should  
 18 be put there relative to pilot projects. If the water bond  
 19 passes in March, there's a substantial amount of money that  
 20 can go into full scale projects for ground water, but we  
 21 think moving some money sooner rather than later to help  
 22 reach the -- for that would be useful.

23           And lastly there could be money here for the  
 24 integrated storage investigation. In particular, this  
 25 version has substantially more money there to help go into

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1 specific work relative to Shasta and Friant at this point in  
 2 terms of forwarding those investigations as part of that  
 3 overall package.  
 4 We had the initial conceptual level of  
 5 priorities. You vote with your pocketbook, and so these are  
 6 the kinds of things that we think CALFED should look at as  
 7 the priorities to move the overall program forward on.  
 8 Again, this doesn't include the ecosystem restoration side  
 9 of the house, which we'll deal with next, but we think these  
 10 things are the things that are necessary to make the Delta  
 11 part of the program move forward.  
 12 In fact, that was Alex's question earlier,  
 13 what is through Delta? Well, this is the starting point of  
 14 funding the through Delta alternative. And again, starting  
 15 to make all the different water management tools move  
 16 forward as a package.  
 17 So this is basically two options on how we see  
 18 moving forward in this. We are not looking, necessarily,  
 19 for project level agreement here, but do we have the right  
 20 priorities here in order of preferences between option one  
 21 and option two in terms of use of the Bay-Delta  
 22 appropriation for CALFED on the federal side.  
 23 So I invite comment, and I can answer any  
 24 questions about it.  
 25 VICE CHAIR McPEAK: Alex Hildebrand.

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1 MR. HILDEBRAND: There's a sheet in the packet  
 2 with a similar title that seems to have a little different  
 3 numbers on it than what you have up there, and it includes a  
 4 million dollars for environmental water acquisition, which I  
 5 don't see on the display you have there on the screen.  
 6 I think there's a big problem on the  
 7 environmental water acquisition. To date, at least, those  
 8 acquisitions have been made almost entirely on the basis of  
 9 FONSI's written by people who have an enormous conflict of  
 10 interest.  
 11 I think that there should be a policy of  
 12 CALFED not to implement things on the basis of FONSI's  
 13 written by people or under the influence of people who have  
 14 big conflicts of interest. So the problem doesn't derive  
 15 solely on this particular item. I bring up the general  
 16 problem there.  
 17 MR. RITCHIE: Just one comment relative to the  
 18 numbers: The environmental water acquisition is within the  
 19 ecosystem restoration monies, so they'll be talked about  
 20 next. So relative to the chart that's in the packet, this  
 21 is the lower half of that chart with some tweaking of the  
 22 numbers in a little more detail on it, but the environmental  
 23 water acquisition is part of the ecosystem restoration  
 24 package which Wendy will talk about next.  
 25 MR. HILDEBRAND: Okay. Then I'll bring it up

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1 again.  
 2 VICE CHAIR McPEAK: I've got Hap, Richard, and  
 3 Roberta, and Fran.  
 4 Hap Dunning.  
 5 MR. DUNNING: Steve, with regard to option one  
 6 on the south Delta improvements, I didn't catch exactly what  
 7 the million dollars on environmental documentation will be  
 8 for.  
 9 Could you detail that a bit?  
 10 MR. RITCHIE: Yeah. The million dollars  
 11 identified here, and you will also note that there are no  
 12 decimal points on this chart. That, you know, this is rough  
 13 rounding to get us started off.  
 14 But the environmental documentation here would  
 15 be money to help start the work for environmental  
 16 documentation for this set of south Delta improvements. It  
 17 does not include money to start the initial project working  
 18 environmental documentation for the ecosystem restoration  
 19 portion of the south Delta improvements, which is looked at  
 20 from the ecosystem restoration money.  
 21 VICE CHAIR McPEAK: Richard Izmirian.  
 22 MR. IZMIRIAN: I think the ten million dollars  
 23 there or some fund for operations contingencies is  
 24 appropriate, but since CALFED strictly adheres to the  
 25 beneficiary pays principle, will the recipients of any water

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1 brought forward by this be reimbursing this fund through  
 2 some sort of market base pricing or on marginal cost basis,  
 3 or how will this money be refunded to CALFED?  
 4 MR. RITCHIE: As far as this money here, I  
 5 think that's the subject of a lot more discussion between  
 6 the state and federal agencies and this group as to exactly  
 7 what that goes for. I think there are many times when you'd  
 8 argue is it makeup water or is it water for the benefit of  
 9 the environment, and I think at the state and federal agency  
 10 level that discussion has not totally come to fruition yet.  
 11 What we've tried to say here in CALFED is we  
 12 need to have some cash set aside to do something to make --  
 13 to get us through the year. As far as is this something  
 14 that would require payback, is this something that would go  
 15 to facilities where it would be a trade with somebody else,  
 16 is this something that would go, in effect, that would  
 17 actually benefit the environment, to some degree, those are  
 18 the issues that still need discussion.  
 19 I think the point you are trying to make is a  
 20 good one, which is: If this, you know, goes to a water  
 21 user, what are the conditions on that and does it require in  
 22 terms of the beneficiaries paid for that to be paid back,  
 23 and I think we have to confront that issue head on.  
 24 VICE CHAIR McPEAK: Roberta Borgonova.  
 25 MS. BORGONOVO: Follow-up on Richard's

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1 question came out earlier, but we keep saying we are going  
 2 to have beneficiaries pay, but we never address the issue  
 3 itself, so it continues to come up in every discussion we  
 4 have about finances.

5 I would really like to know when that's being  
 6 addressed. I think I saw somewhere in the packet that  
 7 there's something underway, but I haven't seen or heard  
 8 anything of people actually being called in to address the  
 9 user pay.

10 My second question is: What is the split  
 11 between the thirty million that's ecosystem restoration and  
 12 the thirty million that's non? Because that's also an issue  
 13 in the south Delta improvements. We've discussed that  
 14 before. Some of us sent a letter in, but if there's money  
 15 being spent that's actually mitigation for what's going on  
 16 there, then that's not restoration funds.

17 So that whole debate was difficult for me to  
 18 sort out when I read through packet. Obviously the  
 19 stakeholders didn't have consensus on it, but then it's  
 20 difficult for us to see why they didn't. It must come back  
 21 to the same issues of the user pays and then the split  
 22 between ecosystem dollars and where they ought to be spent  
 23 and the nonecosystem dollars.

24 MR. RITCHIE: Okay. I guess there are a  
 25 couple pieces of that. First, just for clarity for

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1 everyone, the federal legislation specified thirty million  
 2 dollars for ecosystem restoration and thirty million dollars  
 3 for other actions that they refer to as nonecosystem  
 4 restoration, which included conveyance, storage, water  
 5 quality, and water use efficiency, I believe were the  
 6 categories that were identified there, so that's what is  
 7 written in the statute.

8 As far as the ecosystem dollars for the south  
 9 Delta, I don't know if that debate is complete, but I think  
 10 the CALFED agencies at this point are looking at the  
 11 ecosystem restoration component of the whole south Delta  
 12 package as an ecosystem restoration activity, not as  
 13 mitigation. I suspect that discussion is not complete  
 14 either, but I think that's where the CALFED agencies are at  
 15 this point, but there's not been a firm and final decision  
 16 on that.

17 One of the things, again, that we're trying to  
 18 deal with in CALFED, and I will heart back to many of the  
 19 comments that Lester has made, maybe not so much in this  
 20 setting as with the agencies trying to get it absolute clear  
 21 as to who is the biggest beneficiary at this point in time  
 22 is an issue that will take a lot of work, and we can't  
 23 afford to spend that time now. We are better off moving  
 24 these things forward and letting accounting catch up on  
 25 that.

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1 That's a position I think some people will  
 2 find unpopular, but from the point of view of trying to move  
 3 the program forward on all fronts, that's the general  
 4 position we are taking. So in this case, we think a million  
 5 dollars of ecosystem restoration money to move the ecosystem  
 6 restoration part of the south Delta package forward is an  
 7 appropriate action.

8 MS. BORGONOVO: Can I just follow-up? When we  
 9 get to the discussion of the way in which the money is  
 10 allocated for the restoration project, that was the second  
 11 issue that several of us had asked to be addressed also, and  
 12 that is that the ecosystem money should have its own  
 13 priority setting instead of being lumped into the package,  
 14 so I hope at some point we can address that.

15 I still feel that for BDAC we need to  
 16 understand the whole ecosystem allocation process. We need  
 17 to understand what the round table struggled with in order  
 18 to make a good decision here, so --

19 MR. RITCHIE: I think we've set aside an hour  
 20 for Wendy to try to do that.

21 VICE CHAIR McPEAK: Fran Spivy-Weber.

22 MS. SPIVY-WEBER: We're setting aside a third  
 23 of the nonecosystem funding for a contingency fund.

24 Is there any time frame on the contingency?  
 25 Do you foresee this money eventually being, if it's not

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1 needed, allocated to other areas, or is this just a pot of  
 2 money that sits there for some long period of time?

3 MR. RITCHIE: Actually, we have a similar  
 4 problem on the environmental water acquisition front that  
 5 we've set that money aside, and we haven't really defined  
 6 the conditions under which we need to spend that. And that  
 7 is an outstanding issue for CALFED that we're going to start  
 8 to address coming up the next round table meeting.

9 On this money here, this money, I believe, is  
 10 appropriated until expended, so the money doesn't expire.  
 11 We've set it here knowing that, in fact, in past years  
 12 nothing has been done on this front.

13 As we get through the year 2000 operations, in  
 14 fact, as the water management development team activities  
 15 start to occur, I think what you are pointing out is we need  
 16 to structure some rules around that and some conditions  
 17 under which we'd spend that and what do we do when we decide  
 18 we don't need the contingency funds. I think that's a very,  
 19 very reasonable thing to do and something we will do.

20 VICE CHAIR McPEAK: Mike Stearns and then  
 21 Roberta Borgonovo.

22 MR. STEARNS: You may have addressed this  
 23 already, but I didn't understand, possibly: How close do  
 24 you envision the differences you have on the water  
 25 management areas? It doesn't seem like there's a

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1 significant change between option one and two and how  
 2 closely do you think you really adhere to those, or is that  
 3 not important because as you go, issues and conditions may  
 4 change and that would be shifted.  
 5           So is that really going to be adhered to that  
 6 closely?  
 7           MR. RITCHIE: I think what we've tried to do  
 8 here was make it clear that all the water management tools  
 9 needed to move forward in some fashion. That's kind of the  
 10 number one rule from my point of view.  
 11           The second was that between the operations  
 12 contingency and what starts to develop as real projects, we  
 13 need to have a pretty substantial chunk of money there,  
 14 whether that's ten million or twelve million or eight  
 15 million, I think, is in the realm of working, but ten is a  
 16 nice round number frankly.  
 17           The difference here, you know, between the two  
 18 categories was just basically shifting money away from, you  
 19 know, the Delta improvements package and just more into  
 20 water management, making this fundamentally a higher  
 21 priority. But frankly, that was suggested by the Bureau of  
 22 Reclamation staff, and they were urging that we look other  
 23 places for these funds.  
 24           And we have not identified any other funds  
 25 here, so I'm more inclined to keep us in this category. But

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1 it's really just an increase in emphasis here as opposed to  
 2 here.  
 3           MR. STEARNS: One other question?  
 4           VICE CHAIR McPEAK: Yes.  
 5           MR. STEARNS: Does this include the  
 6 restoration fund that the water users/power users are  
 7 contributing to already? Is that included in this package  
 8 or is this strictly just the federal funding side  
 9 separately?  
 10           MR. RITCHIE: Actually, that's a good  
 11 question. In the executive director's report I think we  
 12 made a brief note that at the last policy group meeting  
 13 there was a question coming forth from the policy group  
 14 regarding integration of the restoration fund and CALFED  
 15 restoration funds. I believe Wendy may make some discussion  
 16 of that also in her presentation.  
 17           This does not include the restoration fund.  
 18 We think long-term the restoration fund and any CALFED  
 19 ecosystem restoration funds need to be more finely melded  
 20 together. It's just a matter of how to do that, so we need  
 21 to come back to the policy group in this next meeting with  
 22 options how to do that.  
 23           VICE CHAIR McPEAK: Alf, did you want to  
 24 comment on Fran's question and this one as well?  
 25           MR. BRANDT: Actually, I think I wanted to

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1 make some general comments. I'd be happy to respond --  
 2           VICE CHAIR McPEAK: Then I'll call on you  
 3 after Roberta, then. I wanted to make sure I wasn't passing  
 4 over the time limits of your comment.  
 5           Roberta Borgonovo.  
 6           MS. BORGONOVO: I want to express a preference  
 7 for a stronger amount of money going to conservation and  
 8 recycling. I feel that's very important in the overall  
 9 water management strategies.  
 10           If you are asking my opinion, option one or  
 11 option two, I'd probably go for option two for the stronger  
 12 amount for water conservation.  
 13           VICE CHAIR McPEAK: Okay. Alf Brandt.  
 14           MR. BRANDT: This process has been growing and  
 15 evolving, and one of the things we've heard a lot about this  
 16 year is the importance of making the decision process, and  
 17 particularly the policy group, more transparent and how we  
 18 come to our decisions.  
 19           One of the things we are going to start doing  
 20 and you will start hearing more from us and more from the  
 21 federal representative and from the state representative, as  
 22 well, is we sort of want to engage and build a dialogue a  
 23 little bit more with BDAC instead of having only CALFED  
 24 staff presenting it and so not understanding where the  
 25 agencies are coming from as well. Oftentimes it comes from

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1 agencies what CALFED staff presents, but we also sometimes  
 2 have some different views.  
 3           So what we're going to try to do today is I'm  
 4 going to try to provide comments. These are not decisions,  
 5 and we're not to decisions, so we really count on the  
 6 recommendations that come from BDAC, but it's sort of a  
 7 little bit of our thinking and a little bit of our concerns  
 8 so you can take that into consideration as you start to  
 9 shape what your recommendations are back to us.  
 10           So on the funding issues today, couple things,  
 11 couple points. One is, as you can see with less federal  
 12 money, it's -- we have a more difficult challenge than we  
 13 have had in past years. This will come more to the fore in  
 14 the ecosystem restoration piece of the federal funding that  
 15 will come a little bit later. And we really do count on the  
 16 recommendations that come from BDAC on how to spend,  
 17 particularly the ones that reflect a true consensus.  
 18           I guess the agencies are generally comfortable  
 19 with the ranges you've seen there. We haven't decided how  
 20 this is going to be parceled out and whether this mix is  
 21 right, whether it should go more towards the development  
 22 projects versus going toward the water management projects.  
 23 You know, we appreciate hearing what your general sense on  
 24 those kinds of things are.  
 25           But there have been -- several agencies have

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1 expressed some concerns about let's not forget, and I guess  
 2 I want to highlight a few of those for you and list most of  
 3 those and highlight a couple of them.  
 4           The list includes fish screens, drinking water  
 5 quality, north Delta improvements bundle, levees,  
 6 stakeholder watershed work, what stakeholders are doing in  
 7 the watershed, as well as tribal watershed work. That's the  
 8 list.  
 9           We've already identified south Delta as a key  
 10 priority generally for funding. You saw that in the  
 11 priorities earlier.  
 12           The one that I guess I want to highlight in  
 13 some ways is the fish screens. We've seen some letters from  
 14 stakeholders on how important fish screens are. We  
 15 shouldn't lose focus on that, and I think you will probably  
 16 see some effort to push for some identified funding for fish  
 17 screens in this year's budget. I guess that's kind of the  
 18 heads up.  
 19           We have identified -- we're in the process of  
 20 trying to identify which of the projects have been presented  
 21 already. There were a number that were not funded in '99.  
 22 Which ones we may support and advocate for basically a  
 23 directed project. I think fish screens is one you will very  
 24 likely see. And that's kind of where we're headed.  
 25           I know we are still struggling with many of

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1 the issues that were raised today, that's why I'm here. On  
 2 the issues that were raised, in addition to these, we'll be  
 3 going back and trying to see where we go with those,  
 4 particularly on the issues related to mitigation versus  
 5 restoration, related to user pays. That's one that is an  
 6 ongoing dialogue, and we have not yet resolved. I will look  
 7 forward to working with the state on that issue.  
 8           I think that's generally the comments, so we  
 9 look forward to hearing what you have to say. If there are  
 10 any responses to what we've got, what our concerns are in  
 11 addition to this -- it's not that we want to ignore all the  
 12 things on there and only do these things, but we want to  
 13 make sure that we don't lose focus on the items I listed.  
 14           VICE CHAIR McPEAK: The conversation that  
 15 we've just been having or the questions about this budget,  
 16 other issues being brought up by the policy group, the  
 17 relationship of this money to what about the fund that users  
 18 are already capitalizing, and then they are sitting out  
 19 here, you know, the bond measure in March, Senator Feinstein  
 20 and others saying that they are anxious to really move this  
 21 along but there has to be stakeholder agreement --  
 22           Alf, when you say things like levees, as an  
 23 example, we have a funding mechanism and sharing formula  
 24 relationship already in place and that I have somewhat,  
 25 well, always thought it was somewhat separate from these

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1 revenue streams.  
 2           The point that I'm about to make is: It's  
 3 tough to get into big fixes, big projects with little money,  
 4 and it's tough to spend what is moderate size money, which  
 5 is what we've been having, in substantive ways. So we get  
 6 caught in the dynamic of an appropriation such as this,  
 7 which to someone like me is still a lot of money, but it's  
 8 not enough for the big projects. We've got big things to  
 9 do, potentially big money coming from the bond measure and  
 10 how all of these revenue streams now get integrated in a  
 11 systematic programmed manner to implement what has emerged  
 12 as a consensus in terms of the heart of CALFED and what's in  
 13 the bond measure is challenging.  
 14           I know that Steve and the staff are mindful of  
 15 this. It does suggest, though, to me that there is a need  
 16 to get reengaged by BDAC in looking at these multiple  
 17 streams.  
 18           Steve, you yourself when you were doing some  
 19 of the staffing for finance have laid that out in the past  
 20 as I have asked.  
 21           When Roberta says let's put more money into  
 22 conservation and reclamation, well, you know, some of us  
 23 would like very much to optimize the water use efficiency as  
 24 quickly as we possibly can.  
 25           It does need to be -- this kind of money needs

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1 to be looked at in the context of what are districts already  
 2 doing, what are urban districts already doing as a matter of  
 3 the MOU, what will be augmented with -- particularly in  
 4 recycling from the bond measure, what are the ag districts  
 5 already doing and can be doing, expected to be doing because  
 6 they've pledged to do it that is cost effective, and what  
 7 increment on top of that needs to be done, how will the  
 8 environmental water account work vis-a-vis both of those,  
 9 and on and on.  
 10           It is probably, as Alf was saying, one of the  
 11 more important things we can now have some new level of  
 12 dialogue around, public policy dialogue, general and  
 13 discussion between BDAC and the policy group.  
 14           I don't quite know how to engage on this. I  
 15 was asking Eric, who the last time I checked was still chair  
 16 of the finance committee whether or not they were meeting.  
 17 I don't know where the traction is to get to the level of  
 18 discourse that now has to occur, but I want to flag it.  
 19           I'm reflecting back with these questions are  
 20 all raising and hopefully can get to the substance of it  
 21 because we're going to go around chasing our tail over where  
 22 the hell are users fees until we get to the integrated  
 23 storage investigation being on the table and back to  
 24 baseline and mitigation and all that little crap that we've  
 25 been through for four years, and we have to see the revenue

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1 streams.

2           There's now potentially some real money to do

3 some good things, and we have to be aggressive about it

4 because the irony is we have yet to really show to the

5 taxpayers how we're moving along in a substantive way, and

6 this is just more chatting the discussion we're about to

7 have on ecosystem restoration.

8           So does anybody want to propose a process? I

9 want to suggest we have that also on a near agenda. I guess

10 the nearest agenda is December, but also not just an update

11 with a new revision of the stuff that you've given us

12 before, the good information you've given us before, adding

13 potential revenue streams to this stuff, adding in the bond

14 measure.

15           That's new information that's not been

16 integrated into those charts in the past that has a lot of

17 reclamation in it, in particular, conservation, the down

18 payment on integrated storage in terms of groundwater

19 storage, some fish screens, so you know, I'd like to see

20 that put into it, and then have staff figure out how we

21 structure the work of BDAC. Is it in a workgroup? Is it in

22 what fashion to have that dialogue with the policy group?

23           Let me get Fran, Bob, and then Alf to respond.

24 You want to start with responding? Let me defer to Alf

25 Brandt to respond, then I'll come back to Fran and Bob.

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1           MR. BRANDT: I think you've identified one of

2 the challenges that we face, and actually something that

3 we've done recently. We've recently prepared a -- or CALFED

4 has recently prepared a federal crosscut budget to identify

5 all the different funding streams that are out there at this

6 moment. There are different ways of defining. It was quite

7 actually a challenge, and it was a good process for us to go

8 through.

9           Where I think it would be helpful is if BDAC

10 can identify -- I think really it's about priorities and

11 it's about the topics of where we want to make sure we're

12 spending money. And then if there are items identified are

13 ones where agencies have said "Yes, we may be doing things

14 on different pieces on water quality. The EPA is doing --

15 has money on water quality, is giving it to the state

16 board."

17           There are a variety of things out there

18 happening on this, but there are CALFED pieces of it that we

19 don't want to lose from the priorities of the specific

20 CALFED funding, and that's why -- but I think it would be

21 helpful if there are consensus recommendations where these

22 are the priorities for where we really need to be focusing

23 our money, not only with CALFED, and if there are times

24 where you say "Look, you shouldn't be using the CALFED money

25 here." Really we should be looking at what are the other

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1 funding streams and where can we build those other funding

2 streams.

3           It's often a challenge to go through Congress

4 or the Legislature, but I think that would be helpful is

5 identifying those priorities, and I really think that's the

6 most helpful way you can help us focus folks our attention

7 on where we really need to build our funding.

8           VICE CHAIR McPEAK: Sharing money and spending

9 it together is probably a very good exercise for long-term

10 governance.

11           MR. BRANDT: True. Always a challenge.

12           VICE CHAIR McPEAK: Back to what Hap was

13 admonishing, you know, let's get to some early

14 implementation on long-term governance. I don't mean to be

15 detracting from how important that is, but figuring out how

16 the funding can be optimized and leveraged as opposed to

17 individually spend or control is a pretty important task

18 towards achieving the joint action of the state and federal

19 agencies.

20           Fran Spivy-Weber.

21           MS. SPIVY-WEBBER: Perhaps BDAC can work on

22 some criteria for how to set priorities, leveraging being

23 one of the highest priorities. And in your list of funding

24 sources, I agree the bond -- we've got to where the bond is,

25 again, for this leveraging issue state and federal, but also

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1 let's not forget what you mentioned, the local agencies also

2 have matching money.

3           In order to get a project implemented on the

4 ground, frequently the percentage is twenty-five state,

5 twenty-five fed, and fifty local, and so where we've got

6 strong local support for some things that may also play into

7 the leveraging decision.

8           VICE CHAIR McPEAK: Absolutely. Bob Raab --

9 and the environmental water count potential and how that

10 relates -- excuse me, Bob, I just interrupted you, and I

11 don't mean to -- that has not also, Steve, been in the chart

12 to the extent that it's now developed conceptually as a way

13 to augment the other areas of efficient water use, and so I

14 think it's important to see that.

15           We're going to have the environmental water

16 framework progress report and integrated storage at the

17 December meeting; right?

18           MR. RITCHIE: Yes.

19           VICE CHAIR McPEAK: Bob Raab.

20           MR. RAAB: This is a fundamental question in

21 my own mind that hasn't been apparently answered or if it

22 has, I didn't get it.

23           And that is are the bond issues regarded as

24 user fees or are they not regarded as user fees? It seems

25 to me, for example, I asked this question of Mary Nichols at

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1 the last policy group meeting after she announced that  
 2 Governor Davis had signed the bond issue, one point nine  
 3 million bond issue, and her response was -- I said "You  
 4 know, that's taxpayers' money, in my mind." And she said  
 5 "We will get to the beneficiary page fully. It will fully  
 6 kick in when we start to build projects."  
 7 Now, that was never my understanding, Eric,  
 8 when we started off with finance committee meetings three  
 9 years ago, maybe more. I thought we were supposed to come  
 10 up with a formula, something like what Fran just mentioned,  
 11 but we kept getting sidetracked when we tried to get to  
 12 specific formulas.  
 13 So this question of is a bond issue regarded  
 14 as a user fee or is it not, and when do we really get to  
 15 formulas for user pays?  
 16 VICE CHAIR McPEAK: Let me comment and then  
 17 invite other BDAC members and staff.  
 18 I have shared your frustration but I've not  
 19 been reluctant to share with everybody what I thought were  
 20 the splits between user fee or who are the beneficiaries,  
 21 i.e., users or the general public.  
 22 And I would just invite everyone individually  
 23 to think through all of the components of the CALFED  
 24 program. Start with the six basic that we had, add to that  
 25 conveyance, add to that storage, and what would be your own

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1 split between totally user pay, totally public, and any  
 2 shared? Just literally try to think it through. As a first  
 3 cut on if you were in charge.  
 4 So Bob Raab you are the czar of water in the  
 5 world and --  
 6 MR. RAAB: I did that. We did that in the  
 7 finance committee meeting --  
 8 VICE CHAIR McPEAK: Yes, you did, and you came  
 9 back with an interesting --  
 10 MR. RAAB: And public interest group said  
 11 seventy-five percent should be user fees and twenty-five  
 12 percent should be public. And the water districts, who  
 13 predominated in finance committee meeting said seventy-five  
 14 percent should be public money and twenty-five percent user  
 15 fees. At least we were getting somewhere there, but we  
 16 dropped it.  
 17 VICE CHAIR McPEAK: I don't want it dropped.  
 18 I think that's a pretty good -- I think thinking in  
 19 quartiles, because that's about as refined as the public  
 20 negotiation process is going to be, you know, thinking  
 21 twenty-five, fifty, seventy-five, those are good ones. We  
 22 have to have more discussion.  
 23 Where I was going to go with it to answer --  
 24 at least my answer back to your question is that whether or  
 25 not the bond measure ends up being, if you will, public

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1 beneficiary or private user fee paid or user fee paid, is  
 2 somewhat yet to be determined because what it is is a public  
 3 financing mechanism that can also be a public funding  
 4 mechanism.  
 5 So the proceeds from the bond measures can be  
 6 used to both finance a project and have some match to user  
 7 fees. It can also be the public funding mechanism.  
 8 The way that conservation and reclamation is  
 9 envisioned in the bond measure as an example -- Steve, tell  
 10 me -- remind me if this is off -- is in some cases a match,  
 11 which is what Fran is going to.  
 12 So to the extent that -- let's just take that  
 13 one piece of it, recycling and conservation, it is expected  
 14 those are match grants and a funding mechanism, so it's --  
 15 financing mechanism, so it is both public financing and in  
 16 part public funding to be matched by local users, i.e.,  
 17 water districts who then would be on the hook to figure out  
 18 how they are repaying their piece of it.  
 19 It might very well get translated down to the  
 20 individual water bill, if you will. In other cases some of  
 21 those dollars are envisioned to be an earmark for, in the  
 22 case of fish screens, if I remember correctly, as a public  
 23 benefit paid for and financed publicly. So both the  
 24 financing mechanism, i.e., the bond measure, and the funds  
 25 generated from the sale of those bonds and paid back by the

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1 full faith and credit of the state of California would be  
 2 public funding, and therefore, a public benefit. And so  
 3 some of it is both in that as I think we've defined it in  
 4 the past.  
 5 The large ticket items yet to be engaged in  
 6 terms of how they are financed, i.e., beyond fish screens  
 7 and some ecosystem restoration on conveyance is yet to be  
 8 fully worked out and negotiated -- at least the last time I  
 9 checked. Somebody can remind me if I've wrong -- and any  
 10 storage beyond that that is in the bond measure.  
 11 And I would at least be sympathetic to what  
 12 you reported you heard from Secretary Nichols, because I've  
 13 heard it too and I've probably said it back to her. That's  
 14 where the rubber is going to hit the road on user pay.  
 15 And the last time you saw a chart that Mr.  
 16 Ritchie presented, the proposal was for the conveyance  
 17 facility, other than those things considered ecosystem  
 18 restoration, a total user pay arrangement, the financing  
 19 mechanism not yet determined --  
 20 Do you all know what I mean when I make the  
 21 distinction between financing and funding? Financing is a  
 22 mechanism by which you finance the project up front.  
 23 Sometimes that can be done at the public benefit, i.e.,  
 24 through a bond measure, general bond, or revenue bonds, paid  
 25 back by something; revenue bonds by a revenue stream that's

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1 usually beneficiaries would be paying, if it's not, then the  
 2 public would be paying through the full faith and credit of  
 3 a public agency. And the storage was split out about  
 4 one-third, two-thirds.  
 5 Steve, what?  
 6 MR. RITCHIE: Something like that.  
 7 VICE CHAIR McPEAK: Something like that.  
 8 There was a mix on storage. That was the last straw  
 9 proposal that we saw, and those two big ticket items have a  
 10 substantial on-the-table proposal, substantial user pay  
 11 component yet to finally be negotiated.  
 12 Roberta.  
 13 MS. BORGONOVO: I don't want to go back into  
 14 the four years span of finance committee meetings because  
 15 they were very frustrating meetings.  
 16 Let's take fish screens. Fish screens were  
 17 considered for a long time mitigation. I mean, I guess that  
 18 battle is lost. But the concern from those of us who wanted  
 19 to address user fees up front is basically for the ecosystem  
 20 peace. And because there was ecosystem money, everything  
 21 gets lumped into being an ecosystem benefit.  
 22 And part of the debate that went on in the  
 23 finance committee was when do we get to the ecosystem  
 24 funding when we run out of public funding? And of course,  
 25 the inclination of many people on the water user's side is

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1 to use the public money first. We're afraid there will  
 2 never be any user money from funds coming in. Because we  
 3 don't address the issue, it continues to be a problem for  
 4 reaching consensus within CALFED, and it comes into all of  
 5 these other financing issues.  
 6 So it would be extremely beneficial from my  
 7 point of view to know that there is some attention being  
 8 paid to it, that there is a real intent on the part of  
 9 CALFED to address the issue.  
 10 CALFED has said that, but we're now about six  
 11 months away from the rod. And having spent four years and  
 12 not having a resolution, are we going to be able to get a  
 13 resolution in six months? I think that's fairly important.  
 14 But I wanted to go back to a couple of other  
 15 issues, and that is that when I look at the water management  
 16 and the mix of funds there, there is an ecosystem round  
 17 table that has stakeholder input into it, and it advises  
 18 BDAC on the way the ecosystem money should be funded.  
 19 Some people have suggested that there could be  
 20 a subcommittee that would look at the water management piece  
 21 and advise on that. Because I do think that when you have  
 22 stakeholder input, it helps those of us on BDAC to be able  
 23 to follow the process.  
 24 I want to respond to Alf. I think it's  
 25 extremely important that we all know how the priorities are

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1 set, and I'm a diligent reader of all my packets, and that's  
 2 still difficult for me to see. It's not that I don't think  
 3 there's that thinking going on about it, I know that.  
 4 But when you are asked to make this decision,  
 5 to come to a consensus, and then to be able to explain to  
 6 the people that you go back to within your own constituency,  
 7 we have to be able to say this is why these priorities are  
 8 being set, this is why this money is being spent here. And  
 9 you also have to be able to explain why this big important  
 10 financing piece hasn't been addressed yet.  
 11 VICE CHAIR McPEAK: Okay. Steve, do you want  
 12 to comment any further after cleanup after me?  
 13 MR. RITCHIE: On the financing front, there's  
 14 some more work that's gone on there. There's some degree  
 15 affecting the finance plan, not that it's a plan yet, but  
 16 for example, in the statute some cost-sharing situations are  
 17 identified. The prime example is Tracy fish screens under  
 18 CVPIA as specified as thirty-seven and a half percent  
 19 federal dollars, thirty-seven and a half percent user, and  
 20 twenty-five percent state dollars.  
 21 So in that case that, to me, actually  
 22 highlights where cost-sharing agreements ultimately come  
 23 about, and that is in legislation. So one of the challenges  
 24 I think we have before us is thinking how CALFED can best  
 25 inform what I believe will ultimately be a legislative

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1 decision. For example, user fees will be a legislative  
 2 decision, and how can we best provide advice on that is the  
 3 challenge before us.  
 4 The other piece of this is the financing part  
 5 of it. People have, yes, wanted to talk about, but I think  
 6 my perception has been many people really do want to put  
 7 that off until they know how big that piece is. Percentages  
 8 are nice to talk about in the abstract, but unless I know  
 9 that twenty-five percent means a billion dollars or fifty  
 10 percent means five hundred thousand dollars, until I know  
 11 that, I'm not willing to engage.  
 12 That's what we're struggling through now on  
 13 the water management development team, we're just now  
 14 getting costs for the types of water management actions, and  
 15 so we're going to defer the financing discussion until we  
 16 get the costs much better to find out there, then the  
 17 financing discussion will be very ripe from our point of  
 18 view. I think that will start to occur in December.  
 19 VICE CHAIR McPEAK: Just to -- I was just  
 20 about to ask the time table. Thank you, Steve.  
 21 Just to comment on it, I think it does make  
 22 sense that it's tough to deal in the abstract, although I  
 23 have, too, been trying to force the issue. And I'm not  
 24 reluctant to lay out percentages.  
 25 I think that we can't close the deal until

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1 there are the numbers. That's exactly right, as you said  
 2 it. The process, therefore, has been one to address it. We  
 3 just haven't been able to get to final resolution.  
 4 If I were to add comments on the table, I  
 5 think we actually had talked about it quite a lot, and every  
 6 time that we had the opportunity to try to make a decision,  
 7 we declined to. We declined to. Not that we didn't address  
 8 it.  
 9 I can't tell you how frustrated I was last  
 10 March in -- what was that wonderful place? Beautiful  
 11 downtown Burbank where we had a fairly major set of issues  
 12 presented to us by the finance committee and couldn't even  
 13 come to terms with, you know, some of the basic decisions,  
 14 and everybody sort of decided the best, I don't know, maybe  
 15 the best course of action, the best discretion was just to  
 16 leave it for another day. Well, that day is coming up.  
 17 What process between now and December are you  
 18 inclined to use to consult the BDAC members or the finance  
 19 committee, or how are you envisioning that to work?  
 20 MR. RITCHIE: Well, particularly the focal  
 21 point of that is activities of the water management  
 22 development team relative to the water management tools.  
 23 That's a primary place for that. It's going to go on  
 24 relative to the costs, and we will begin that finance  
 25 discussion around that time. It's not that we'll have an

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1 answer at that time. That's what I was venturing there.  
 2 I don't know if Steve or Alf want to add to  
 3 that based on your views, but we had in there, similar to  
 4 here, we had started to schedule finance discussion for now  
 5 and realized they were premature until there were real hard  
 6 numbers on the table to talk about financing.  
 7 VICE CHAIR McPEAK: Steve?  
 8 MR. MACAULAY: (Inaudible) although we had a  
 9 heated discussion of this two days ago at the water  
 10 management development team meeting, how can, for example,  
 11 you fully evaluate the performance of a water management  
 12 asset without taking into account financing?  
 13 Well, bottom line is we need to get a better  
 14 handle on potentially what kind of benefits could be  
 15 provided, regardless of beneficiary, and what the costs are,  
 16 but financing is part of the issue. It's a chicken and egg  
 17 thing, which has to come first.  
 18 Our strategy is to get a better handle on  
 19 costs and the potential benefits, as I'll discuss later,  
 20 we're evaluating those assets, looking at a range of  
 21 potential beneficiaries. We need to know how well they  
 22 work, are they realistic or not.  
 23 VICE CHAIR McPEAK: All right. I think we may  
 24 have very well exhausted this discussion as far as we can or  
 25 this topic today with respect to -- this is all around

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1 CALFED fiscal year 2000 priorities.  
 2 Steve, is there anything else you are going to  
 3 present on this issue?  
 4 MR. RITCHIE: No. This was useful feedback in  
 5 terms of formulating what we present to the policy group for  
 6 their consideration at that point. And I think the point  
 7 that Roberta made, this is on the highest level. We do need  
 8 to get down to project level decisions at some point. I  
 9 think we will for sure use BDAC as an arena for bedding  
 10 that. I don't see us engaging in any large round table type  
 11 process for each of these, but I think there will be  
 12 different groups that we will call on to help advise on  
 13 individual component areas.  
 14 VICE CHAIR McPEAK: What I have heard from the  
 15 group here for the BDAC members is looking forward to  
 16 December, it would be helpful to have as much information  
 17 about the revenue streams and how they would relate to each  
 18 other as possible, plugging into that, at least, I'm sure  
 19 I'm missing something, but at least the new federal funding,  
 20 the proposed bond measure, recognizing, stipulating to the  
 21 fact that we won't know until next March, and the  
 22 relationship or dynamic with the environmental water  
 23 account, should it come into existence and be capitalized,  
 24 and criteria that was requested by Fran and others to be a  
 25 part of the workgroup working process on allocating of

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1 dollars.  
 2 So that's what I heard, and if that would be  
 3 brought forward on the December meeting and you will take  
 4 advantage of opportunities to consult with various BDAC  
 5 members and whatever configuration they happen to be  
 6 meeting. Okay.  
 7 Rosemary Kamei.  
 8 MS. KAMEI: I just wanted to make a comment.  
 9 I do agree with your conclusion; however, as they are  
 10 looking at these options and wondering where our perspective  
 11 is as BDAC members, I would like to speak in favor of option  
 12 number one, with having them think about perhaps putting in  
 13 more funding on the conservation and recycling and planning  
 14 in terms of moving some of the dollars around a little bit,  
 15 but preferably for option one with that change. Thank you.  
 16 VICE CHAIR McPEAK: Thank you.  
 17 Yes, Steve Macaulay.  
 18 MR. MACAULAY: I would like to add something.  
 19 I know this is not directly related to CALFED, although we  
 20 are certainly a CALFED participating agency.  
 21 We hope that Governor Davis' budget delivers  
 22 to the legislature in a few months will include a modest  
 23 increase in our department's conservation and reclamation  
 24 programs, and we fully intend to recommend and may revise  
 25 the Governor's budget with a wildly successful March 2000

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1 bond to aggressively increase our conservation and  
 2 reclamation efforts, which are largely local assistance, as  
 3 well as loans and grants. And that would be independent of  
 4 how we proceed with CALFED. That is part of what's going on  
 5 behind the scenes.

6 VICE CHAIR MCPHEAK: That's an important piece  
 7 of information to add to the mix. Sometimes it's not as  
 8 critical to know the exact amounts that are coming from each  
 9 agency as it is to attach, if you will, the functions or  
 10 outcomes, the aspects of the overall programs, that the  
 11 various pieces of funding, Steve, are supposed to take  
 12 responsibility for.

13 It would be important to look at this whole  
 14 conservation/reclamation picture as an example because it's  
 15 one in which we have a lot of effort already in progress by  
 16 local districts, the BMPs, how that will relate to the  
 17 augmentation or additional funding that is here, how that  
 18 interplays with what is proposed in the bond, and if DWR, in  
 19 fact, has more money for beefing up, is that -- how is that  
 20 going to relate to the other streams? Who is overall  
 21 coordinating it, managing, etcetera, etcetera.

22 So just taking that as one example, maybe, and  
 23 leading with it, it would be helpful to get the functions  
 24 laid out even if -- and therefore, the responsibilities in  
 25 an overall program, even if the exact dollars aren't there.

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1 I want to think in terms of performance-based budgeting more  
 2 than just the line items various revenue streams in a pot.

3 And to the public and the taxpayer, it's all  
 4 their money. It's all their money, so we need to do the  
 5 best job we could.

6 Okay. We have one public member whose card I  
 7 have so far on this item. It's Marianne Dickinson.

8 Do you need light?

9 MS. DICKINSON: No. I'm all right. You are  
 10 in the dark. Can you see me?

11 Thank you for giving me the opportunity to  
 12 speak. This has been a very fascinating discussion to  
 13 watch. It's one of those good news/bad news kinds of  
 14 situations: The good news is that for the first time you  
 15 have thirty million dollars now for nonecosystem programs  
 16 that you can apportion to the CALFED process. The bad news  
 17 is that you only have thirty million dollars to apportion to  
 18 the nonecosystem programs, so you are facing some very  
 19 difficult decisions.

20 I'm here to support a special piece of the  
 21 water management program, and that's water use efficiency.  
 22 I think it's very important that given the goals that have  
 23 been set forth in the CALFED documents for achievement of  
 24 progress in phase one, water use efficiency is something  
 25 that we need to take a close look at in terms of the funding

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1 allocations.

2 And while I'm obviously supportive of option  
 3 two on your chart over there, I would like to caution that  
 4 perhaps that's not even still enough to accomplish what you  
 5 have set out as your goals for the phase one period.

6 From my perspective, I represent the  
 7 California Urban Water Conservation Council, which has been  
 8 designated in your documents to undertake a certification  
 9 role for water agencies during the phase one process. And  
 10 certification is intended to get water agencies to perform  
 11 and to yield some measurable success in this arena so that  
 12 you can make a balanced decision at the end of phase one as  
 13 to how you want to proceed with your supply mixes.

14 But that kind of a certification role is  
 15 really a regulatory responsibility and presents some very  
 16 interesting challenges for CALFED and requires some advance  
 17 preparation. We have to give policy guidance to agencies in  
 18 terms of how they should put together their programs, how  
 19 they define things like environmental benefits and of water  
 20 conservation. We have to provide them technical assistance.  
 21 We have to assure them that if they are willing to  
 22 participate in certification, it will be a fair and  
 23 objective process.

24 And the Council is working to do that in its  
 25 own way. We are currently supported by our water agency

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1 members. We do have a grant right now from the U.S. Bureau  
 2 of Reclamation, so that's been an assistance, and we are  
 3 doing a number of items to move toward that.

4 What we are really looking at is the overall  
 5 picture in CALFED and the need for CALFED to be spending  
 6 some serious resources, taking a look at even the planning  
 7 components of this issue.

8 It was very clear from the document that you  
 9 have a fair amount of work to be able to even identify what  
 10 your measurable goals are going to be in this arena, and I  
 11 would respectfully submit that I'm not sure two million is  
 12 really enough for that.

13 I was also listening to your discussion about  
 14 leverage, and I wanted to further underscore the comments  
 15 made by some of the BDAC members that there are funds out  
 16 there to leverage against, and the Council is offering its  
 17 funding of about three thousand dollars a year as leverage  
 18 towards the use efficiency program and there are a number of  
 19 other entities as well. We would look forward to working  
 20 with you and CALFED staff on trying to identify further  
 21 sources of leveraging opportunities.

22 But I do want to leave as my final message  
 23 that I think two million dollars to cover the very important  
 24 areas of defining your planning direction on how far you  
 25 want to go, giving technical assistance to water agencies as

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1 to what they should be doing to yield the best conservation  
 2 result, and third, giving them the funds to do it so that  
 3 you get beyond that cost effectiveness threshold of the  
 4 local agency level, you get projects that will benefit the  
 5 Delta and perhaps give you additional water in the Delta.  
 6 That is going to take money, and three million alone would  
 7 probably be enough to handle the planning and the technical  
 8 assistance aspects of it without giving money out to the  
 9 agencies.

10 So I urge you to rethink the mix that you've  
 11 got there in the chart, and we offer our assistance and help  
 12 in the process wherever you need it. Thank you.

13 VICE CHAIR McPEAK: Thank you, Marianne. I  
 14 have a couple of questions.

15 Will the Urban Water Conservation Council be  
 16 meeting between now and December 14th?

17 MS. DICKINSON: Yes.

18 VICE CHAIR McPEAK: Actually, if there's no  
 19 objection from BDAC members, and I'm not violating any other  
 20 law that the state and federal government can advise me of,  
 21 I would actually want to take you up immediately on your  
 22 offer to help and request that you answer the very questions  
 23 that you said that we needed to answer.

24 I would appreciate and like to even have  
 25 scheduled your report at the December meeting. The issues

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1 of the goals, the outcomes with the money that is available,  
 2 the interim goals and outcome -- I mean, the ultimate goal  
 3 is to implement all of the BMPs, get every last drop out of  
 4 it, at least a million and a half acre feet. Those are the  
 5 magnitude we're talking about.

6 In terms of the money that you now see that is  
 7 on the table, how from the urban water districts you would  
 8 envision the various revenue streams related to each other  
 9 and getting optimum leverage.

10 I know it takes good staff and management and  
 11 planning to get it done, but I always like to be a little  
 12 conservative on that in order to get as much into the  
 13 conservation side as possible.

14 MS. DICKINSON: We would welcome the  
 15 opportunity to come before BDAC to do that. What I didn't  
 16 mention is that we've been undertaking a planning process  
 17 over the past nine months to identify exactly those issues,  
 18 what would it take in terms of the financial assistance to  
 19 achieve those goals, particularly with respect to the  
 20 certification area, so the plan would be adopted by December  
 21 8th, and we'll be happy to share it with you.

22 VICE CHAIR McPEAK: So you would be ready to  
 23 be scheduled a report on what UAs to us and I'm asking for  
 24 you to answer at the December meeting.

25 MS. DICKINSON: We will give it a very good

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1 attempt. One of the questions you are asking is very hard  
 2 to define, but we will give it a shot.

3 VICE CHAIR McPEAK: Better you start than we  
 4 get it wrong to begin with and these are all touch  
 5 questions. There's no perfect answers, but we have to start  
 6 with some answers, so thank you.

7 So Steve, we'll schedule that. Thank you,  
 8 Marianne.

9 Roberta as a member of the Urban Water  
 10 Conservation Council.

11 MS. BORGONOVO: And supporter of Marianne's  
 12 statement.

13 I want to go back to what Fran said about the  
 14 criteria. I think that she put her finger on the  
 15 contingency and so what the criteria might do for BDAC is to  
 16 allow some flexibility so that if you find the request from  
 17 the Urban Conservation Council compelling if there is work  
 18 going forward on conservation that needs additional funding,  
 19 perhaps we have criteria that can help us take a look at the  
 20 way in which the water management piece is allocation.

21 VICE CHAIR McPEAK: All right. Eric.

22 MR. HASSELTINE: As often happens to me in  
 23 these meetings, I think I've lost my train of thought here.

24 VICE CHAIR McPEAK: And he's sitting this  
 25 close.

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1 MR. HASSELTINE: We get overwhelmed with all  
 2 this material, and then we get sort of sidetracked on  
 3 specific little items and pretty soon you sort of lose your  
 4 sense of direction.

5 Then we've revisited the finance issue today,  
 6 which is another exercise in futility, at least for some  
 7 period of time, although I think there's still a wealth of  
 8 information and work that was done there that should be  
 9 valuable at some point, but I'm still confused as to what  
 10 that process is.

11 But getting back to this particular -- I'm  
 12 looking at this table. There's two options here for how  
 13 we're going to spend, as Ms. Dickinson said, it's great that  
 14 we have thirty million, but unfortunately we only have  
 15 thirty million. Now we're worried about where little parts  
 16 of the thirty are going to go.

17 It's not clear to me how BDAC fits into this.  
 18 Who is going to make the decision whether it's option one or  
 19 option two or some other option? As I look at the two  
 20 options that have been set forth here, it's clearly a matter  
 21 of prioritization.

22 In one case you've taken five million dollars  
 23 away from north Delta and south Delta improvements and put  
 24 it into water management. That's the difference between  
 25 option one and option two. So somebody said maybe it's more

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1 important to do a lot more in water management and very  
 2 little improvements in the Delta. The only south Delta  
 3 improvement that is constant in both cases is the Tracy fish  
 4 facility, and option two, that's the only thing proposed to  
 5 be funded. All those other items aren't going to get  
 6 anything.

7           So, I mean, are you asking BDAC to comment on  
 8 whether or not those priorities are right, much less if  
 9 dollar amounts are right, or is this just an information  
 10 item so that we can sort of follow it as we go along?

11           MR. RITCHIE: In answering the two questions  
 12 there: First, as far as deciding money, this is federal  
 13 money that gets spent at the direction of the Secretary of  
 14 Interior, and so what we were looking for ultimately is a  
 15 policy group recommendation to the Secretary of Interior and  
 16 here looking for a recommendation or any advice BDAC can  
 17 provide to the policy group in terms of their recommendation  
 18 to the Secretary of Interior on how the money gets spent.  
 19 And this money exists withing the budget of the Bureau of  
 20 Reclamation, so those are the physical constraints we are  
 21 operating around. This is Interior money within the Bureau  
 22 of Reclamation.

23           As far as the feedback, I think I tried to  
 24 highlight that that yes, this basically pushes CALFED money  
 25 in option two down more into water management and says

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1 slowdown on the Delta or look for other monies there.  
 2 That's what option two provides. Any feedback on that would  
 3 be useful. This says no, there are various things in the  
 4 Delta that are important to move forward with.

5           In fact, if I were asked for a recommendation,  
 6 I would recommend this one because this provides more  
 7 overall benefit for the CALFED program at this point. But  
 8 there are other options we can consider. That's where  
 9 option two is presented here. But if this were a  
 10 fundamental staff recommendation, I would recommend moving  
 11 along this line.

12           MR. HASSELTINE: I appreciate me. I think  
 13 that helps. The point that struck me was we were having  
 14 comment that was well taken and well presented, but making  
 15 the decision between option one and option two as to whether  
 16 or not we will have one million or two million in  
 17 conservation, but that's only one or two million out of the  
 18 thirty and really the difference between option one and  
 19 option with two is not nearly so much in conservation as it  
 20 is in this major tradeoff between whether you are going to  
 21 do Delta improvements or whether you are going to do water  
 22 management.

23           MR. RITCHIE: Yes, that's correct.  
 24           VICE CHAIR McPEAK: Alex Hildebrand.  
 25           MR. HILDEBRAND: I think we need clarification

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1 here as to what we mean by "water management." To my mind  
 2 the proposals have been put forth in the south Delta and  
 3 north Delta are water management, and so when you shift  
 4 monies from that to something called water management, it  
 5 isn't clear to me what we're doing.

6           A lot of what we're doing here involves water  
 7 management, so evidently, in the minds of some people, there  
 8 is some kind of an exclusive definition of what is included  
 9 in water management, but I don't know what it is.

10           MR. RITCHIE: Actually, I'd like to go back  
 11 the this as -- maybe we should clarify this to be other  
 12 water management actions, because I think in the priorities  
 13 I wanted to make sure that we emphasized that activities in  
 14 Delta, the whole package of things that has to happen in the  
 15 Delta are very much a priority for CALFED.

16           You are right. A number of those things  
 17 basically constitute water management. It's all water  
 18 management of one kind or another, and this, I think, we  
 19 would better refine as other water management actions.

20           It reflects back to what we had called the  
 21 water management bundle in the June release that basically  
 22 included storage, water use efficiency and transfers as the  
 23 water management bundle.

24           MR. HILDEBRAND: I think it may lead us into  
 25 booby traps if we try to divide this water management up

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1 into pieces that are not clearly defined. Obviously  
 2 something you do in the Delta is different from new water  
 3 storage, but these things all influence each other, and what  
 4 do you in the south Delta, for example, relates to the  
 5 through Delta conveyance as part of that, and that certainly  
 6 is water management, and how the through Delta conveyance  
 7 works depends in part on what you do about the inflow to the  
 8 Delta.

9           So I'm a little bit uneasy about dividing  
 10 these things up too much without some mechanism for coming  
 11 back and comparing them. We run into this in numerous  
 12 situations at the Red Bluff meeting when you had a rather  
 13 clear discussion.

14           Another aspect of that, although I don't think  
 15 it showed up in the minutes, and that was that when you  
 16 start to implement things, whether it be for environmental  
 17 purposes or something else, we're intending to go ahead and  
 18 spend money without first examining whether the action is  
 19 going to involve redirected impacts, whether it's balanced  
 20 with other interests. I'm afraid we'll get into that same  
 21 problem here if we're not careful.

22           We do have to divide these things up somewhat  
 23 for scrutiny, but somehow they have to come back together  
 24 before we make any decisions. For example, in the work  
 25 that's going on to better understand the chemistry of a

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1 dissolved carbon compounds is very important. There's a lot  
 2 we don't know about that, they may or may not reveal  
 3 opportunities for management in that respect, but before we  
 4 start implementing some plan to manage the dissolve to  
 5 oxygen compound, we have to say "Well, when we do that, what  
 6 redirected impacts are we going to run into? Is it balanced  
 7 with other things?"

8           So this is a broad topic, perhaps, but it's  
 9 one in which I think we've been deficient in the past to see  
 10 that before we implement something, we go back, we see  
 11 whether it's been examined technically throughout the  
 12 spectrum of technology and not just by one aspect of  
 13 science, look at the interactions among these things in our  
 14 governance programs.

15           And analyze this in a form of the last  
 16 presentation that I heard, we still didn't have any clearer  
 17 system for seeing it before we do something, we step back  
 18 and say "Is this technically sound? Is it balanced? What  
 19 redirected impacts take place if we go ahead with it?"

20           So I've broadened the subject here, but I  
 21 think it needs to be broadened.

22           VICE CHAIR McPEAK: Steve, do you have a  
 23 response?

24           At least speak personally, I recognize what  
 25 you say is right or appropriate and accurate, and listening,

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1 Alex, I was trying to figure out: What is it that we're  
 2 doing trying to address the issue or the concern and the  
 3 problem that you lay before us?

4           I don't sense that we're ready to make a  
 5 recommendation on option one versus option two. We really  
 6 don't know the implications of the difference. This is  
 7 important to start through the discussion and have this  
 8 shared as the level of sort of thinking, and it's somewhat  
 9 of a laundry list to get program component names on a piece  
 10 of paper related to funding that's now been allocated and  
 11 negotiated and not done with perfect science in Washington.

12           So the next steps that we have concluded today  
 13 are: Have a thorough discussion of through Delta as it is  
 14 proposed in the preferred alternative next time because that  
 15 should be a backdrop to the discussion here on the  
 16 difference between what's called water management, what's  
 17 called the Delta, what's called south Delta, etcetera.

18           Secondly, to try to get a more complete  
 19 picture of revenue streams as they now exist today with the  
 20 new pieces added to it, and in that, I've asked that we have  
 21 sort of a, if you will, a run through of tracing the dollars  
 22 and more importantly responsibilities of the various funding  
 23 entities and revenue streams in water conservation;

24           To have the Urban Water Conservation Council  
 25 provide some input so that one stakeholder is taking

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1 responsibility in trying to answer the question as if it was  
 2 their responsibility to do solely.

3           And that we're going to have a set of criteria  
 4 of how we're going to look at the last piece that you  
 5 raised, I think we did have a discussion in Red Bluff about  
 6 which is: How to ensure in going forward -- I think we had  
 7 in the context of governance, but maybe not -- the  
 8 scientific integrity and in a review -- it's a review of the  
 9 interrelationships within the program and to figure that  
 10 out.

11           We're about to move to, and I'm going to have  
 12 to move us now to the ecosystem restoration round table  
 13 discussion, and there is, you know, a process and a  
 14 structure we have set up because we had early money to try  
 15 to do something, and we're trying to get the dynamic between  
 16 them, us, CALFED, the world; right?

17           And it too needs to have, then, not just the  
 18 scientific review that's gone on with the ecosystem round  
 19 table and watershed folks that they brought in, but you  
 20 asked specifically, Alex, if I remember, get some engineers  
 21 to look at how, if you will, the engineering projects are  
 22 going to relate to all this.

23           So I'm answering back, talking out loud, how  
 24 do we improve the situation from not having enough  
 25 information and not having looked at it, to getting more?

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1           At least I think we've been fairly specific on  
 2 new things, new pieces of information; is that true?

3           MR. HILDEBRAND: The thing here, though, is  
 4 we're talking about spending millions of dollars of  
 5 implementation money, and it isn't clear that the decisions  
 6 that are made about water management within the Delta will  
 7 be meshed with the decisions that are made about management  
 8 actions outside of the Delta before we move ahead on either  
 9 of them to see whether they are compatible with each other.

10           And it's the kind of problem where it's  
 11 difficult, I agree, but nevertheless, I think that there's a  
 12 perception in the minds of many people in the public that we  
 13 are somewhat indifferent or careless about redirected  
 14 impacts and about compatibility of whether what we do with  
 15 the left hand fits with what we do with the right hand, and  
 16 I think we need to be rather meticulous about it, and we're  
 17 not being very meticulous if we plan something in the Delta  
 18 without saying how does that mesh with the other and vice  
 19 versa.

20           Similarly, as I mentioned earlier, this FONSI  
 21 business of going ahead with implementation plans based on  
 22 FONSI written by people who have big conflicts of interest  
 23 or at least not a breadth of understanding to find out  
 24 whether there's conflicts, and I think we have to be very  
 25 careful about all this. I don't think we're being very

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1 careful about it.

2 VICE CHAIR McPEAK: In the discussion in  
3 December on governance and the framework, Steve, if you  
4 could also address the latest thinking and perhaps the  
5 policy group will have had time to reflect on this as well,  
6 and that is how we are going to introduce the highest level  
7 of scientific integrity that looks at the  
8 interrelationships, the questions systematically, rigorously  
9 about redirected impacts and compatibility of various  
10 components.

11 I would like to ask the two of you to -- Steve  
12 Macaulay and Alf Brandt and Steve Ritchie to collectively be  
13 responsible for addressing that issue at the December  
14 meeting.

15 Gary, let me take Gary, and then we'll have to  
16 move on.

17 MR. BOBKER: Gary Bobker, Bay Institutes.  
18 Just two quick comments on the nonecosystem allocation for  
19 FY2000.

20 The first is to just support a point that's  
21 been made by several, and that is, the nonecosystem portion  
22 of expenses should be subject to the same level of  
23 scientific scrutiny and public review that the ecosystem  
24 portions are.

25 There isn't a process in place to do that now.

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1 Steve alluded to the water management development team, a  
2 process which has its pros and cons, as I'm sure Steve would  
3 agree, but that aside really doesn't look at the whole mix  
4 of water management tools but really is very focused on  
5 Delta operations.

6 We really need to have some sort of review  
7 process that looks holistically at investments throughout  
8 the whole range of water management. You don't have that  
9 now, and Hap mentioned you need to mark that as priority for  
10 governance, but even before there's some long-term entity  
11 you need something to deal with FY2001.

12 The second point I wanted to make was the  
13 point, I think, that Eric made in a way, which is that  
14 option one and option two seem to me to be a choice between  
15 infrastructure investments. You either spend money on Delta  
16 facilities or you spend money on storage investigations.  
17 That is where the major shift, in my mind, really came.

18 I'm not saying necessarily that spending money  
19 on either of those things is a bad thing to do, but FY2000  
20 nonecosystem proposal does not reflect in either option, the  
21 importance that conservation recycling is supposed to have.

22 And as somebody who is pretty deeply involved  
23 in helping CALFED to come up with a water use efficiency  
24 program, I can tell you in FY2000 you can do between five  
25 and ten million dollars of investments in planning,

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1 technical assistance, and pilot projects.

2 These are things which I think we all agree  
3 need to happen sooner rather than later, so I would say that  
4 perhaps there are some other very credible options that  
5 could be looked at besides the two presented by staff.

6 Thanks.

7 VICE CHAIR McPEAK: Thank you. Okay, Hap.

8 MR. DUNNING: I just want to ask Steve his  
9 reaction to Gary's first point. I assume we don't have any  
10 scientific and public review process on spending decisions  
11 on the nonecosystem part because we're just getting into the  
12 spending; is that --

13 MR. RITCHIE: That's correct. This is the  
14 first time we've had any other money available to spend in  
15 the program.

16 MR. DUNNING: But since we've made a great  
17 effort -- CALFED has made a great effort to have a rigorous  
18 scientific and public review process on the ecosystem  
19 spending, I think it would make a lot of sense to do the  
20 same on the nonecosystem. I just wonder what your thinking  
21 is as to how that can be done or if it should be done.

22 VICE CHAIR McPEAK: I just ask them to bring  
23 back their thinking on that. We have ecosystem money  
24 allocated. We sought it. We got it appropriated. We got  
25 it approved by the public long before we had a scientific

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1 panel in place.

2 That's why the issue that was just raised by  
3 Alex and now by Gary and by you, Hap, I've asked them to  
4 come back and give us that --

5 MR. DUNNING: Can I ask Steve his initial  
6 reaction at this point?

7 VICE CHAIR McPEAK: Yes, you might. Excuse me  
8 for jumping in.

9 MR. RITCHIE: Yes, as part of this process  
10 again, we need to have a specific advice method for how to  
11 spend the dollars.

12 I would comment on the ecosystem restoration  
13 process as, in effect, and this is not -- I've been part of  
14 the process -- not to criticize it, but in effect, it's a  
15 large field with a whole lot of different competing  
16 interests for the money, and we've ended up with, to some  
17 degree, a beauty contest, and the science review has tried  
18 to put some balance around that and make it a sensible thing  
19 as opposed to simply just "I like my project better than  
20 yours."

21 Within the other program areas I think we've  
22 gotten more refinement developed in the program areas and  
23 the field is narrower, so I'm not sure we need a massive  
24 science review process for it, but I think that's definitely  
25 going to be a consideration of it.

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1 But the other consideration, that's, again,  
 2 the emphasis on the Delta, is the policy direction that the  
 3 policy group has to come up with. In effect, on the  
 4 ecosystem restoration front, that was left virtually an open  
 5 field for outside interests.

6 The other piece of this triangle here is this  
 7 policy direction. There's a very strong policy commitment  
 8 to activities in the Delta to fix the problems in the Delta,  
 9 so I think there are already a substantial marker down there  
 10 from the agencies, so it's where we marry that policy  
 11 inclination of the agencies with science and public, the  
 12 trick is going to be.

13 VICE CHAIR McPEAK: Roberta and Rosemary and  
 14 then move on.

15 MS. BORGONOVO: I think that you are right to  
 16 say that we're not ready to make this decision. You know  
 17 I'm going to come down on the side of the nonstructural  
 18 alternatives, but I think we are at this point where CALFED  
 19 is looking at these crossbenefits.

20 So that's what I would like to see looked at  
 21 in the water management: What are the water quality  
 22 benefits from some of the ecosystem actions, what are the  
 23 water quality benefits from the conservation, what about  
 24 water quality from this very broad point of view of these  
 25 different technologies.

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1 I know that the Delta Drinking Water Council  
 2 will get into that, but that I think is a big task that  
 3 CALFED is just beginning to get into. I hope that's part of  
 4 what comes back in December.

5 VICE CHAIR McPEAK: Rosemary.

6 MS. KAMEI: I'm glad Roberta mentioned the  
 7 water quality benefits because that's one of the things that  
 8 we haven't really -- at least I haven't seen much of a  
 9 priority in discussing.

10 As I look at this and look at the options, I  
 11 don't know what the right numbers are, but one of the things  
 12 I've always felt that we are behind on is really talking  
 13 about the water quality benefits and really doing something  
 14 more on water quality. And as an urban user, that's a  
 15 priority for us.

16 As regulations are going to change, and we're  
 17 doing what we can, we certainly want to see some  
 18 improvements in the Delta on the water quality, so as this  
 19 is going to come back, I'm hoping that that is seen as a  
 20 priority because it is a priority to me.

21 VICE CHAIR McPEAK: Could you tell me what you  
 22 think should be done other than what is right now in motion  
 23 on water quality?

24 Let me elaborate. Water quality in the phase  
 25 two report is one of the three coequal objectives:

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1 Continuous improvement in water quality, water supply, and  
 2 fisheries -- water supply reliability, excuse me, that all  
 3 actions are to be measured against.

4 The two sort of competing allocations even  
 5 that were up there were starting towards the changes in the  
 6 Delta that are intended thought to lead to water quality  
 7 improvement. The storage investigation and the conveyance  
 8 work is still under further study that would lead to water  
 9 quality improvement, and the Delta Drinking Water Council is  
 10 just getting off the ground to look at all the technologies  
 11 for combination of water source improvement and treatment,  
 12 and we're finally putting money into watershed restoration  
 13 that should have impact on water quality.

14 I'm with you in terms of the objective. I  
 15 don't know what more Santa Clara Valley Water District wants  
 16 done right now on water quality.

17 MS. KAMEI: I think that in terms of what's  
 18 being proposed and what is verbally said is different than  
 19 implementation and actually putting dollars and money and  
 20 saying "We are going to move ahead just like everything else  
 21 is moving ahead," and I guess that's the different that I  
 22 see in that: Yes, there is a commitment of water quality.  
 23 Yes, there is a commitment to CALFED to do something about  
 24 it, to see it as a priority. But in terms of dollars and  
 25 actual implementation and moving forward towards things, I

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1 see it as lagging.

2 VICE CHAIR McPEAK: Okay. Yes.

3 MR. BUCK: Perhaps on that point if we're  
 4 talking about where we put the money in near term water  
 5 quality improvements, more money towards the 2000 operation  
 6 contingencies where it would really help, because we're  
 7 fairly limited in what we can do physically right now.

8 What you really need to do is have more money  
 9 for water that you can move at the opportune time to  
 10 maintain the water quality.

11 What we've had to date in our desire to  
 12 protect species we've been shifting, pumping from the spring  
 13 when the water quality is good to the fall when water  
 14 quality is bad, so we've been degrading water quality in our  
 15 desire to protect supplies and protect -- provide additional  
 16 improvements for fisheries, so we really need water  
 17 available to at least mitigate, if not improve that shifting  
 18 that occurs.

19 So more money into the operations side to be  
 20 able to implement the water management development team  
 21 options that can be used either for supply or water quality  
 22 is where that could improve.

23 VICE CHAIR McPEAK: Bob Raab you absolutely  
 24 the last question, I don't care who raises their hand.

25 MR. RAAB: I'm almost afraid to ask the

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1 question because you frowned at me when I raised my hand.  
 2 VICE CHAIR McPEAK: It's just that you all  
 3 frown back at me if we are off schedule, and I keep trying  
 4 to say "the last person," then somebody raises their hand,  
 5 like, you know, okay, but Bob, it's your democracy too.  
 6 MR. RAAB: I think there's such a burning  
 7 importance to this question that I'm going to ask it anyway.  
 8 And that is that -- would somebody such as a  
 9 member of policy group that's here today be able to walk  
 10 back to the policy group and say "Here's pretty much a  
 11 consensus of what BDAC said on this. Here's pretty much the  
 12 consensus on what BDAC said about that," whatever we were  
 13 talking about today?  
 14 I think I'd be at a dead loss to honestly say  
 15 that there's any real knowledge that most of the people on  
 16 BDAC are here or there.  
 17 Is that just me, or is there somebody from the  
 18 policy group here or --  
 19 VICE CHAIR McPEAK: No. There hasn't been  
 20 consensus among this group ever.  
 21 MR. RAAB: Yeah, right.  
 22 VICE CHAIR McPEAK: What we've agreed to so  
 23 far today is that you haven't rebelled so I've taken it as  
 24 acquiescence and essentially ruled that we want certain  
 25 information on the next agenda, and then I have to remember

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1 to keep the staff honest because they often don't put on the  
 2 agenda what I try to direct from the chair.  
 3 So look at him, he's laughing, he's getting  
 4 red, he knows it. I have had the damndest time trying to  
 5 order the agenda to reflect what you guys say, so that's all  
 6 that there's been consensus on today.  
 7 Ladies and gentlemen, we're moving to the next  
 8 agenda item. We appreciate this discussion. I think it's  
 9 been illuminating, if not reaching consensus. We've now  
 10 been joined by Byron Buck, who represented all of you,  
 11 particularly the chairs, at the October 6th or 5th policy  
 12 group meeting and was very diligent in calling to ask me  
 13 what I thought, then told me what he'd say anyway.  
 14 So Byron.  
 15 MR. DECKER: Before you start can I ask a  
 16 question on this new issue?  
 17 Are we going to be asked to decide or  
 18 recommend anything on --  
 19 VICE CHAIR McPEAK: On the ecosystem  
 20 restoration we are going to be asked to concur in the  
 21 recommendations before us I believe is the way it's put.  
 22 Thank you very much for -- Tom Decker for --  
 23 MR. DECKER: Now I can think clearly as we go  
 24 through this discussion.  
 25 VICE CHAIR McPEAK: Byron, if you could share,

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1 please, the report from the policy group in October.  
 2 MR. BUCK: Thanks, Sunne. I was not the only  
 3 one there. I think Hap was there. I know Bob was there  
 4 too, so Hap, you were not, okay. Annie was there, but she  
 5 doesn't appear to be here today. Stu was there. Is he here  
 6 today? I don't see him.  
 7 VICE CHAIR McPEAK: Byron, you have to speak  
 8 directly into the microphone. We're having a hard time  
 9 picking up clearly what you are saying.  
 10 MR. BUCK: I'm looking for other people to  
 11 blame as well.  
 12 At any rate, we discussed a number of issues,  
 13 2000 operations was among them. We had the plan before us.  
 14 Much of what is in the packet today for final action or  
 15 final recommendation the policy group on how to deal with  
 16 2000 operations problems.  
 17 Steve Macaulay went through what happened with  
 18 the Delta smelt crisis and how for a number of fortuitous  
 19 circumstances we were able to recover from that and that  
 20 they want to get out ahead of that next year and not repeat  
 21 that crisis, so that is, in large part, what the operations  
 22 contingency is about and what the water management  
 23 development team is about as well.  
 24 We did briefly discuss the 2000 fiscal  
 25 priorities that the split was less defined as we have seen

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1 it today. David Cottingham did point out, however, that one  
 2 of the things that is somewhat disturbing and a trend we  
 3 don't want to see continue is that on the federal side the  
 4 budget -- the amount of money is decreasing, the bad news  
 5 part of it.  
 6 The good news is that we have authorization to  
 7 spend in other areas just besides ecosystems so we can start  
 8 getting all four program areas moving, but I think he did  
 9 emphasize that getting as close to consensus as we can and  
 10 making decisions is certainly going to help us in getting  
 11 federal dollars in the future to the extent they see a lot  
 12 of dissension out there in the various communities that work  
 13 in this process it's not going to help us in getting federal  
 14 funding.  
 15 I think we talked mostly about the governance  
 16 issue, its role, the points that Sunne and Mike asked me to  
 17 make I tried to put forward that I think this group thinks  
 18 are -- it's a very important decision that has to be made  
 19 and while what the workgroup has produced might not be  
 20 perfect, we can't wait for perfect. We have to get a  
 21 structure that can actually implement in the long run, and  
 22 again, that's on our agenda today as well, so that's moving  
 23 forward.  
 24 We discussed both in terms of governance both  
 25 the short-term, we reported on what our role is going to be

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1 in terms of the policy group, the recommendation that came  
 2 out of the meeting, I believe it was Red Bluff, in terms of  
 3 how we'll have the eight rotating members that was accepted  
 4 by the policy group as well. And I think that pretty well  
 5 covers it in terms of our work.

6 VICE CHAIR McPEAK: Any questions to Byron?  
 7 MR. BUCK: Or additions from others.  
 8 VICE CHAIR McPEAK: Or additions from others.  
 9 Alex Hildebrand.  
 10 MR. HILDEBRAND: Item of importance to us in  
 11 the Delta was that we understood the policy committee  
 12 directed staff to address the problems between the south  
 13 Delta implementation plan and the judgments and desires of  
 14 those in the Delta, both with regards to redirected impact  
 15 and in regards to technical viability of the program.

16 VICE CHAIR McPEAK: Thank you. Do you need a  
 17 break?  
 18 (Discussion off the record.)  
 19 VICE CHAIR McPEAK: Let's proceed with the  
 20 ecosystem restoration implementation. This is discussion  
 21 action. We've got Wendy Halverson-Martin and Mary Scoonover  
 22 and then Gary Bobker as the ecosystem round table cochair.  
 23 Mary, do you need to advise us on conflict of  
 24 interest -- there you are. Sorry.  
 25 MS. SCOONOVER: Good morning. My name is Mary

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1 Scoonover, and I'm here to walk you through some procedural  
 2 hurdles before you discuss the ecosystem restoration  
 3 project.  
 4 In your packet this month there was a short  
 5 letter. It is under the tab ecosystem restoration tab  
 6 reminding you of the obligation of Government Code Section  
 7 1090, which prohibits a public official from both making a  
 8 contract in his or her official capacity and then also  
 9 benefiting financially from it in his or her personal  
 10 capacity.  
 11 What this means in terms of the ecosystem  
 12 restoration projects is that you are going to be asked  
 13 momentarily for your input on the recommendations included  
 14 in your package.  
 15 There are certain circumstances under the law  
 16 where there are remote interests that have been identified  
 17 which require you to declare those interests on the record  
 18 and then abstain from the discussions and the decision  
 19 making that's about to occur.  
 20 This is your opportunity, if any of you have  
 21 remote interests, to declare it now for purposes of the  
 22 record. I think we've all been through this exercise a  
 23 number of times before. We at staff level have not  
 24 identified any potential problems, so I'm hopeful this will  
 25 move quickly forward, but that's my pitch for this moment.

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1 VICE CHAIR McPEAK: Thank you, Mary.  
 2 Does anyone want to declare their remote  
 3 interests.  
 4 Judith.  
 5 MS. REDMOND: Yeah, I would like to recuse  
 6 myself.  
 7 VICE CHAIR McPEAK: Judith Redmond.  
 8 MS. SCOONOVER: You need to declare -- to  
 9 satisfy the requirements of the law, there needs to be some  
 10 declaration of the nature of the interest that you believe  
 11 you have, and therefore, why you are recusing yourself, but  
 12 if you can briefly describe the nature of the interest that  
 13 you are concerned about, that would also help.  
 14 MS. REDMOND: I'm a staff member of an  
 15 organization that has a proposal on the current docket.  
 16 VICE CHAIR McPEAK: Thank you very much,  
 17 Judith.  
 18 Anybody else who wants to declare any remote  
 19 interest? All right. Thank you, Mary.  
 20 Wendy, I think we're on. You all remember  
 21 this one from Red Bluff and the process that we went through  
 22 there, so I think this does represent some progress, but  
 23 actually real progress in terms of functioning of BDAC.  
 24 There is a decision that we will have to make as Tom  
 25 inquired before.

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1 Wendy.  
 2 MS. HALVERSON-MARTIN: Yes, that's correct.  
 3 We will be asking for BDAC to make a recommendation on the  
 4 proposed funding package for the ecosystem restoration funds  
 5 that have been recently secured under the federal Bay-Delta  
 6 Act.  
 7 I'd like to start by providing a bit of  
 8 context about the importance of the discussion that will  
 9 follow today, and I'd like to give you a little analogy.  
 10 The ecosystem restoration program is a lot  
 11 like the cow catcher on the front of a train: We get to  
 12 clear the tracks and deal with many of the issues that the  
 13 rest of the program will have to face because we're out  
 14 there in front actually implementing the program and have  
 15 been for several years, but in cases of train wrecks, we  
 16 always get there first, so it's kind of a unique position to  
 17 be in.  
 18 We literally are blazing the trail and dealing  
 19 with many of the issues that we've heard about this morning  
 20 in real-time.  
 21 The importance of securing funding for the  
 22 CALFED Bay-Delta program can't be emphasized strongly  
 23 enough. You heard the good news and bad news discussion  
 24 this morning. Many of the reasons that we are in a bad news  
 25 position of only having thirty million for ecosystem

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1 restoration or thirty million for other aspects of the  
 2 program is because of some of the issues that have been  
 3 raised by our friends who are responsible for assigning the  
 4 funds for the program, the state and federal appropriators.  
 5 In this case the federal appropriators.  
 6         The writing was on the wall earlier this year.  
 7 There was concern and dissatisfaction about how the program  
 8 was expending it funds, administering its program, and the  
 9 progress that the program was making. We heard that very  
 10 early on and have worked very, very hard this year to  
 11 address those concerns.  
 12         In addition, it was made very clear that our  
 13 decision making process wasn't in synch with the federal  
 14 appropriation process. We were in a reactive mode, where  
 15 once the appropriation was received, we then set out to  
 16 figure out how we were going to spend the money, and that  
 17 resulted in oftentimes decisions about funding being made  
 18 well into the fiscal year.  
 19         Oftentimes contracts weren't even let within  
 20 the year that the appropriation was received, and this  
 21 caused extreme dissatisfaction amongst the appropriators.  
 22 They said "You can't even spend the money we've already  
 23 given you, why should we give you more?"  
 24         And I think that as a direct symptom, we have  
 25 received less than half of the appropriation that was in the

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1 President's federal budget for this year. They just saw us  
 2 as not being responsive to their concerns, and we really  
 3 haven't had the opportunity to go back and tell them about  
 4 the progress that we've made.  
 5         Part of the progress that we need to make is  
 6 in this transitional year. It's critically important that  
 7 we line up our decision making process along with the  
 8 federal appropriation. That means we need to make decisions  
 9 about expending dollars at the beginning of the fiscal year  
 10 so that we can execute contracts and implement projects  
 11 within the year of the appropriation. If we don't show our  
 12 ability to do that, we run the risk of not having a federal  
 13 appropriation next year.  
 14         We have an authorization that's expired, and  
 15 there has not been huge progress in getting it reauthorized,  
 16 so we are in a very tenuous situation where we need to make  
 17 this concerted effort to get ahead of the curve.  
 18         This is a transitional year. In 1999 we  
 19 started the transition from implementing a broad, early  
 20 ecosystem restoration program. We continued that transition  
 21 in FY2000, and we are now on the cusp of being able to move  
 22 into implementing the ERP in a timely fashion that's  
 23 responsive to the appropriators needs and concerns.  
 24         There is some good news in all of this, and I  
 25 want to draw your attention to the bottom line of this

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1 chart. This is our summary chart of how we track our funds  
 2 and projects for ecosystem restoration. We haven't brought  
 3 this information to you on a regular basis. The ecosystem  
 4 round table sees it on a monthly basis.  
 5         But I'd like to draw your attention to the  
 6 bottom line and the last two columns, obligated and  
 7 expended. At the beginning of this year our obligated rate  
 8 was forty-four percent. We have taken a forty-four percent  
 9 obligated rate to over ninety percent. That's phenomenal.  
 10 In a single year we have done all of the catch-up work plus  
 11 in addition to that we have put another fifty or so projects  
 12 online under contract.  
 13         We made this our focal point because this was  
 14 an issue for obtaining and securing funds under the federal  
 15 Bay-Delta Act. The contract administrators deserved  
 16 renowned credit. The Bureau, all of the federal agencies,  
 17 CALFED, the National Fish and Wildlife Foundation have  
 18 worked very, very hard to make this a reality.  
 19         In addition, in April of this year -- in  
 20 February of this year we didn't even track expenditures. In  
 21 April of this year our expenditure rate was only twelve  
 22 percent, so again, you can see we have made demonstrative  
 23 progress in actually moving these funds forward and going to  
 24 work for ecosystem restoration.  
 25         MR. HASSELTINE: Wendy, before you move on,

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1 every once in a while we get a view graph up here during  
 2 these meetings that has a lot of information on it that is  
 3 very interesting, and I think some of us would like to have  
 4 time to sort of look at it in more detail. I don't see that  
 5 in our packet.  
 6         Do we have a copy of that?  
 7         MS. HALVERSON-MARTIN: It's not in your  
 8 packet.  
 9         MR. HASSELTINE: Can somebody make sure that  
 10 we get a copy of that?  
 11         MS. HALVERSON-MARTIN: We'd be happy to do  
 12 that. As a matter of fact, it would be something that would  
 13 be good to include with our meeting summaries with you. We  
 14 can provide that on a monthly basis.  
 15         Just to give you a concept here, this shows  
 16 all of the funding sources that have been applied for  
 17 ecosystem restoration. It shows the total amount that has  
 18 been appropriated to ecosystem restoration at two hundred  
 19 fifty-four million. We have two hundred forty-eight  
 20 projects at a total of two hundred twenty-five million,  
 21 ninety-three percent -- ninety-three point five percent of  
 22 that is obligated or under some sort of contractual  
 23 agreement, meaning that we have the commitment of those  
 24 dollars to a specific project, and thirty percent of that or  
 25 sixty-eight million dollars has been expended towards

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1 ecosystem restoration.

2           Last month and the month before we talked

3 about the process we were going through to make this

4 transition to getting in synch with the federal funding

5 cycle, and some of you may remember this graphic which shows

6 lots of boxes in a really short period of time.

7           It is really important that as a result of

8 this meeting and the November 17th policy meeting, we make

9 this transition. We are now about a month behind where we

10 need to be. That is not critical because we can make that

11 up by jamming our contractors and forcing them to work a

12 little harder and get the contracts out, but we can't delay

13 any longer than this.

14           If we are going to make this leap and really

15 demonstrate that we want to be in synch with the federal

16 funding cycle and do work within the year of the

17 appropriation, we need to have that substantive discussion

18 today and have the policy group make a recommendation at

19 their November 17th meeting.

20           This is just an overview of where we're trying

21 to get to. I think you will hear today from some of the

22 round table members or perhaps from the public about their

23 discomfort about the process that we used for FY2000. They

24 were less than satisfied with the approach that we took in

25 that transitional year.

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1           Many would like to see us get to this more

2 solidified, systematic, and predictable cycle that we can

3 count on, that allows sufficient time for decision making,

4 allows for scientific and engineering review of projects

5 that are proposed, but we can't do that unless you help us

6 make this transition. This is really important. We have to

7 get to the point where we can allow ourselves more time as

8 we move into 2001.

9           If we continue to delay FY2000, all that does

10 is cut into the time and makes us more compressed for 2001

11 decision making, so I think it's really important to have

12 that mind set as we move into talking about the specifics of

13 what we're trying to do here.

14           You will remember that at our last meeting we

15 talked about the ecosystem round table's recommendation that

16 a science panel be convened to review the FY2000 projects,

17 and we did that. We took the recommendations of the interim

18 science panel back to the ecosystem round table at their

19 October 13th meeting.

20           The ecosystem round table was unable to reach

21 consensus at that meeting, and what I will attempt to do

22 here today and what Gary will do is attempt to characterize

23 the nature of the discussion to give you a feel for the

24 issues that they are concerned about.

25           We will be asking today for your concurrence

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1 and support for a recommendation to move forward. This is a

2 distillation of the recommendations we've received from the

3 science panel, from the ecosystem round table, and hopefully

4 something that makes sense and allows us to move forward.

5           The interim science panel was assigned three

6 tasks: They were asked to review the FY2000 implementation

7 plan, which was based on the priorities that you saw Steve

8 Ritchie present. They were asked to recommend specific

9 projects that were remainders or carryovers from the 1999

10 solicitation that lined up with that implementation plan.

11 And they were also asked, and you probably remember the

12 discussion from last month, to consider the supplemental

13 1999 watershed projects.

14           So before we get into the FY2000, I'd like to,

15 just for informational purposes, let you know what they

16 recommended on the '99 watershed projects. There were nine

17 projects presented to them. They recommended funding eight

18 of those nine projects.

19           The one project that they recommended not

20 funding, and the complete discussion of this is within your

21 packet, was the Trinity River watershed project, and that

22 project was not recommended for several reasons. It was not

23 because of its geographic location. It was because the

24 proposal, they felt, was not adequate, that it didn't

25 address the key scientific uncertainties that need to be

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1 addressed about the relationship of that watershed to the

2 CALFED Bay-Delta program, and that they felt that the

3 proposal was too ambitious for the amount of funding that

4 they were requesting. They didn't think they could do the

5 work they said they were going to do for the money that they

6 were asking for.

7           So those were the reasons that that project

8 was not recommended. The remaining projects were

9 recommended, and the ecosystem round table concurred with

10 the recommendations at their last meeting.

11           As we began talking about the FY2000

12 implementation plan with the interim science panel, they

13 expressed some discomfort about using the FY2000 priorities

14 in the implementation plan. These are the reasons that they

15 felt that they should consider other things in looking for

16 projects.

17           Number one, that the FY2000 implementation

18 plan was not the basis upon which projects were solicited

19 with the '99 solicitation. They felt that it was more

20 important to look for projects that had what they called

21 information richness or were able to address scientific

22 uncertainties relative to the CALFED program, and they also

23 felt that they did not have a clear understanding of the

24 scientific basis for the implementation plan as it was

25 presented to them and did not have sufficient time to fully

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1 investigate that in the course of their meeting.  
 2           So instead, what they did is they looked for  
 3 projects based on how well the project scored coming out of  
 4 the technical review panels. They were basically looking  
 5 for higher scoring projects. They were looking for projects  
 6 that continued existing work, so maintaining the continuity  
 7 and allowing the opportunities to capitalize on initial  
 8 investments, and they were looking for projects that  
 9 demonstrated information richness and the ability to address  
 10 key scientific uncertainties.  
 11           And I'd like to -- maybe this is a good point  
 12 to address one of the comments that Alex made at the Redding  
 13 meeting and again this morning. They actually deferred  
 14 recommending implementation of any of the major construction  
 15 projects until those projects had had scientific peer review  
 16 and a comprehensive value engineering review.  
 17           Their rationale, which I think is a very sound  
 18 rationale, was that if you are going to spend that kind of  
 19 money for projects on that scale, even though all of the  
 20 major construction projects that were considered were still  
 21 within the demonstration project range, they felt it was  
 22 important, even though the decisions were made, that those  
 23 were valuable projects previously to, in light of the  
 24 existing information, confirm that they remained high  
 25 priorities, that the right type of information could be

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1 collected from those projects, and that they were  
 2 economically sound and could be constructed in a value  
 3 engineering perspective, that we were going to get the most  
 4 for our money.  
 5           So they set each of those projects aside and  
 6 said "There's no prejudice here. We think all of these  
 7 projects have the potential to give us good information, but  
 8 we think you need to go off, CALFED staff, and do a  
 9 comprehensive peer review and a comprehensive value  
 10 engineering review of these projects." And there were three  
 11 major construction projects they specified.  
 12           And we plan to do that so that those projects  
 13 can now be eligible or considered for funding for FY2000,  
 14 that they will have been through a very comprehensive and  
 15 rigorous review, and that they will be ready to move forward  
 16 when additional funding becomes available.  
 17           This is a summary of the projects that they  
 18 recommended, and I have included a detailed discussion of  
 19 their recommendations and the ecosystem round table  
 20 discussion within your packet. I would like to present this  
 21 to you in a summary format because I think much of the  
 22 substance of our discussion will be similar to our earlier  
 23 discussion about distribution of funds.  
 24           They recommended funding twenty projects that  
 25 broke out in this fashion. Let me identify an exception

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1 here. Under introduced species they recommended three  
 2 projects, two of which were ballast water projects.  
 3 Subsequent or right about the time the panel met, the new  
 4 ballast water legislation was signed into law and subsequent  
 5 to that meeting we discovered that both of the projects that  
 6 the panel recommended will be addressed through other  
 7 funding sources, so it doesn't make sense for us to use our  
 8 very scarce CALFED funds to address these issues when there  
 9 is now a legislative mechanism to do that.  
 10           So you will see a discrepancy between what the  
 11 science panel recommended and what we are recommending, and  
 12 that discrepancy is that we are recommending not funding the  
 13 two ballast water projects because there are alternative  
 14 funding mechanisms available for those now.  
 15           Let me -- the other point that I'd like to  
 16 make coming out of the interim science panel was that they  
 17 also strongly supported funds for water acquisitions for the  
 18 environment, and they also strongly supported the monitoring  
 19 and science program for CALFED.  
 20           Many of the issues that were discussed  
 21 earlier, and I'm sure that will be discussed during the  
 22 discussion of this item, are questions of scientific merit,  
 23 integration between program elements, are we getting the  
 24 right kind of information, all of those types of questions  
 25 have to be satisfied, and there has to be funding available

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1 to answer and move forward and address those questions.  
 2           So for the first time this year, we are asking  
 3 that funds be dedicated to a science and monitoring program  
 4 that's fully integrated with CMAR and moves us forward,  
 5 makes a conscious step to start addressing many of these key  
 6 scientific uncertainties at a broader scale, not just at the  
 7 focused project level, but starts to look at integration of  
 8 program elements, integration of other programs beyond  
 9 CALFED, and how all these things are working together.  
 10           The ecosystem round table, their specific  
 11 comments are included in your packet. I won't go into the  
 12 details, but I wanted to convey to you some of the general  
 13 nature of the comments.  
 14           Again, I want to reiterate, they were unable  
 15 to reach consensus on the funding package. There were  
 16 diverse views about how the funds should be allocated, and  
 17 what we've tried to do here today is bracket the range of  
 18 their concerns.  
 19           A couple of key points about the project  
 20 specifically: Some ecosystem round table members felt that  
 21 certain types of projects, for example, watershed and water  
 22 quality projects, should not be funded with ecosystem money.  
 23 This is just a fundamental point of view, a perspective, per  
 24 se. They felt that perhaps those types of projects should  
 25 be funded with the nonecosystem money that you heard Steve

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1 Ritchie talking about earlier.  
 2 After that discussion you probably have a  
 3 higher level of sensitivity to how scarce thirty million can  
 4 become, how difficult it is to carve up those funds into  
 5 smaller pieces, but that was a point that they raised.  
 6 One of the concerns about the watershed  
 7 projects was there was a concern that by providing continued  
 8 funding to watershed groups or organizations might be  
 9 contradictory to some of the earlier recommendations from  
 10 that group that we provide startup funding for these groups  
 11 only and not provide a constant source of funding to  
 12 maintain those organizations.  
 13 One of the concerns that was expressed, not so  
 14 much by the round table members but certainly by members of  
 15 the public and applicants, was that many applicants have new  
 16 information about the projects they submitted in April, and  
 17 they were frustrated that they did not have a mechanism to  
 18 share that information with the individuals who were making  
 19 the recommendations.  
 20 This is really a legal issue of fairness, and  
 21 essentially would necessitate us initiating a new  
 22 solicitation -- information for all applicants to come  
 23 forward.  
 24 So we are sensitive to that. We understand  
 25 that that's a concern, and we hope to be able to capture the

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1 benefits that people have gleaned in the time between when  
 2 they submitted their initial proposal and now, but we really  
 3 couldn't factor it into the decision making without being  
 4 biased.  
 5 The last point, again, you heard earlier was  
 6 we have NMFs, and some of the round table members supporting  
 7 continued funding for fish screens.  
 8 On a broader perspective, and I'm going to get  
 9 to the punch line here quickly, which is a nifty little  
 10 table like Steve Ritchie put up, the round table generally  
 11 supported the science and monitoring program, but some  
 12 individuals felt the cost was too high and the dollar amount  
 13 should be lower.  
 14 Unfortunately, many of the investigations and  
 15 the work that we were talking about is very expensive. We  
 16 also are in a position where we have to go back to many of  
 17 the early projects and do some retrofitting relative to  
 18 monitoring and information collecting to really make those  
 19 as useful as we can, and that effort has not been done.  
 20 So we are actually going to be in a position  
 21 of having to play catch up because the early solicitations  
 22 did not have a focus on monitoring like the '99, the 2000,  
 23 and then the 2001 solicitations will have.  
 24 There was broad support -- this is probably  
 25 the closest they came to consensus -- broad support for

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1 developing a framework for how you acquire long-term  
 2 environmental water acquisitions. This is augmentation of  
 3 in-stream flows differentiated from FY2000 operations, how  
 4 you mitigate for effects at the pumps. This is actually  
 5 increasing flows for fish in many of the streams and  
 6 tributaries.  
 7 And there was substantial disagreement about  
 8 how much funding should be dedicated to the environmental  
 9 water program, how much money you put in that pot to be  
 10 available to acquire long-term water acquisitions.  
 11 The perspective ranged from we have nine  
 12 million as a carryover, you don't even have the framework  
 13 developed, why should we put more money in there now. Kind  
 14 of the opposite end of the spectrum was: These acquisitions  
 15 are extremely expensive, this is probably the hub of the  
 16 program and we need to continuously be building up that  
 17 account so that that money becomes available when we need  
 18 it.  
 19 So this is really the punch line here. And  
 20 what we've tried to do -- there are some basic topic areas:  
 21 Projects, we talked about those; the science and monitoring  
 22 program, environmental water acquisitions, south Delta  
 23 planning is a policy addition.  
 24 And south Delta planning differentiated from  
 25 the nonecosystem south Delta planning, this is planning and

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1 environmental documentation for ecosystem restoration  
 2 improvements in the Delta. This is habitat enhancement, not  
 3 mitigation, per se.  
 4 The special support program, and then we found  
 5 out, actually, after we had gone through most of our  
 6 preliminary carving up of the money that we actually have  
 7 some federal regulations that require us to set aside a  
 8 percentage of our funds into a reserve when we are actually  
 9 implementing projects, so we have a restoration reserve  
 10 identified as well.  
 11 What we are proposing based on the  
 12 recommendations we have received from the interim science  
 13 panel, the ecosystem round table is that we fund eighteen  
 14 projects at an approximate value of fourteen point nine  
 15 million dollars, that we dedicate seven point four million  
 16 dollars to an ecosystem science and monitoring program, that  
 17 one million dollars be put into the environmental water  
 18 account, and that a portion of those funds be dedicated to  
 19 furthering the progress or initiating the progress on  
 20 development of a framework or a basis from which you would  
 21 acquire long-term water -- environmental water acquisitions;  
 22 that one million dollars be put into south Delta planning  
 23 for purposes of developing the environmental documents to  
 24 look at ecosystem restoration improvements in the Delta;  
 25 that four million dollars go to special support, and that we

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1 maintain our required reserve amount.  
 2 So, tremendous amount of information here. I  
 3 think it might be appropriate to hear from Gary relative to  
 4 the round table's perspective before we open the discussion.  
 5 MR. DECKER: I have two points of --  
 6 VICE CHAIR McPEAK: Yes. Tom Decker.  
 7 MR. DECKER: My first question I presume that  
 8 ads up to thirty million, the recommendation.  
 9 MS. HALVERSON-MARTIN: It does add up to  
 10 thirty million, yes.  
 11 MR. DECKER: This will be a question that will  
 12 make everyone cringe because it seems like I haven't done  
 13 enough: What is the organization chart relationship of the  
 14 interim science panel and the round table to either us or  
 15 CALFED?  
 16 VICE CHAIR McPEAK: Wendy.  
 17 MS. HALVERSON-MARTIN: The interim science  
 18 panel and its predecessor, the integration panel, is a  
 19 technical group that is for the purpose of providing  
 20 scientific input. It's trying to get to some of the points  
 21 that Alex raised earlier. They don't have a FACA  
 22 relationship, per se. They are a technical fact-finding  
 23 group which provides advice to the ecosystem round table.  
 24 The round table is a subgroup of BDAC, who has the reporting  
 25 authority. So it is a CALFED technical group.

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1 MR. DECKER: So we're going to be asked to  
 2 ratify or support the recommendation, in my world,  
 3 management, i.e., CALFED; is that correct?  
 4 MS. HALVERSON-MARTIN: We are asking you to  
 5 support a recommendation that we think is our best thinking  
 6 of these advisory bodies.  
 7 MR. DECKER: So we're going to be asked to  
 8 decide on column three?  
 9 MS. HALVERSON-MARTIN: That is what we are  
 10 asking. Certainly the group is going to, I know, have their  
 11 own ideas and probably should hear from others who have  
 12 ideas as well.  
 13 MR. DECKER: I know we can discuss, but to the  
 14 simple-minded, management is recommending column three  
 15 MS. HALVERSON-MARTIN: We are.  
 16 MR. DECKER: Thank you.  
 17 MS. LAYCHAK: Also may I add that this chart  
 18 is in your packet.  
 19 MS. HALVERSON-MARTIN: It is slightly modified  
 20 because we didn't have the reserve identified.  
 21 VICE CHAIR McPEAK: All right. Gary -- Hap,  
 22 you have a question?  
 23 VICE CHAIR McPEAK: Gary Bobker.  
 24 MR. BOBKER: Thank you, Sunne. Gary Bobker,  
 25 Bay Institute, cochair ecosystem round table.

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1 Since the -- for those of you who have been  
 2 around for a while paying attention to the round table and  
 3 to the ecosystem restoration funding, this is actually one  
 4 of the few areas where that phrase "continuous improvement"  
 5 actually means something.  
 6 And over the course of going on five, six  
 7 years now we've gotten better each year in determining how  
 8 to use ecosystem restoration dollars in an incredible and  
 9 effective way.  
 10 As Wendy pointed out, we have not been so good  
 11 about actually expending those dollars, getting them out the  
 12 door, and there's been vast improvement in that this year,  
 13 and Wendy and her staff and the other folks she mentioned  
 14 from the Bureau deserve a lot of credit for that.  
 15 However FY'99 has not been a continuous  
 16 improvement year in deciding how we use the funds.  
 17 Actually, this is the first time that we've run into some  
 18 major problems and disagreements. And as you know because  
 19 we've had some discussion about this before you in the  
 20 previous BDAC meeting.  
 21 I want to start by talking about why round  
 22 table members, I think, almost unanimously had problems with  
 23 how the FY2000 expenditures were developed.  
 24 I think everyone knows that ultimately the  
 25 responsibility for making the decisions about how to use

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1 state and federal money is going to rest with the state and  
 2 federal agencies and the decision makers. However, the  
 3 ecosystem funding process is one that actually predates  
 4 CALFED.  
 5 Many in the stakeholders and agency people who  
 6 are involved in the round table process worked on the  
 7 process before there was a CALFED, the category three  
 8 process, and in fact, designed the process that CALFED uses.  
 9 That's what the round table did in its first few years and  
 10 have at the same time worked to secure the dollars that we  
 11 have been spending each year and that we're proposing to  
 12 spend in FY2000.  
 13 There's a lot of investment here for a lot of  
 14 people who actually helped get this process running, so you  
 15 need to understand that this is not simply a CALFED process  
 16 that after fact some people were asked to be advisors and  
 17 aren't contentious with your advisory role.  
 18 As Wendy pointed out, if we don't satisfy  
 19 appropriators, then we have a problem and that fueled CALFED  
 20 accelerating the process in 2000, but I think it's also  
 21 important to remember that if we don't satisfy the  
 22 stakeholder community and the public that helped design this  
 23 process and secure the funding we may not have money in the  
 24 future either.  
 25 Let me try and express what I think were the

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1 major concerns that the round table members had and continue  
 2 to have with CALFED's proposal, and I will try to be  
 3 evenhanded in describing what I think those concerns were,  
 4 and then I'll end up with some recommendations of my own so  
 5 that I don't have to come back later with my yellow card.  
 6 I think the concerns were two-natured: One  
 7 was there were process concerns with how CALFED reached the  
 8 proposal that they are asking you to concur with, and then  
 9 there were substantive issues about specific components of  
 10 that proposal.  
 11 The process concerns, I think Wendy did a very  
 12 good job of describing, and they were that essentially  
 13 CALFED changed courses in the middle of the stream. We  
 14 spent a lot of work in designing a process. It isn't  
 15 perfect, but it's the process that we agreed to, and we were  
 16 going to spend money for FY2000 based on the priorities that  
 17 we had set for FY'99 and the technical process that we had  
 18 set for FY'99, the integration panel.  
 19 CALFED changed that in order to try to  
 20 facilitate accelerating the process. Unfortunately the  
 21 controversy has somewhat undermined the acceleration of the  
 22 process.  
 23 There's no doubt that we can improve upon that  
 24 process, but I think it's very important that if we are  
 25 going to improve on that process that we do it in a way

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1 using the processes we have now: Using the round table,  
 2 using BDAC to decide how we're going to revise priorities  
 3 and what changes we're going to make to improve the  
 4 technical review process.  
 5 It didn't happen this year, and that's why  
 6 there's a lot of unhappiness about how you got to the  
 7 figures in the final column there.  
 8 Let me move on, and we've discussed this  
 9 before, there are a number of letters that have been  
 10 circulated describing the concerns of some of the  
 11 stakeholders with the process, so I'm not going to beat that  
 12 point anymore. Let me get to some of the substantive  
 13 concerns that were expressed by various members of the round  
 14 table.  
 15 The first was the environmental water  
 16 acquisition element. First of all, everyone on the round  
 17 table, I think -- I can safely say just about everyone  
 18 supports number one, the development of a comprehensive  
 19 framework for how CALFED is going to acquire water for the  
 20 environment, and two, putting money into a reserve account  
 21 so that you can fund those acquisitions.  
 22 That was clearly reflected in the interim  
 23 science panels recommendations. CALFED has chosen to really  
 24 lowball the number that they are willing to invest in that.  
 25 I think you will find that even though there's disagreement

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1 about the exact numbers that we ought to be putting in a  
 2 reserve account, you are going to hear later from Dan Keppen  
 3 that even the water users would like to see substantially  
 4 more than what CALFED has there.  
 5 I think their figure was three million; is  
 6 that right? The environmental community has proposed six  
 7 million.  
 8 Basic issue here is: Does CALFED support the  
 9 idea of a reserve account or not? The fact is that there's  
 10 clear agreement among the scientists and among the  
 11 stakeholders that a reserve account where we can obligate  
 12 funds which would then go out and use as opportunities arise  
 13 to acquire long-term water so that we can deal with dry year  
 14 effects on the environment is a very important thing.  
 15 And if you are going to have a reserve  
 16 account, you need to have a plan to spend it, but you don't  
 17 need to spend the money right away. That's the point of a  
 18 reserve account. Either we support it or we don't. If we  
 19 support it, let's start putting money in it.  
 20 Second issue is the fish screening issue. I  
 21 think that very legitimate concerns were raised by NMFs and  
 22 especially by some of the Sacramento Valley interests about  
 23 a decline in funding for fish screen. I think that there is  
 24 pretty widespread support for continuing funding on  
 25 expenditures on fish screens. There may be some

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1 disagreement as to whether that's a high priority for this  
 2 year or whether there's a process in place to decide how to  
 3 spend that.  
 4 I know that some of the water users have  
 5 proposals for specific fish screening projects they would  
 6 like you to concur with. I think NMFs has a different set  
 7 of projects, and I'm not sure that here and now is the time  
 8 to resolve that. I'd rather have a process in place to  
 9 determine how best to spend fish screen money on fish  
 10 screens and perhaps which may mean we have to defer those  
 11 expenditures until the next funding cycle.  
 12 South Delta planning, this has been a very  
 13 controversial issue, controversial beyond -- some have  
 14 actually said to me "Well, it's only a million." Well, it's  
 15 an important million dollars in that if you look at the  
 16 chart that's up there you will see there's one area of  
 17 consensus between columns one and columns two and that's a  
 18 big fat zero.  
 19 Scientists don't think that this is a high  
 20 priority for the ecosystem restoration program. There is  
 21 not unanimous view in the round table that this is a high  
 22 priority for the ecosystem restoration program.  
 23 There are legitimate expenditures which could  
 24 be made in the south Delta, but they are not identified as a  
 25 high priority. We have a process for prioritizing. It

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1 didn't get identified as a high priority. The fact that  
 2 south Delta planning is moving forward is related to the  
 3 need to do some examination of potential mitigation for  
 4 changes and how we operate in the south Delta. Those are  
 5 important, but many of us, including myself, don't feel that  
 6 those are appropriate expenditures from this pot of money.  
 7 And so that has continued to be a major problem beyond its  
 8 percentage of the total budget.

9       Let me move to the science and monitoring  
 10 program. I think, again, there's pretty widespread support  
 11 for this component. We need to have credible science. Some  
 12 of the round table members have expressed concern that more  
 13 of a political concern than a substantive concern, which is  
 14 that it's a lightning rod: If you have too much money  
 15 that's not on actual implementation, it attracts attention  
 16 from appropriators and others.

17       I think that's a legitimate concern. I think  
 18 also it sort of underscores a point, which is that perhaps  
 19 we are identifying and labeling things wrong. I would  
 20 suggest that science and monitoring and projects are all  
 21 part of an ecosystem restoration program, and we need to be  
 22 talking about them differently rather than calling them out  
 23 differently.

24       Finally, in terms of substantive issues that  
 25 were raised, there was a lot of discussion about the

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1 watershed projects at the last BDAC meeting. I think those  
 2 projects are widely supported. There was concern that the  
 3 process for selecting specific projects was different than  
 4 the process for selecting all the other projects.

5       I think that has been since resolved, although  
 6 I understand there are still some concerns whether the  
 7 watershed projects are high priority among the water -- some  
 8 of the water users may raise some concerns about whether  
 9 it's the right priority for FY2000.

10       Those are the substantive concerns that --  
 11 main substantive concerns that were discussed at the round  
 12 table.

13       My moral as round table cochair is that what  
 14 you have here is a process that was working pretty well, at  
 15 least on the decision making end, and ran into problems  
 16 because of the perceived desire to get ahead of the curve,  
 17 and in fact now, maybe, we're behind the curve.

18       The third column that you are looking at is  
 19 not a consensus recommendation. I don't have an alternative  
 20 consensus from the round table to offer you. And now I'm  
 21 going to take off my round table hat and by giving you my  
 22 perspective on an alternative that you should consider, and  
 23 I think you will hear from other members of the round table  
 24 or the public on various other options you might look at.

25       But my suggestion to you would be to consider

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1 an alternative which combines the recommendations for  
 2 projects that CALFED is making in the first column, fourteen  
 3 point nine million, the low end of what the interim science  
 4 panel recommended for science and monitoring environmental  
 5 watering, which is seven million for science and monitoring  
 6 and four million for environmental water; do not fund the  
 7 south Delta planning element, and take the CALFED  
 8 recommendation for special support, which is four million,  
 9 and you have a package of about thirty million dollars,  
 10 which incorporates, I think, the level of consensus about  
 11 the projects among almost all the parties and reflects the  
 12 best judgment of the interim science panel as to the other  
 13 components. I think that's probably the most technically  
 14 credible version. I urge you to consider it. Thanks.

15       VICE CHAIR McPEAK: Thank you, Gary.

16       Are there questions to Gary? Hap, you had a  
 17 question that you deferred to after Gary spoke.

18       MR. DUNNING: Well, is it all right to go back  
 19 to Wendy's presentation.

20       VICE CHAIR McPEAK: Yes, I think we're back to  
 21 that.

22       MR. DUNNING: I was just curious about the  
 23 deletion of the Upper Trinity project, and I heard you say  
 24 it had nothing to do with where the Trinity is?

25       But in Steve's memo to BDAC, the first bullet

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1 says that one of the reasons was because of the unique  
 2 relationship between the Trinity River and the Central  
 3 Valley, it wasn't deemed appropriate, difficult to establish  
 4 direct connections between restoration of the Trinity  
 5 watershed and problems specific to the Bay-Delta.

6       My question is: I noticed in your write-up in  
 7 the memo you said one of the outcomes expected from the  
 8 Upper Trinity project would be water quality enhancement.

9       And wouldn't the exported water, if of higher  
 10 quality, have a beneficial impact further downstream?  
 11 That's what I was wondering.

12       MS. HALVERSON-MARTIN: The recommendation from  
 13 the science panel was based on the specific proposal that  
 14 they had before them, not the concept that doing something  
 15 like that would be valuable or constructive. But the  
 16 proposal that they had to look at was not very well done and  
 17 didn't do a good job of establishing that linkage.

18       And we always put the responsibility for  
 19 establishing a relationship of the project to the program on  
 20 the applicant. We can't -- we have to go with what's before  
 21 us. We can't say "Well, gee that's a good idea, and maybe  
 22 if you had done a better job, or we think you can do a  
 23 better job, so we'll go ahead and fund it anyway."

24       So again, it was based on the specific project  
 25 and proposal that they were reviewed, not on the concept

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1 that those weren't important things.  
 2 I think there's a very important distinction  
 3 there. It's not that the Trinity doesn't have value to  
 4 contribute and not that a different project that was  
 5 constructed in a more substantive way wouldn't be able to do  
 6 that. It was this specific project.  
 7 VICE CHAIR McPEAK: Byron Buck. Were you --  
 8 Byron.  
 9 MR. BUCK: Question on environmental water  
 10 acquisitions. We had ten million last fiscal year, some of  
 11 which was spent --  
 12 MS. HALVERSON-MARTIN: We had fourteen point  
 13 five million, and we spent five point five on two  
 14 acquisitions.  
 15 MR. BUCK: So we have roughly ten million left  
 16 --  
 17 MS. HALVERSON-MARTIN: We've got nine  
 18 MR. BUCK: (inaudible) -- some stakeholders  
 19 add one million to our -- six million more to that count?  
 20 MS. HALVERSON-MARTIN: That's correct.  
 21 VICE CHAIR McPEAK: Okay? First Roberta then  
 22 Alex.  
 23 MS. BORGONOVO: I have a real concern that you  
 24 weren't able to, first of all, at least go with the  
 25 consensus that came out of the round table. I just think

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1 that when you have a process that's in place and you have  
 2 stakeholders in place that it's very important that the  
 3 recommendations go forward.  
 4 And I think it goes to some of the issues that  
 5 will be confronting us in the future, and that is there was  
 6 a process in place, you had an integration panel. It may  
 7 not have worked perfectly, but improving on that instead of  
 8 -- seems to be the way to go.  
 9 I myself don't know what to do with the  
 10 package, just because I think it's very important to have  
 11 that kind of consensus.  
 12 MS. HALVERSON-MARTIN: I think we're certainly  
 13 with you on the concept of improving the process, and the  
 14 discussion -- the perception of how the process went for  
 15 FY2000 should not bias what we propose to do in the future.  
 16 We need to get to the point where we can do  
 17 and improve, and the way to do that was to make the jump  
 18 ahead, and that caused a lot of dissatisfaction amongst  
 19 individuals.  
 20 We are proposing now to move into a 2001  
 21 planning process, which will allow the construction of a  
 22 science panel where we hope to achieve broad agreement on  
 23 the disciplines that would be represented on that science  
 24 panel, allow sufficient time for that panel to do the work  
 25 that needs to be done, and allow public involvement, allow

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1 scientific bidding, allow value engineering, but we have to  
 2 get ahead of the curve. We have to have sufficient time in  
 3 our planning process, and I'm not sure that we can do that  
 4 unless we make this transition.  
 5 So I guess I understand people's concerns. It  
 6 didn't work as well as I would have liked it either, but I  
 7 like to consider this, this is a carryover from '99, and  
 8 there are multiple reasons that people are dissatisfied.  
 9 And we can certainly highlight all of those, but that still  
 10 doesn't address the need to move ahead.  
 11 So we're certainly looking for others'  
 12 thinking about how to move forward, but right now I'm kind  
 13 of looking to move beyond and actually get to the place  
 14 where people want us to be. So I'm willing to listen to  
 15 your ideas about how we do that.  
 16 MS. BORGONOVO: I've had two people saying  
 17 (inaudible) -- scientific panel is you really didn't have an  
 18 environmental representative there, and I think that it's  
 19 very difficult to put together those panels, but the  
 20 composition of them is also very important because I think  
 21 that that is one of the ways in which we get consensus.  
 22 So part of the problem is here's the package.  
 23 I hope it's not take it or leave it. I hope the  
 24 recommendation can be going back and taking a look at these  
 25 different proposals that have come before us.

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1 VICE CHAIR McPEAK: Roberta, are you  
 2 addressing the 1999 package as well as the 2000? We have --  
 3 generally there's a lot more consensus around the 1999  
 4 package in front of it. There may be a couple of questions.  
 5 MS. BORGONOVO: I'm going with this, and I  
 6 thought that's what we were addressing and I thought that is  
 7 what Gary was addressing.  
 8 VICE CHAIR McPEAK: Which is the 2000, right.  
 9 The reason I think, just looking at time, I want to propose  
 10 is take enough time on the 2000. There are lots of issues  
 11 here that -- I don't know about the rest of you -- that I  
 12 want to sort out and deal with the agenda items in sequence  
 13 and not combine.  
 14 So let's get Alex's question, then I will come  
 15 back and see if we can first resolve the 1999  
 16 recommendations and then go to 2000.  
 17 Alex Hildebrand.  
 18 MR. HILDEBRAND: I want to comment on two  
 19 things. Regarding the million dollars for south Delta  
 20 planning, which is described --  
 21 VICE CHAIR McPEAK: This is 2000, again?  
 22 right, Alex?  
 23 MR. HILDEBRAND: Yes. Having to do with the  
 24 habitat, I think it would be premature to spend that money  
 25 because the south Delta plan, CALFED south Delta plan is

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1 under scrutiny and will probably be changed.  
 2           And furthermore, the management of the  
 3 channels there for flood control are currently being studied  
 4 and will involve some changes, so any habitat plan made now  
 5 wouldn't be able to take into account the probable changes  
 6 for the other two reasons.  
 7           Then on the water acquisition, I refer back to  
 8 my earlier remarks, I think that there should be a clear  
 9 CALFED policy, and I would not vote for this in the absence  
 10 of it, that water and land acquisitions will not be made on  
 11 the basis of FONSI's that are either written by or under the  
 12 influence of parties with substantial conflicts of interest.  
 13           Most of the water acquisitions so far have  
 14 been made on the basis of FONSI's, such as I described. At  
 15 least one of them was made with good intent but without  
 16 realizing the redirected impacts it would cause with respect  
 17 to flood control.  
 18           So I think it's very important and will be  
 19 important to public confidence in the process that CALFED  
 20 adopt a policy, as I say, that will not implement water or  
 21 land acquisitions on the basis of FONSI's that have been  
 22 either prepared or under the influence of parties with  
 23 conflicts of interest.  
 24           VICE CHAIR McPEAK: We have noted now three  
 25 times that concern, and it is a very serious one.

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1           I am going to ask just Mary to review that and  
 2 inform us at a future meeting.  
 3           It is my understanding that, in fact, what you  
 4 are asking to be policy is the policy, is the law.  
 5           MR. HILDEBRAND: That's not what they are  
 6 doing.  
 7           VICE CHAIR McPEAK: I understand that that's  
 8 what you have brought to the -- to BDAC as an issue from  
 9 your perspective as one of the members, Alex.  
 10           May I get a clarification from Mary Scoonover?  
 11           Is it not true that FONSI's are to be prepared  
 12 by those who don't have an apparent or real conflict of  
 13 interest?  
 14           MS. SCOONOVER: FONSI's are shorthand for a  
 15 Finding of No Significant Impact, which is a decision made  
 16 by a federal decision maker that a project that that agency  
 17 is either going to fund, approve, or grant a permit for does  
 18 not have a significant impact on the environment and  
 19 therefore a full-blown environmental impact statement is not  
 20 required.  
 21           Under state law, the California Environmental  
 22 Quality Act, there is a similar and parallel finding, and  
 23 that's a negative declaration.  
 24           Basically, conflict of interest like we talked  
 25 about earlier, financial conflict of interest aside, the

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1 issue of who prepares a Finding of No Significant Impact and  
 2 what that agency's interest is is clearly laid out in  
 3 federal law under the National Environmental Policy Act.  
 4           I'll be glad to look into Alex's concerns and  
 5 talk to you about it, but I would caution you all from  
 6 adopting a policy until we have a much better understanding  
 7 of what the issues are because the policy may actually be  
 8 contrary to preexisting state and federal law.  
 9           VICE CHAIR McPEAK: And we can't do anything  
 10 today. That's not on the agenda, so we're not. Thank you.  
 11           Let's see. Alf, did you have a comment? No,  
 12 Hap Dunning.  
 13           MR. DUNNING: I just wanted to add and respond  
 14 to Alex's point (inaudible) -- and when Congress passed NEPA  
 15 in the fall of '69 and made the choice of placing the  
 16 responsibility for environmental documentation on project  
 17 proponents, they didn't say we'd have an independent  
 18 environmental documentation agency that would do all that  
 19 work.  
 20           They said project proponents would prepare  
 21 NEPA documents of all sorts, so in some sense there is  
 22 always some kind of inherent conflict of interest, if you'd  
 23 like, of what the project proponent is doing or arranging to  
 24 have done the environmental documentation. And we can't  
 25 change that.

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1           MR. HILDEBRAND: It may well be that the law  
 2 permits people with conflict of interest to write FONSI's,  
 3 but I don't see why CALFED couldn't have a policy saying  
 4 that it won't implement something on the basis of such a  
 5 FONSI.  
 6           VICE CHAIR McPEAK: We are -- the record will  
 7 carry this exchange, and we've noted it. I apologize for  
 8 taking us down that -- we're going to take a break to change  
 9 the tape.  
 10           (A brief recess was taken.)  
 11           VICE CHAIR McPEAK: Ladies and gentlemen, BDAC  
 12 is now back in session, and the proposal is that we will  
 13 take up in the next five to fifteen minutes and try to  
 14 resolve fiscal year '99 recommendation and then break for  
 15 lunch and come back on fiscal year 2000.  
 16           Fiscal year '99 what was remaining from it's  
 17 -- Wendy now has it up -- which was remaining from our last  
 18 meeting was the watershed projects. BDAC took the position  
 19 of approving or recommending approval to the policy group  
 20 subject to a scientific review. The scientific review came  
 21 back concurring with all the projects except one.  
 22           So before us would be concurrence in that  
 23 scientific review passing it on to the policy group, and I  
 24 think the exchange that also occurred in response to Hap's  
 25 questions on one of the projects goes to the point of

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1 Wendy's earlier presentation of the staff trying to get  
 2 ahead of the curve because right now we have a process where  
 3 you deal with the project in front of you and they are  
 4 trying to get ahead of that process to be able to be more  
 5 pro-active and not just reactive.  
 6 So the project that isn't recommended for  
 7 funding was done so on the basis of the information before  
 8 the scientific review panel, the amount of money that was  
 9 being proposed, it needs more work in shorthand, as I would  
 10 understand it; okay.  
 11 So Wendy, is that an adequate explanation of  
 12 what's before us?  
 13 MS. HALVERSON-MARTIN: That's correct.  
 14 VICE CHAIR McPEAK: Then are there any further  
 15 questions on the fiscal year '99 projects?  
 16 Roberta.  
 17 MS. BORGONOVO: I wanted to go back to the  
 18 question about Trinity. It's very important to have the  
 19 watershed package integrated with all of the funding, and I  
 20 think it should be clear to the watershed proponents exactly  
 21 what the criteria is because I do think that it -- certainly  
 22 there's a relationship between restoration of the Trinity  
 23 and the rest of water management in California.  
 24 VICE CHAIR McPEAK: And I think there is not  
 25 disagreement in terms of your comment. It's a matter of

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1 additional work that needs to be done, and part of the  
 2 scientific review that we're all asking for for an  
 3 integrated analysis.  
 4 I think we're ready for a motion. I need to  
 5 check with those of you who have turned in cards whether or  
 6 not any of it was specific to the fiscal year '99  
 7 expenditures on ecosystem?  
 8 Dan?  
 9 MR. KEPPEN: Dan Keppen, round table member  
 10 and also from Northern California Water Association. We do  
 11 address in a letter that we put together represents the  
 12 stakeholders this issue.  
 13 I guess our concern is just about all the  
 14 watershed projects that are going to be funded, even though  
 15 we have fiscal year 1999 we're talking about, we have fiscal  
 16 year 2000 also, there's projects in there, altogether it's  
 17 around twelve watershed projects totaling four point seven  
 18 million dollars.  
 19 And there was definite concern on behalf of  
 20 the many of the round table members representing water users  
 21 that the two million that was set up for fiscal year 1999  
 22 was kind of done outside of the round table process. It was  
 23 done by an appropriation, a separate process, and not  
 24 necessarily a round table priority.  
 25 We have a proposal that I'll talk about later

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1 relative to fiscal year 2000 where we'd like to see some of  
 2 the watershed projects that were recommended for funding be  
 3 pulled in and considered with these projects and competing  
 4 for the same set two-million-dollar fund.  
 5 I'll throw that out there just for  
 6 consideration of some issues that I'll bring up later.  
 7 VICE CHAIR McPEAK: Thank you. Thank you,  
 8 Dan.  
 9 Any further comments or questions from BDAC?  
 10 I would entertain a motion on this action. I have two people  
 11 making a motion at one time.  
 12 We've got a motion that was simultaneously  
 13 being made, from what I can hear, by Eric and Fran and  
 14 seconded independently by Eze Burts, that's good. That's a  
 15 good sign.  
 16 MR. HILDEBRAND: The motion at least --  
 17 VICE CHAIR McPEAK: To ratify these actions  
 18 that have now been through this scientific review.  
 19 MR. MACAULAY: Actually, last time we adopted  
 20 the whole package subject to the review. Now we will modify  
 21 that adoption by substituting this.  
 22 VICE CHAIR McPEAK: Is that -- did you hear  
 23 that clarification of the motion, Fran, and is that  
 24 acceptable to you? Because that's how it will be recorded,  
 25 since Eric is the one that made that motion in Red Bluff to

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1 override me, he has the right to --  
 2 MR. HASSELTINE: I'll defer.  
 3 VICE CHAIR McPEAK: Okay. It's been moved and  
 4 seconded by two people and seconded by Eze.  
 5 Yes, Howard Frick.  
 6 MR. FRICK: I missed the last meeting.  
 7 When did we start voting?  
 8 MR. HASSELTINE: Last meeting.  
 9 VICE CHAIR McPEAK: It's a way of trying to  
 10 get a formal action and we're trying to do it by consensus  
 11 and not have a split BDAC. We ultimately, Howard, did get  
 12 to a fairly good consensus position as a result of what Eric  
 13 advanced. I'm simply trying to get the action before us.  
 14 With that proposed motion, which is really the  
 15 mechanism for getting a sense of the BDAC, a consensus to  
 16 the extent we can, and a way to get declaration at one point  
 17 in time from everybody, is there anyone who is in opposition  
 18 to this being the consensus expression to the policy group?  
 19 Yes, Gene.  
 20 MR. ANDREUCCETTI: Well, in light of the  
 21 discussion or at least the letter from -- the letter that we  
 22 received from this group, I would have to say that unless  
 23 there's going to be consideration of the four additional  
 24 watersheds that at least this member could not support this.  
 25 VICE CHAIR McPEAK: Okay. And that's your

1 position for the '99 funding as well? Okay. So Gene is not  
2 in concurrence with the sentiment of the group.

3           Is there anyone else? Howard and Don are also  
4 not in concurrence with this. Is there anyone else?

5           Then the consensus of BDAC, with three people  
6 stipulating or stating their descent from that consensus, is  
7 that the recommendations -- excuse me -- the motion that was  
8 or the position that was advanced -- I'm trying to find the  
9 right words -- that came as a result of the scientific  
10 review will be forwarded to the policy group. Thank you.

11           And now we will take a break for lunch and  
12 reconvene at 1:15 for the discussion on the fiscal year  
13 2000, FY2000. Thank you.

14                               (Whereupon the lunch recess  
15                               was taken at 12:21 p.m.)

16  
17  
18  
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1 (All parties present, the following proceedings were  
2 had at 1:20 p.m.):  
3

4 VICE-CHAIR McPEAK: Ladies and  
5 Gentlemen, the Bay-Delta Advisory Council will  
6 reconvene.

7 Ladies and Gentlemen, I'm aware that you  
8 do have -- some of you have schedules this afternoon  
9 that will take you out of here earlier than our  
10 scheduled time of conclusion.

11 We are back to consider fiscal year 2000  
12 priorities.

13 It would be very nice if there is the  
14 ability for BDAC to reach consensus.

15 Perhaps I can kind of relieve a little bit  
16 of the pressure by saying that there is going to be  
17 a decision made by the CalFed agencies and by the  
18 policy committee because they need to move ahead,  
19 and we can provide comments and consultation to them  
20 and if we can reach consensus, great, but we should  
21 be aware that we have, in fact, implored the CalFed  
22 staff and the policy group and the agencies to move  
23 ahead expeditiously and it may not be as smooth a  
24 process as of one would appreciate, but they are  
25 attempting to do that.

1 So with that let me ask, Steve, do you  
2 have any comments before we take further discussion  
3 from BDAC and then I'll ask Wendy?

4 MR. RITCHIE: No, that would be -- I  
5 anticipate the policy group's (inaudible) -- for  
6 ecosystem and so lack of consensus probably won't  
7 limit that.

8 Certainly anything that's said here I  
9 think will be valuable input because I anticipate  
10 based on the letter that Dan Keppen and others  
11 presented that there is still more desirable  
12 projects to fund than funds available so there will  
13 be need to be some hard policy decisions by the  
14 policy group regardless of what comes out of here.

15 VICE-CHAIR McPEAK: It would be, I  
16 think, helpful if if we took the public comment on  
17 this topic as a beginning point this afternoon  
18 because we would do that before making a decision.

19 Let's have the benefit of the public input  
20 and I'm taking them in the order that they were  
21 submitted but I don't see Dan Keppen in the room.  
22 Is Dan here?

23 A SPECTATOR: He's right there.

24 VICE-CHAIR McPEAK: Will somebody  
25 wave to him and wave him in?

1 Do you want to speak, Dan?

2 GARY BOBKER: Can I go in the hall  
3 and call Dan on his cell phone?

4 MR. KEPPE: Yes, what was the  
5 question?

6 VICE-CHAIR McPEAK: You have the  
7 right of first refusal to speak at the beginning of  
8 the testimony.

9 MR. KEPPE: Okay. All right. Is  
10 that beginning right now?

11 VICE-CHAIR McPEAK: That's right,  
12 that's beginning right now.

13 MR. KEPPE: Thanks.

14 By the way, welcome to Davis, everyone.  
15 This is my new home and every election Steve  
16 Macaulay and I manage to gather the votes up. It's  
17 a great place to live.

18 I had prepared a letter and I think it's  
19 been circulated to all of you prior to lunch  
20 regarding comments of individual round-table  
21 members, primarily water users, and the intent of  
22 this letter was just to underscore some of the  
23 issues of discussion that were brought up at the  
24 last round table meeting and out of discussions  
25 after the round-tables some of these folks we felt

1 it was important to put these issues on the table  
2 for your consideration and also for the  
3 consideration of the policy group in November.

4 The signatories on this letter include  
5 State water contract Dan Clark, Bill Gaines,  
6 California Waterfowl Association, Greg Gartrell from  
7 CC, Walt (inaudible) from Northern California Water  
8 Association, Jason Peltier, CVP Water Association,  
9 Doug Wallace, East Bay Mud, are all representatives  
10 of the round-table.

11 I'm not going to go through this whole  
12 letter that's in front of you but I will just  
13 outline the key points in spite of those. First of  
14 all, I have all empathy in the world, sympathy maybe  
15 for Wendy. I think she's doing what she can to move  
16 this process forward.

17 Resources are tight. Time constraints I  
18 think are the main problem with this process and  
19 I've been involved with the round-table now for  
20 about two years. I really do share and support a  
21 lot of the comments that Gary Bobker made earlier as  
22 well.

23 First of all, a lot of the folks at the  
24 round-table -- a lot of the water suppliers took a  
25 look at this page and the first thing that jumped

1 out at them was the proportionately high amount of  
2 money that seems to be going to things that might be  
3 perceived as administrative.

4 There is I think 8.9 that was proposed for  
5 the science and monitoring program and we all  
6 support C mark and data collection and monitoring.

7 However, we're concerned about the  
8 perception back in Washington and among other  
9 stakeholders when they see this amount, when you add  
10 that amount to the staff support, which is I think  
11 5,000,000, you're talking about 46 percent of the  
12 whole program going to the program that looks  
13 administrative in many ways.

14 We've proposed our own proposal. We set  
15 it up side to side on the last page of our handout  
16 which kind of shows how our proposal lines up to  
17 CalFed's and that's an area that we feel needs to be  
18 knocked down and that money should be implemented in  
19 the field and have an effect and split the screen  
20 issues have been brought up.

21 All of us are strongly supportive of  
22 getting some screens funded in this round. They've  
23 been a very important part of the CalFed success so  
24 far and when you look at all of the listings that  
25 are out there right now, springrun has been listed,

1 in a framework of this sort.

2 We also think that should that framework  
3 been developed there needs to be some money set  
4 aside to supplement what Gary's talking about, to  
5 actually go out and perform some of these  
6 acquisitions.

7 We support one million dollars for the  
8 South Delta planning.

9 And, finally, the watershed issue which I  
10 talked about earlier.

11 Our intent was, you know, to provide a  
12 package when the money becomes available to fund  
13 watersheds and we thought that the two million  
14 dollars that was specifically set aside out of the  
15 round-table process would do that. The physical  
16 2000 program has another four watershed projects  
17 totaling two point seven million dollars and again  
18 it seems like you're talking twelve watershed  
19 projects that are going to move forward with  
20 funding.

21 Again, these are worthy projects but  
22 you're not going to get instant results in the field  
23 as your with actual construction projects. So with  
24 all those issues out there we did propose this table  
25 and again without trying to lay into the watershed

1 we've got winter run, we've got steelhead and we've  
2 got splittail, there is going to be a real need to  
3 start screening some of the diversions in the  
4 Sacramento Valley and San Joaquin Valley and right  
5 now it looks like that priority's dropping a bit,  
6 not just in California if he had but also we looked  
7 at CVPIA's and six year program.

8 The funding really starts dropping and I  
9 don't think it's going to meet the long determine  
10 demands so we've listed specific projects and again  
11 urge CalFed to prioritize fish screen projects.

12 Environmental water acquisition, I think  
13 Gary and the water users are on the same page there.  
14 I think everybody just feels it's ultimately a huge  
15 priority to get this spring work developed and  
16 500,000, I think that's the number that was talked  
17 about but we really need to determine the needs, set  
18 up the program, mechanics, parameters, potential  
19 sources of water.

20 I think from our perspective in the  
21 Sacramento Valley we would like to see you set up a  
22 framework that encourages short-term transfers and  
23 so when you have (inaudible) -- rather than  
24 necessarily going out and acquiring permanent water  
25 rights but that's an issue that needs to be resolved

1 projects we did -- we hoped that all the watershed  
2 projects could compete with the physical 2000 and  
3 free up water for some of these capital  
4 improvements.

5 We also recommend reductions in some of  
6 the CalFed ecosystem science and support elements.  
7 So this is our proposal. We throw it out there. We  
8 are not dragging a line in the sand or anything. We  
9 just wanted you folks to consider it and especially  
10 the policy group and again we would love to work  
11 with the policy group maybe in the next couple weeks  
12 and try to refine this proposal and come up with a  
13 package that makes the stakeholder group a little  
14 more comfortable.

15 Thank you very MUCHE.  
16 VICE-CHAIR McPEAK: Thanks very  
17 MUCHE.

18 MS. HALVERSON: Sunne?

19 VICE-CHAIR McPEAK: Yes, Wendy.

20 MS. HALVERSON: Could I respond to  
21 just two points briefly?

22 VICE-CHAIR McPEAK: Yes.

23 MS. HALVERSON: One of them has to do  
24 with a comment that was raised earlier about science  
25 and monitoring and perhaps how we characterize is

1 that is going to be really important.

2 Science and monitoring is directly  
3 represented to project implementation. This is not  
4 just going out and doing abstract scientific  
5 interventions.

6 This is how you monitor projects and a  
7 says that information and use it in an adaptive  
8 management framework. It's to pay scientists to do  
9 independent scientific review. It's to do  
10 monitoring that wasn't planned for initially that  
11 may provide critical information that allows us to  
12 make better decisions.

13 It allows us to centralize data so that  
14 people can access and use it not just for CalFed but  
15 for our places as well. So I think it's really  
16 important that people understand that the science  
17 and monitoring as it's characterized here is  
18 directly related to implementation projects.

19 And then I just want to take a minute and  
20 talk about fish screens and our perspective of fish  
21 screens.

22 There is no one in the CalFed Program who  
23 doubts the need to recover fish species that are in  
24 jeopardy. I mean, that is a fundamental premise  
25 that we are operating under and screens is one way

1 to do that.

2 Right now we are at about 75 percent of  
3 the water diverted on the end of the Sacramento  
4 River being screened once all of the projects that  
5 have been funneled are implemented.

6 One of the things that is important is  
7 this cost benefit discussion that needs to occur and  
8 it needs to assess how those screens are  
9 functioning. Are we getting substantive benefits  
10 from screening or are there limiting benefits that  
11 are affecting the recovery of fish populations?

12 One of the things that's addressed under  
13 the science and monitoring program like fish screens  
14 where we take a comprehensive look at this fish  
15 screens that have been implemented and a says there  
16 value to the species that we are trying to protect  
17 and then make decisions, are we getting where we  
18 need to go and does it make sense to make that added  
19 increment?

20 So I think it's not that we think fish  
21 screens are a bad idea. I want to make that really  
22 clear. We are trying to be very thoughtful about  
23 how we move into the next increment. Fish screens  
24 are very expensive and so we want to make sure that  
25 that's the right thing to do as we move forward.

1 So just my response.

2 VICE-CHAIR McPEAK: Let me add, --  
3 ask you a question following up on your response to  
4 Dan.

5 Perhaps on the science and monitoring  
6 recognizing that it is directly tied to project  
7 implementation and intended to be the ability or the  
8 mechanism by which we can track progress, evaluate  
9 progress, of the feedback loop to adaptive  
10 management.

11 There's two aspects of this investment  
12 that I think needs at least more discussion and  
13 perhaps you can fully illuminate us or we'll need to  
14 asterisk it.

15 The first is if you ask scientists or  
16 anybody else who does a professional service they  
17 are inclined to say that they need more of that  
18 professional service and so there's never enough  
19 scientific information and monitoring. There is a  
20 point of diminishing return that you get, though,  
21 until we get optimize investment. That is, finding  
22 the appropriate place or amount, place on a curve.  
23 I tend to think in terms of a curve on a graph, the  
24 appropriate investment that gives us, you know, 90  
25 percent return on that investment in terms of the

1 information.

2 How are we going to determine that and  
3 what is the -- the second is that I definitely don't  
4 want to spend dollar one, let alone eight million,  
5 until there is consensus around the scientific  
6 integrity of the monitoring process, that there is  
7 general understanding from the stakeholders, general  
8 understanding and agreement, from the CalFed  
9 agencies that the methodology being used to monitor  
10 and to get that science back into the adaptive  
11 management loop is science we are going to accept.

12 You've got to have good science that  
13 everybody agrees to because we are going to live and  
14 die by this.

15 So, A., how -- let's start there -- what  
16 is the process we which we're going to get  
17 concurrence from the CalFed agencies and the  
18 stakeholders as to the methodology for the  
19 scientific monitoring and, B., how are we going to  
20 determine the optimal amount, be it three million,  
21 seven million, ten million?

22 MS. HALVERSON: Okay. Let me try and  
23 address them in sequence, the first part, how do we  
24 reach concurrence that the type of information that  
25 we are looking for is the type of information that

1 people are going to accept as being scientifically  
2 valid?

3 There are really two avenues that we  
4 proposed to press forward on. One is more  
5 comprehensive peer review that occurs throughout the  
6 project cycle.

7 That would be as part of evaluation of  
8 proposals, evaluation of projects once they are  
9 selected, evaluation of monitoring plans as they are  
10 developed and evaluation of data and results of  
11 projects as they become available.

12 So very comprehensive scientific review,  
13 peer review in the scientific form of those steps in  
14 the process. That's one approach.

15 We also recognize in the program that  
16 monitoring has lagged somewhat behind  
17 implementation, that we haven't been as careful in  
18 the past about how we structure monitoring programs  
19 for projects that have been approved for  
20 implementation and so we need to go back and look at  
21 those.

22 One of the things that we are proposing to  
23 do, and I have recently hired a staff person to  
24 focus solely on the monitoring program and really  
25 get this pulled together and underway, is to convene

1 broad agreement monitoring protocols for certain  
2 types of projects which them could be included in a  
3 solicitation that says when you submit us a project  
4 make sure you include the costs of monitoring these  
5 kinds of things and that that way we don't have to  
6 spend it as a separate line item when we are  
7 retrofitting back. It truly becomes a project cost.

8 VICE-CHAIR McPEAK: Okay.

9 MS. HALVERSON: That was the first  
10 part of the question and the second was how do you  
11 know how MUCHE to spend?

12 And I don't know that there is an easy  
13 answer for that.

14 I know that dollar amount that's been  
15 paried about up here is substantially less than we  
16 could spend.

17 I think what we need to do is just look  
18 very carefully at the things that are going to do us  
19 the most good at this given point in time and for me  
20 that means getting our monitoring program underway  
21 in an effective manner so that we've got good  
22 adaptive management information coming in that can  
23 help us with future decision-making because right  
24 now that loop hasn't been closed and so we are  
25 making decisions about projects without having a

1 a group of technical experts, scientists from  
2 agencies and stakeholders and other places, anybody  
3 who is interested, to develop standardized  
4 monitoring protocols for different types of  
5 monitoring projects.

6 So, for example, if we use fish screens as  
7 an example we would bring together a group of fish  
8 screen experts and fishery biologists who will then  
9 work together to establish what they want to see  
10 monitored comprehensively across all of the  
11 projects, recognizing that then depending on the  
12 individual project you need to tailor that but we  
13 certainly need to look beyond piecemealing this. We  
14 need to look at a broader more comprehensive  
15 approach. And that would apply to other types of  
16 projects as well.

17 For example, habitat restoration, you  
18 don't want to focus solely on perhaps terrestrial  
19 monitoring if there is a water innerface. You want  
20 to make sure that you're looking at both terrestrial  
21 and aquatic and aviarian and fishery and making sure  
22 that we are getting the valuable information that we  
23 need.

24 So one of the things that we hope to do  
25 this seen and very soon this first quarter to with

1 good comprehensive information about what's already  
2 underway.

3 So we need to close that gap so that we  
4 are making informed decisions.

5 The other thing is that we need to be able  
6 to share that information. That's critically  
7 important and right now somebody generates a report  
8 or some data, it sits on a shelf and there is no  
9 mechanism by which it's reviewed in a scientific  
10 community and valid or not and then disbursed to  
11 those people who need to have that information to  
12 help with decision-making and implementation.

13 So those are probably the two focal points  
14 and those two tasks alone along with the peer review  
15 of the projects as they move through the  
16 implementation cycle is costly and I'm sure some of  
17 you who have followed the C mark activities heard  
18 some of the huge dollar numbers that they came up  
19 with, you know, in the 30 to 50 million dollar  
20 raining on an annual basis for monitoring so this is  
21 just a very small slice of that.

22 VICE-CHAIR McPEAK: Forgive my  
23 ignorance but is what you just told us written  
24 somewhere?

25 MS. HALVERSON: There is a piece in

1 your packet that talks about the science and  
2 monitoring program and there are short paragraphs  
3 that talk about the types of tasks that we are  
4 proposing to implement under this activity this  
5 year. It's two-page.

6 VICE-CHAIR McPEAK: Okay. Thank you.

7 The next person is Cynthia Kohler. I  
8 think you are on this subject, right, Cynthia?

9 CYNTHIA KOHLER: Uh-huh (yes).

10 Thanks, Sunne.

11 I'm Cynthia Kohler, Legal Director for  
12 Save San Francisco Bay Association, and I will be  
13 speaking very slowly today.

14 I just have a few brief points to make on  
15 this subject.

16 First, Let's Save The Bay very MUCHE  
17 supports the presentation made just previously by  
18 Gary of the Bay Institute. We support the funding  
19 levels that he set forth and agree well with his  
20 analysis of the difficulties encountered by the  
21 restoration coordination program this year.

22 The second point I want to make is to  
23 bring back your attention to something that I've  
24 talked with you many times before and that is our  
25 concern that the restoration program has

1 and unless it can be established that it is a  
2 priority in terms of meeting the CalFed performance  
3 standards for the ecosystem restoration program then  
4 it has to be -- we have to look very carefully at  
5 when we should be spending ecosystem money at this  
6 point on projects such as those.

7 Thanks.

8 VICE-CHAIR McPEAK: Thank you.

9 Laura King.

10 LAURA KING: The last thing I need is  
11 a phone call right now.

12 Laura King with the San Luis and Delta  
13 Mendota Water Authority.

14 I just wanted to speak in support of the  
15 approach that Dan Keppen described in his letter.  
16 We weren't able to sign on to the letter because I  
17 didn't have enough time to review it in detail but I  
18 think Dan's offer to continue to work with other  
19 folks from the round-table to try to -- there are a  
20 number of aspects where I think that we can get a  
21 little more consensus than we have right now and I  
22 think Dan was offering to work with Gary and some of  
23 the other members of the round-table and I would  
24 like to add my offer to do that as well.

25 Thank you.

1 occasionally lost the focus of what we think it's  
2 trying to accomplish which is attainment of the  
3 CalFed performance standards for ecosystem program.

4 We talk a lot about budget cycles and  
5 appropriation cycles and, you know, where the money  
6 is going but we are not talking a lot about what we  
7 are trying to accomplish with it.

8 We think it needs to be express. We think  
9 it needs to be clear. We think it needs to be  
10 unequivocal. The entire point of these expenditures  
11 is to achieve those standards and that the first  
12 criteria which is somehow never quite stated in an  
13 express or clear way is what are these projects  
14 going to do to get us down the road towards  
15 long-term achievement of those performance standards  
16 and in particular it brings back the point that Gary  
17 made about the South Delta facilities.

18 There is no question that that's an  
19 important initiative to move forward on from a water  
20 supply and reliability issue. You've been doing  
21 that. But it should be bundled with ecosystem  
22 programs that are not necessarily geographically  
23 related but that are linked in the sense that they  
24 are important to move towards the ecosystem  
25 restoration goals of the CalFed Program and until

1 VICE-CHAIR McPEAK: Laura, what kind  
2 of time frame do you think you are talking about  
3 that they are talking about?

4 LAURA KING: I think we could do  
5 something within a week.

6 VICE-CHAIR McPEAK: A week?

7 LAURA KING: I know you wanted to  
8 have something to go forward to the policy group on  
9 the 17th. I don't know if a week would be too long  
10 for that but I think we could do something within a  
11 week.

12 VICE-CHAIR McPEAK: Okay. Okay.

13 Thank you.

14 Marianne Dickinson. Marianne, you  
15 wanted --

16 MS. SPIVY-WEBER: No, she's gone.  
17 That's when she thought that all of the comments  
18 were at the end.

19 VICE-CHAIR McPEAK: Yeah, I'm sorry.  
20 Marcie Coglianese.

21 MARCI COGLIANESE: Good afternoon.  
22 My name is Marcie Coglianese and I'm a member of the  
23 Rio Vista City Council.

24 The City of Rio Vista is a small City of  
25 4500 located on the banks of the Sacramento River in

1 what we'd like to call the heart of the Delta.  
 2 Today, though, it's more frequently  
 3 referred to in my area as ground zero for CalFed.  
 4 As all of you know, we are located where MUCHE of  
 5 the environmental restoration is going to take  
 6 place.  
 7 We hear varying figures but I've set he  
 8 had myself on a hundred and 66 thousand acres of ag  
 9 land going into environmental restoration.  
 10 We cling to the principal that we'll all  
 11 get together -- get better together and that we will  
 12 not be the victims of a lot of redirected impacts.  
 13 I'd like to speak specifically about a  
 14 project that is on the list for the 2000 fiscal  
 15 year. On page six of your attachment B which is a  
 16 Liberty Island (inaudible), Phase II.  
 17 As has been repeatedly said by the Fish  
 18 and Wildlife Service systems on an independent  
 19 environmental track -- and we'll get there  
 20 eventually but we are not there yet and here today  
 21 it looks like it will be approved for acquisition  
 22 the first part of this project.  
 23 I concur with many of the comments that  
 24 the environmental round-table made regarding the  
 25 need for mitigation for economic impacts associated

1 adequate mitigation.  
 2 VICE-CHAIR McPEAK: Thank you.  
 3 That concludes the comments from the cards  
 4 I had on this subject, I think.  
 5 So was there anyone from the public who  
 6 wanted to comment on the fiscal year 2000 funding?  
 7 Come forward.  
 8 MS. STEWART: Yeah, I turned in a  
 9 card.  
 10 VICE-CHAIR McPEAK: Okay, that's my  
 11 fault.  
 12 JUDITH GARLAND: I'm Judith Garland  
 13 with the East Bay Mud Utility District.  
 14 VICE-CHAIR McPEAK: I'm sorry, I had  
 15 it here.  
 16 JUDITH GARLAND: I'm here. East Bay  
 17 supports the initiative that Dan presented to  
 18 include a number of fish screen projects in CalFed's  
 19 FY 2000 fund. In particular we urge that the fish  
 20 screen design portion of the Mokelumne River  
 21 restoration program been included to ensure  
 22 continuity for this important project.  
 23 The fish screen design is part of a larger  
 24 project for proposal for Woodbridge Dam previously  
 25 submitted to CalFed and does not involve any

1 with such acquisitions and with the problem of  
 2 enhancing the project before the environmental  
 3 review is complete.  
 4 The Executive Summary from the straw  
 5 proposal for this project brushes off the third  
 6 party impacts with a reference to the Federal law  
 7 that may, if nonmoney is appropriated, pay in lieu  
 8 of property taxes.  
 9 That is the sole extent of the third party  
 10 mitigation that is proposed with this project.  
 11 I know you must be aware that the Delta,  
 12 especially the -- what I call the heart of the  
 13 Delta, the small cities in the Central Delta, are  
 14 highly dependent on agriculture.  
 15 It is a direct impact on the sales tax  
 16 that is our major source of providing services in  
 17 our city.  
 18 This cumulative impact with taking this  
 19 land out of agriculture has many additional impacts  
 20 besides property tax laws.  
 21 I'm just speaking here today so that I am  
 22 on record and as having told you that services will  
 23 be affected, jobs will be affected, and that  
 24 providing for property tax on an annual  
 25 appropriation basis which is hit or miss is an

1 construction.  
 2 We would also like to give support to  
 3 CalFed plan to provide multi-year funding in the  
 4 near future for construction projects.  
 5 This will provide greater assurance and  
 6 continuity for eliminate the need for them to  
 7 rugosity their projects to CalFed every year.  
 8 Thank you.  
 9 VICE-CHAIR McPEAK: Thanks, Judith.  
 10 I'm sorry, you had to wait.  
 11 Does that conclude the comments from  
 12 people who submitted cards?  
 13 I think so.  
 14 We are going to bring it back here and try  
 15 to figure out how to constructively comment on and,  
 16 if possible, reach some consensus in advice to  
 17 CalFed.  
 18 Roberta.  
 19 MS. BORGONOVO: I wanted to go back  
 20 and support the proposal that Gary and Cynthia both  
 21 gave and I'll give you the figures for it again.  
 22 For projects it would be 14.9 million  
 23 John, science and monitoring, seven, environmental  
 24 water, four, South Delta planning, zero and special  
 25 support, four. And there are good reasons for it.

1 VICE-CHAIR McPEAK: Because you said  
2 so.

3 Okay. Did everyone get the numbers do you  
4 know?

5 MS. BORGONOVO: I'll give them again.  
6 It's 14.4 for projects. It's seven for science and  
7 monitoring. It's four for environmental water.  
8 Zero for South Delta planning and four for special  
9 support.

10 VICE-CHAIR McPEAK: Okay. Okay.  
11 Byron.

12 MR. BUCK: I think (inaudible) on  
13 this one in attempt to absolute consensus is kind of  
14 difficult given that we've got no roundtable  
15 recommendation. We have two stakeholder proposes  
16 proposals.

17 I don't think this group is going to be  
18 able to come down to a number but what's important I  
19 think is what Wendy said in the beginning is that  
20 this program has got to make a decision. We don't  
21 want to fibulate and have this continue on and then  
22 lose our place at the Federal funding table down the  
23 line as a result of not being able to decide the  
24 fringes of decision so I would like to see this body  
25 basically say we affirm that the policy group, you

1 It doesn't mean that they are always right  
2 and they want more money for staff than I would be  
3 willing to give but they are very expensive and  
4 professional folks.

5 But, I mean, I think I really want to  
6 encourage that and what I heard from Laura and I  
7 don't know from Dan and Cynthia and Gary the --  
8 perhaps a week. I mean between now and when there  
9 is an ability to have continuing discussion and any  
10 further insight before this goes to policy group,  
11 great.

12 I mean, I appreciate the willingness, the  
13 indication that you're -- they are all gathering  
14 there, look at that.

15 A SPECTATOR: They are doing it right  
16 now.

17 VICE-CHAIR McPEAK: They are doing it  
18 right now. Okay.

19 Steve?

20 MR. RITCHIE: Yeah. One comment here  
21 based on what I call the staff proposal that is  
22 outlined and Gary's position and some of the other  
23 letters from the round-table members it sounds like  
24 there is eighty, eighty-five percent that there is  
25 consensus on so we are talking about the remaining

1 need to make a decision, you need to run this to the  
2 ground.

3 I think it makes sense to have the  
4 stakeholder groups that have been pursuing this to  
5 date to try to work with staff to come up with a  
6 final proposal and that the staff's recommendation  
7 and this body's recommendation would be that we just  
8 reflect the type of comments that we need that there  
9 is concerns about; fish screens not being funded  
10 enough, that there may be should be a little more  
11 water in the environmental water account, that may  
12 be money for the South Delta -- all of this get  
13 reflected to the policy group but we today not try  
14 to add up the numbers in any specific way because I  
15 just don't think we are going to get there.

16 VICE-CHAIR McPEAK: Just commenting  
17 personally from where I think you said it MUCHE  
18 better than I would have, how to try to  
19 constructively engage on this subject and take  
20 action.

21 I would add to your comments that I think  
22 the CalFed staff has been trying very diligently to  
23 take the input, also responsibly get ahead of curve  
24 as I keep putting it to looking ahead and I want to  
25 support them, their work, in this.

1 fifteen, twenty percent lacks consensus.

2 I think that what I would recommend we do,  
3 and that's the environmental water acquisition --  
4 what I would recommend that Gary do -- what I would  
5 recommend that we do is we do have a round-table  
6 meeting coming up on November 9th and between now  
7 and then we have some individual discussion with  
8 folks and then spend a little time at that November  
9 9th round-table meeting to try to bring this to  
10 closure with the big caveat that we want you to  
11 attend that meeting to very MUCHE accelerate the  
12 process going for 2001 so that we do get well ahead  
13 of the curve then.

14 But I think we can make in effect another  
15 stab at this based on some discussions and try to  
16 have something to come up with at November 9th.

17 And I guess my advice to BDAC would be  
18 along the lines with what Byron said, we are  
19 eighty-five percent of the way there, allowing for  
20 some round-table decision and then coming forth with  
21 the policy group on November 17th.

22 VICE-CHAIR McPEAK: Gary, it looks  
23 like you want to talk or do you just like standing  
24 there?

25 GARY BOBKER: I just want to make you

1 feel like you are all under scrutiny.  
 2 The only thing I wanted to add is there  
 3 certainly will be stakeholder discussion on this  
 4 early next week. I think that on the projects on  
 5 the science and monitoring on the environmental  
 6 water actually we are very close and will come to  
 7 closure on that very quickly, the South Delta and  
 8 fishery screening that we are going to need to do  
 9 some work on. You know, how that fits formally into  
 10 the project, how we can come up with various  
 11 recommendations, I guess we'll have to talk to  
 12 CalFed staff.  
 13 VICE-CHAIR McPEAK: Okay. Let's see  
 14 if there is sort of general support for the kind of  
 15 approach that Byron advanced with Steve's comments.  
 16 Seems like a good idea, had you?  
 17 Alex.  
 18 MR. HILDREBRAND: I'd like to be  
 19 clearly on record that I think that we should  
 20 suspend any further expenditures for lands  
 21 acquisition until we devise a better method of  
 22 examining those proposals or redirected impacts.  
 23 VICE-CHAIR McPEAK: Okay. Let's note  
 24 that that would also be part of the transmittal.  
 25 I'm seeing sort of general concurrence

1 We are on a thirty year effort. I don't  
 2 want to be wasting the public's money without having  
 3 agreement from everybody so I just want to belabor  
 4 that one.  
 5 There is a difference on administration.  
 6 Figure out what you absolutely need, the least  
 7 amount, again, for the best product.  
 8 We do -- there needs to be the discussion  
 9 around the fish screens and the South Delta work, as  
 10 you said.  
 11 On ecosystem -- or, excuse me --  
 12 watershed, you know, restoration, that's an  
 13 interesting one that's evolved over this last year  
 14 as a result of the public process, as a result of us  
 15 going to Northern California, to listening, to  
 16 hearing the rationale, the common sense around the  
 17 starting where the ecosystem begins and so there  
 18 does have to be a balance of that, the wisdom of  
 19 that because I don't think we can do that, versus  
 20 some of the urgency that is the -- that has emerged  
 21 with critical impacts on fisheries so these are all,  
 22 I think, parts of the comments that we want to  
 23 transmit.  
 24 I want to present one remaining question  
 25 and that is on the environmental water acquisition

1 with what Byron has advanced and I appreciate very  
 2 MUCHE you assisting in that.  
 3 MR. BUCK: No setup folks.  
 4 VICE-CHAIR McPEAK: No, it wasn't, it  
 5 wasn't. You formulated it MUCHE better than I could  
 6 have.  
 7 The scientific monitoring, going back to  
 8 that for just a moment, I have now read what's in  
 9 the packet and that's helpful.  
 10 What I want to really respectfully  
 11 encourage is affirmative signoff by the various  
 12 parties, stakeholders, round-table, on the process.  
 13 I've been involved in too many very  
 14 expensive either studies or projects for which there  
 15 wasn't upfront clear agreement around the evaluation  
 16 methodology and we get to the end of the effort and  
 17 then there is a dispute over that methodology and  
 18 it's less than as helpful or productive as it could  
 19 have been.  
 20 So while you've laid it out, I think,  
 21 fairly well and I appreciate very MUCHE, Wendy, the  
 22 way you answered, I think that time invested now to  
 23 get an understanding of that methodology to, as you  
 24 said, do the monitoring protocols, very, very  
 25 worthwhile.

1 and getting that started so that we are not in such  
 2 an emergency situation at certain times of the year  
 3 can -- when I press Rosemary and pressed Rosemary  
 4 and Byron earlier this morning in the meeting on  
 5 urban water quality, can you answer, Byron, is  
 6 that -- when you gave the answer were you also  
 7 relating to the environmental water account?  
 8 I mean, when you said we could do  
 9 something more is that really part --  
 10 MR. BUCK: It's not part of this.  
 11 VICE-CHAIR McPEAK: It's part of the  
 12 thirty million buck one and whether it's going to  
 13 the projects you are studying.  
 14 I can make the argument but did I make the  
 15 argument that in terms of what we can do in the near  
 16 term without us mitigating for operational impacts  
 17 or improving water quality based upon operations and  
 18 that's basically money to buy water, money to move  
 19 water at different times and so if it's in the  
 20 operations account you'd certainly use it for water  
 21 quality.  
 22 VICE-CHAIR McPEAK: Okay. Okay.  
 23 I'm ready to ask if we have general  
 24 concurrence from everyone?  
 25 Are you ready to be asked that question?

1 Okay. You are all saying yes (Affirmative  
2 nods) like that. Okay. I am observing that we have  
3 a very broad consensus to support what was the  
4 approach articulated by Byron and Steve.

5 So, thank you. I appreciate that very  
6 MUCHE.

7 Roberta, do you have another comment?

8 MS. BORGONOVO: You are proposing  
9 this science and monitoring portion and I like the  
10 idea that it becomes incorporated into the projects  
11 records for domestic (inaudible) but it's important  
12 for all of those other projects. At some point when  
13 we figure out how that's integrated in I think  
14 that's part of the discussion because I think it's  
15 so integral to what we are calling the adaptive  
16 management.

17 VICE-CHAIR McPEAK: I agree.

18 So were you concurring with what I was  
19 also --

20 MS. BORGONOVO: Yes, I was.

21 VICE-CHAIR McPEAK: -- saying or not?  
22 Yes, Don.

23 MR. BRANSFORD: I just want to say I  
24 agree with what Roberta says -- or said.  
25 My concern is after being through a

1 scientifically sound, that we can continue then to  
2 make further decisions on without it being studied  
3 to death for little return on that investment and  
4 additional dollars.

5 Okay. Yes, ma'am? Laid laid I just  
6 wanted to talk.

7 VICE-CHAIR McPEAK: You want to talk?

8 UNIDENTIFIED SPEAKER: Yeah.

9 VICE-CHAIR McPEAK: You wanted to  
10 talk on this subject?

11 UNIDENTIFIED SPEAKER: On science and  
12 monitoring.

13 VICE-CHAIR McPEAK: On science and  
14 monitoring? Why don't you do it now.

15 MS. HOLLEY: Hi, I'm Holly  
16 (inaudible) with the Bay Institute and I really  
17 support the science and monitoring program but what  
18 I've seen so far and it seems true to so many of  
19 these budgets is that we are arguing because of  
20 budgets aren't real clearly articulated and brought  
21 forward to the group here, BDAC in this instance,  
22 and before that the ecosystem round-table and there  
23 is a lot of different varieties of science we are  
24 talking about and I think we need to be clear about  
25 the fact that some of the projects did have

1 similar process with a fish screen that can become a  
2 bottomless pit of expenditures and unless there is  
3 some sort of accountability built into that process,  
4 the agencies and the consultants will study that to  
5 death.

6 I mean, we had a very -- well, a large  
7 fish screen and the issue was anadromous fish and we  
8 couldn't get the agencies to agree on a monitoring  
9 program and so somehow or some way unless there is  
10 accountability built into that, you know, that  
11 number will become the budget and these other  
12 projects that are so important they don't even get  
13 on the table.

14 So, you know, I have real concerns about  
15 if this number is okay for now but putting large  
16 amounts of money in there until we see what kind of  
17 product we are receiving back.

18 VICE-CHAIR McPEAK: I think we are --  
19 I appreciate very MUCHE, Don, that comment, too.

20 I keep continuing to think of it in terms  
21 of diminishing returns. We want to get really good  
22 results on the sign-offs on the protocol and help  
23 with continuing peer review. That is not cheap.  
24 That's not inexpensive but that gives us useful,  
25 reliable information that everybody says is

1 monitoring associated with them but problem that we  
2 are having is that the dialect isn't being put into  
3 a format that can then be brought together and  
4 analyzed. So there is a lot of pieces and I think  
5 what CalFed needs to do is the hard work  
6 articulating those pieces so that everyone is  
7 comfortable with the money that's being spent and  
8 that's all I wanted to say.

9 Thanks.

10 VICE-CHAIR McPEAK: Thank you.

11 Actually, this has been a good discussion  
12 to underscore the importance and the appropriate  
13 maybe approach on monitoring.

14 As I look at the agenda I think we are at  
15 the schedule for 2001.

16 Is that true?

17 Have you actually -- you've gone through  
18 that.

19 Are you finished with that information,  
20 Wendy?

21 MS. HALVERSON: Well, let me just  
22 spend a minute on it because I think it will set the  
23 stage for what you can expect in the future.

24 And I'll use this graphic data to help  
25 articulate the point.

1 We plan to begin with the next round-table  
 2 meeting forming a panel of scientists that will lead  
 3 us into the 2001 effort, and the intent being that  
 4 we will establish priorities and an implementation  
 5 plan for FY 2000. We are now a little bit behind  
 6 schedule so we expect that's going to run into the  
 7 second quarter a little bit so we expect at your  
 8 January meeting to be presenting you with an  
 9 implementation plan for FY 2000 that will form the  
 10 basis of a project solicitation.

11 That solicitation we expect to close  
 12 around and, maybe mid-April, and then we are going  
 13 to go into a project selection mode which will allow  
 14 us hopefully sufficient time for the levels of the  
 15 public involvement, scientific review, and people  
 16 just getting comfortable with what we are doing  
 17 rather than having to rush as we have done in the  
 18 past so that we can have good, sound decisions at  
 19 the beginning of the fiscal year when funds become  
 20 available.

21 So we now are on a track to move forward  
 22 into a more systematic approach that will happen on  
 23 an annual cycle and we really are kind of carving  
 24 the way here and so I think we are making  
 25 substantive progress and we hope to continue to get

1 stakeholders and agency folks involved. There's  
 2 been I believe a policy group meeting and a interim  
 3 meeting as well.

4 The California environmental trust has  
 5 been involved all summer with us working on this and  
 6 Joe Bottovitz is here and can speak to this topic as  
 7 we move through the discussion today.

8 What their role has been is to help  
 9 convene some meetings -- earlier a workshop and then  
 10 some meetings for stakeholder and policy group  
 11 members to try to find areas of consensus and  
 12 identify areas of disagreement.

13 What you were handed in a very quick  
 14 presentation in September in Red Bluff was the CET  
 15 proposal, which CalFed asked CET to kind of put  
 16 something out there for people to react to.

17 What you have in front of you now is  
 18 called the CalFed staff proposal and that is  
 19 basically moving into a CalFed straw proposal  
 20 because it had gotten enough nodding from the CalFed  
 21 agencies to be on the right direction. There is a  
 22 lot of open issues still there but we felt like it  
 23 was time to get a little ownership from CalFed.

24 That was handed out and discussed briefly  
 25 by policy groups. So there has been no CalFed

1 the support and the feedback from BDAC and the  
 2 round-table on how we move forward and the pieces we  
 3 do need to pay attention to.

4 So I think we are on track and we  
 5 appreciate the support.

6 VICE-CHAIR McPEAK: Thank you.

7 Are there any comments or questions to  
 8 Wendy on the 2001 processing schedule?

9 (No response)

10 Great. Thank you.

11 I think we are at this point down to  
 12 long-term governance and only a half hour behind.

13 So I see no one having a differing  
 14 opinion, this is -- we are going to have a report  
 15 from Hap and Eze but who is going to lead off or do  
 16 you want to introduce it, Hap?

17 Okay.

18 KATE HANSEL: In your packet, in  
 19 addition, there is a workgroup report in that so I  
 20 just want to get you set up.

21 Before I start off with the overheads I  
 22 just wanted to give you an update on where we are on  
 23 long-term governance and what's happened since we  
 24 last met with BDAC in September, I believe.

25 There's been several meetings with

1 recommendations. It's here for the first time  
 2 discussion really in more detail to BDAC  
 3 (inaudible).

4 So that's kind of the background.

5 I wanted to give you a sense of the  
 6 timeline that's in front of us, what we are doing  
 7 today and what we are doing over the next few  
 8 months.

9 So we are going to bring two different  
 10 versions to you. Today I have what I call the  
 11 general framework. Some call it murky, some call it  
 12 the general framework but it is very general in  
 13 terms of the new commission and staff proposal. So  
 14 we are getting different recommendations of by in as  
 15 we move into it. So that's BDAC's what we are going  
 16 to talk about today and policy group will have the  
 17 same topic in front of them in several weeks at the  
 18 November meeting, the same straw proposal and ask  
 19 for a recommendation on this.

20 In December we'll be bringing back to you  
 21 a more detailed proposal, maybe we'll call it a  
 22 final draft proposal. It would not be legislative  
 23 language. We are not going to get into that at this  
 24 point. That has a long way to go but you'll be  
 25 seeing another proposal but more detail in December.

1 And then we'll be talking about  
 2 legislative hearings. There is no date set at this  
 3 point on State side but I heard that early January  
 4 is the most likely time, in particular the water  
 5 committees and possibly other committees on the  
 6 State side will be holding other hearings on CalFed  
 7 including governance.

8 I'm going to give you just a head-up of  
 9 what I'm going to ask for today if you want to go  
 10 this direction.

11 So the BDAC action requested today is is  
 12 BDAC ready to make recommendations on any features  
 13 in the CalFed straw proposal?

14 You can take species of it and give the  
 15 CalFed program and BDAC work group a sense of are we  
 16 on the right direction or not?

17 And that's why it's definitely features,  
 18 because there is a lot of open issues and does BDAC  
 19 support a new CalFed commission primarily to oversee  
 20 implementation of the CalFed Program and ROD and  
 21 then there will be other things and I'm going to  
 22 come back to this slide at the end of the  
 23 presentation to ask if, -- you know try to walk us  
 24 through and see what parts of the straw proposal you  
 25 might want to make a recommendation on. There is a

1 lot of discussion on the ERP governing structure,  
 2 the Commission membership and there's probably other  
 3 features so it's BDAC's call on what part of the  
 4 straw proposal you wanted to make a recommendation  
 5 on but I'll identify others where there has been  
 6 more agreement and less agreement.

7 So I'm going to go through the straw  
 8 proposal pretty quickly. It's in your packet.

9 Basically what the idea is behind the  
 10 straw proposal is looking at some of the principles  
 11 for what's needed for implementing the whole CalFed  
 12 Program and these principles and the functions for  
 13 oversight everybody talked about for years and I  
 14 walked in more like six months to nine months ago  
 15 and they are in the CalFed governance documents and  
 16 EIR/EIS and when we looking at those principles when  
 17 the principle was put together.

18 The idea is that actually having  
 19 legislation that would create a new commission that  
 20 would address what's been asked for. We need a  
 21 mandate to move the CalFed program successfully over  
 22 a thirty year period, a legislative mandate to  
 23 formalize that and that would be the proposal, State  
 24 and Federal legislation for a new commission.

25 Another feature of this is strong

1 partnership on the State and Federal side, that  
 2 there should be strong support and participation on  
 3 both the State and Federal for a new commission that  
 4 oversees the whole CalFed Program as well as being  
 5 public numbers.

6 So that's a key component of the straw  
 7 proposal.

8 The responsibilities are laid out on  
 9 page 3 of the straw proposal for what this new  
 10 commission would be responsible for and I kind of  
 11 organized it in two categories.

12 One, there is a lot of support for the  
 13 commission to oversee all of the CalFed  
 14 implementation.

15 We talked a lot about accountability. The  
 16 Commission would be the point of accountability for  
 17 implementing the ROD and for implementing the CalFed  
 18 program and you would go there if you were seeing  
 19 things were not being addressed for the whole CalFed  
 20 Program.

21 In addition in the straw proposal it's  
 22 proposed that each of the program areas, levees,  
 23 ERP, would be managed and overseen out of the  
 24 commission.

25 In many cases the agencies would still

1 have a strong role, such as Delta levees would be  
 2 run by the DWR program but there would be oversight  
 3 and coordination and review by the commission over  
 4 those pieces of the program and all in all of the  
 5 different State and Federal agencies where CalFed is  
 6 being implemented.

7 And that goes to the next but, authorities  
 8 and funding.

9 There was a sense when we put this straw  
 10 proposal together in these meetings that a new  
 11 commission, if it's created, needs to have the  
 12 authority to reach the CalFed objectives. You can't  
 13 just have voluntary coordination between all of  
 14 these many agencies and be successful in thirty  
 15 years so we need to be explicit on what authorities  
 16 it has and what funding it has authority to review  
 17 and approve.

18 The role of science was a part that's  
 19 described in the straw proposal that there would be  
 20 a science review Board at the whole CalFed level,  
 21 the whole Program Level for review and assessment as  
 22 well as science review at each of the program areas.

23 So that's just a kind of a quick rundown.

24 I have an org chart that's basically  
 25 what's in your packet attached to the end of the

1 straw proposal.

2 The Commission is very similar to how the  
3 policy group is positioned in boxes.

4 The Commission would report to both the  
5 State and Federal sides, the Governor, the Secretary  
6 of the Interior. The officials would have  
7 Co-Chairs. At this point -- resources and it lists  
8 a proposal -- a proposed list of State and Federal  
9 agencies and how you do public representation.

10 A broad science review Board at the  
11 commission level, possibly an Advisory Council.  
12 That still has to be determined because there would  
13 be public members of the commission.

14 This is -- everything above the dotted  
15 line is a schematic of what the Commission would be  
16 and below the dotted line are existing agencies that  
17 would be involved in implementation and coordination  
18 of the program.

19 And a lot of detail need to be added about  
20 what authority does the Commission of over existing  
21 agencies or new agencies that would be implementing  
22 the CalFed program?

23 And that's the detail we need to work on  
24 in the next month before we come back but the  
25 programs would be overseeing and managed in the

1 and coordination.

2 It's still an open issue whether the  
3 Commission would actually -- how MUCHE it should be  
4 running the programs, individual programs.

5 So assuming a new CalFed commission if  
6 there is support for that. There is also general  
7 support that there should be strong, State and  
8 Federal participation in this commission. It can't  
9 just be a State only or a Federal only. It has to  
10 work together.

11 There needs to be sufficient authority to  
12 ensure CalFed objectives are met. Now that's got a  
13 lot of detail needs to be added but it's not like a  
14 group that's just overseeing and making  
15 recommendations. It has authority to say yes and no  
16 over budgets and the program.

17 State and Federal -- the members need to  
18 include State and Federal agency members as well as  
19 public members.

20 That is still open how many members and  
21 who.

22 And the last one is there is again general  
23 agreement that there is at least two levels of  
24 science, external science review to keep the CalFed  
25 program over the thirty year period, the CalFed

1 commission in terms of setting priorities, MUCHE  
2 like the restoration coordination program is housed  
3 currently in the CalFed Program.

4 Scientific review would also be at the  
5 Program Level as well as the broad commission level.

6 As this proposal has been moving from a  
7 CET proposal to then now a CalFed proposal we've  
8 been identifying -- hearing different levels of  
9 agreement.

10 There is a workgroup meeting -- a BDAC  
11 governance workgroup meeting earlier this month and  
12 these been other meetings so I want to summarize for  
13 BDAC what we are hearing in terms of general areas  
14 of agreement.

15 This might be the slide that we would  
16 revisit when I ask if there is recommendations for  
17 any areas have supported for the proposal. Would we  
18 want to move first to the areas that we are hearing  
19 general agreement on?

20 So we are hearing there is agreement,  
21 probably conditional support, but agreement that a  
22 CalFed commission is needed for oversight and  
23 coordination, a legislatively mandated CalFed, you  
24 know, entity to oversee and implement the ROD, and  
25 that would need to serve that function for oversight

1 review Board at a broad level and science review  
2 program. So that is where we are hearing general  
3 concepts support.

4 These are the open issues, areas where  
5 people are not in agreement and we have a lot of  
6 work still to do on -- I'd say the biggest issue and  
7 we have -- let me go into more detail on this first  
8 one today.

9 The most open issue right now in terms of  
10 this conceptual framework that you have in front of  
11 you is where the ERP is housed and in the straw  
12 proposal it's housed within the commission and the  
13 workgroup and others are saying a separate ERP  
14 entity is more appropriate even though it would  
15 still be overseen by the commission, separate  
16 organizationally is the way to go. So that's an  
17 open question, whether the Commission or a new ERP  
18 entity.

19 The second open issue is commission  
20 membership, how many and who? Representation is an  
21 open issue and mechanism for Federal involvement,  
22 number three, is an open issue.

23 Yes, we need strong, Federal participation  
24 but does that mean a joint Federal State entity or  
25 does that mean a State entity with strong Federal

1 participation through voting?  
 2 And so that's an open issue.  
 3 The last one that I've identified is very  
 4 MUCHE what you were talking about all morning, is  
 5 the commission role and authority in budgets and  
 6 priorities. It's how to balance -- one way to say  
 7 it is how to balance the integration between the  
 8 CalFed programs, which is what the commission is  
 9 responsible for, and how to balance that with  
 10 individual program priorities and objectives?  
 11 So what you were hearing today is how do  
 12 you balance the fact that the ERP priorities might  
 13 be one thing but the CalFed priorities or the  
 14 Commission priorities might send those ERP  
 15 priorities in a different direction and how do you  
 16 balance that and where do you bring in the science?  
 17 And so that we need in the long-term  
 18 governance proposal we need to be specific about how  
 19 that process is run and (inaudible) what the  
 20 commission has over.  
 21 So those are the four open issues.  
 22 Before we go into -- I have some overheads  
 23 that that go into detail some of the options for the  
 24 ERP structure. I was going to turn to Hap. He was  
 25 at the workgroup meeting and in your packet is a

1 workgroup report and he was going to summarize what  
 2 the workgroup report is on the straw proposal.  
 3 VICE-CHAIR McPEAK: Hap.  
 4 MR. DUNNING: I want to speak to  
 5 those questions that were identified by Kate and  
 6 just to put this all in perspective I want to recall  
 7 several years ago at the direction of the Chairman  
 8 of BDAC we had an assurances workgroup, assurances  
 9 that the preferred alternative would be implemented  
 10 as anticipate.  
 11 We talked about many different things in  
 12 that workgroup in earlier years and one of them was  
 13 the ecosystem restoration program and the imperative  
 14 need to assure that that actually get implemented.  
 15 Now, there's a lot of things that go into  
 16 having an assurance like that. You need a funding  
 17 team, you need proper use of adaptive management  
 18 principal and so forth but one of the things we  
 19 worked most on was the idea that in order to give  
 20 focus and direction and emphasis to this ecosystem  
 21 restoration program there ought to be some kind of  
 22 new entity created with the sole responsibility of  
 23 implementation of the program.  
 24 We talked about a lot of different models  
 25 but the main point was there should be this single

1 entity.  
 2 The natural resources area has a long  
 3 history of conservancy. We have a Santa Monica  
 4 conservancy and so forth.  
 5 It's been used again and again to give  
 6 focus to a particular task. So we came to BDAC you  
 7 may recall roughly a year ago and put our proposal  
 8 on the table and had a very good discussion of it  
 9 and the response at least as I interpreted it at  
 10 that time was that BDAC tentatively supported the  
 11 idea of some new ERP entity but was very concerned  
 12 that the final approval, final signoff not occur  
 13 until decisions had been made about overall  
 14 governance, about the sort of top level governance  
 15 for the whole CalFed Program.  
 16 Remember, Alex and others expressed  
 17 concern that there might be some imbalance, that we  
 18 needed some mechanism for balancing with work that's  
 19 done on ecosystem, with work that's done on water  
 20 supply reliability and so forth. So we were  
 21 directed to go back and think some more about  
 22 overall CalFed governance.  
 23 We were very lucky in getting the help  
 24 through Lester and others of the California  
 25 Environmental Trust, which which as indicated by

1 Kate has sponsored a big workshop and had some  
 2 meetings and so forth and eventually came forth with  
 3 its own suggestion or proposal for discussion  
 4 purposes that there be this commission and that  
 5 there be this strong Joint State-Federal entity  
 6 which would run all of CalFed.  
 7 So I think the workgroup is supportive, as  
 8 Kate indicated, but she mentioned the phrase  
 9 conditional support and I think many, particularly  
 10 the environmentalists, feel that the one -- one big  
 11 defect in the California -- in the CET proposal is  
 12 abandoning the idea of having a separate entity.  
 13 We see no incompatibility between having  
 14 this new entity that does the overall work, the  
 15 balancing, the budget control, the program  
 16 priorities and so forth and at the same time having  
 17 a conservancy that would work just on ERP  
 18 implementation.  
 19 It would be analogous to the agencies that  
 20 were shown on one of those charts that were up on  
 21 the overheads that were up there doing the  
 22 implementation work and it would be responsible to  
 23 the Commission just the way Bureau of Reclamation,  
 24 or the Department of Water Resources or any of the  
 25 other CalFed agencies will be responsible to this

1 *commission. Lots of questions would have to be*  
2 *worked out about the money flow, would it all come*  
3 *through the Commission, would some go directly to*  
4 *the ERP entity.*

5 *There's lots of questions about the*  
6 *structure of an ERP entity, how it should be set up,*  
7 *but I think the point of consideration for BDAC*  
8 *today is whether to simply abandon the idea of an*  
9 *ERP entity and has the ERP functions entirely within*  
10 *this commission or whether to incorporate the idea*  
11 *of an ERP entity which is the CET proposal.*

12 *In attachment three in the governance part*  
13 *of the packet there is some comments from the*  
14 *workgroup on the straw proposal that was prepared by*  
15 *staff and that of course is based on this CET*  
16 *proposal and there are some particulars as to why a*  
17 *separate entity for ecosystem restoration is*  
18 *suggested, as to the role of the performances from*  
19 *advocates for ERP, the focus it could give to ERP,*  
20 *the independent, this is not autonomy but this is*  
21 *the degree of dependence that comes from having a*  
22 *separate agency.*

23 *And notice there is a fourth bullet at the*  
24 *top of the last page that really goes not to the ERP*  
25 *itself but what having a separate ERP means for the*

1 *by tribal representatives. We have six Federal and*  
2 *six State and there was a suggestion, I think, to*  
3 *have six tribal representatives. I think most of*  
4 *the people in the workgroup didn't favor that. We*  
5 *avored one representative but there is a major*  
6 *problem there as to how you go about selecting that*  
7 *representative.*

8 *If it's selected by one of the*  
9 *governments, particularly the Federal Government,*  
10 *that seemed to try in the face of the tribes*  
11 *(inaudible).*

12 *On the other hand, if you have the tribes*  
13 *do it there is a big question as to all of the*  
14 *tribes in California, is it just the ones that are*  
15 *sort of in the Bay-Delta area, what Americanism is*  
16 *used by the tribes?*

17 *There doesn't seem to be an existing body*  
18 *that's well-equipped to do that so that's maybe*  
19 *somewhat of a technical problem but an important*  
20 *problem if you do get a tribal representative if*  
21 *indeed you accept the idea that there should be one.*  
22 *So I think I'll -- did you want Eze to comment now,*  
23 *Kate?*

24 *MR. BURTS: I don't think there were*  
25 *only a couple of things I wanted to add to any of*

1 *commission or maybe you could put it the other way,*  
2 *what having ERP responsibilities in the commission*  
3 *means.*

4 *It means we have sort of this odd body*  
5 *that in principle is an oversight body but in the*  
6 *one area of ecological restoration does everything,*  
7 *not just oversight but program management and a*  
8 *certain amount of the implementation. That to many*  
9 *would be a distortion of the new commission which*  
10 *has been recommended.*

11 *So that's the one point that -- Kate,*  
12 *could you pick out a comment on the other things in*  
13 *this summary or just that part of it?*

14 *You had identified other areas.*

15 *Maybe I'll say one more thing if I may,*  
16 *just about the particular question of tribal*  
17 *representation.*

18 *We had a lot of discussion about that*  
19 *topic at our last workgroup meeting and if you*  
20 *notice in the attachment three we did decide as a*  
21 *workgroup that the commission should include tribal*  
22 *representation. There is no number mentioned there*  
23 *of I think a lot of people were thinking of a single*  
24 *representative on the commission, which is at*  
25 *variance with some of the suggestions that were made*

1 *the specific elements that have been discussed*  
2 *except to say I think as we go through our job both*  
3 *as the workgroup and as BDAC we need to kind of step*  
4 *away from our stakeholder role when we consider*  
5 *putting together a proposed governance structure*  
6 *because what we are really talking about is a*  
7 *program to be implemented for the people in the*  
8 *State of California and that carries a little*  
9 *different responsibility than we carry as individual*  
10 *stakeholders and that's why I think in suggesting a*  
11 *model for governance it needs to be one that is*  
12 *truly visible, one that stands out, one that has a*  
13 *special place in implementing a program of this*  
14 *nature.*

15 *So, you know, this is an alternative that*  
16 *I think offers that kind of visibility, a place*  
17 *where you kind of flush out a program, put it out*  
18 *there where those of us who play in this game know*  
19 *where to go find the pieces but, remember, we are*  
20 *now talking about a program that will be implemented*  
21 *over several decades.*

22 *The other important point is that this*  
23 *structure has to be one that is efficient and we are*  
24 *talking about an extremely complex program to be*  
25 *implemented but we need to make sure that we are*

1 doing as *MUCHE* as possible to build in some  
 2 simplicity. We need to make sure that it contains  
 3 enough efficiency that we don't get this program  
 4 bogged down in and of itself as a structure. So  
 5 there needs to be some elements of efficiency, and  
 6 then thirdly I would say that the thing that we have  
 7 talked about so many times from so many different  
 8 perspectives is this issue of accountability, that  
 9 there needs to be a place where at the end of the  
 10 day everybody can go and say here is the  
 11 responsibility. Here is the blame. Here is the  
 12 place where we can get something done. Here is the  
 13 place where we can find out what went wrong or here  
 14 is the place where we give credit for what went  
 15 right, and that structure of accountability.

16 So I think it's important to have this  
 17 visibility, efficiency and accountability built into  
 18 this structure and I think we have to step back and  
 19 think of ourselves more as the general public who  
 20 will be the beneficiaries of the results of this  
 21 program activity and to that extent I say we must  
 22 continue to happen on schedule.

23 We've said that we are going to bring back  
 24 to this group a proposal in December and we must do  
 25 that and to that extent secondly I would say that it

1 fits together and they are also engaging to a  
 2 greater extent in how this is going to actually  
 3 work.

4 Particularly as we get closer to  
 5 implementation I think they are saying how are we  
 6 actually going to work this thing out? Even as we  
 7 do operations in other years and a variety of other  
 8 things it's always a challenge but I think they are  
 9 now engaged.

10 And generally I think from the discussion  
 11 we've had over the last several months I think that  
 12 the Federal side, at least, the Federal agencies are  
 13 supportive of the straw proposal, supportive going  
 14 forward with this concept and there are still some  
 15 questions and there are still some of the big  
 16 questions, actually, and I guess I'll try and answer  
 17 some of those as we talk about that.

18 But the only other thing I wanted to note  
 19 is not only are the agencies engaged in this but  
 20 the -- and this has gone very recently to a very  
 21 high level.

22 The Secretary's now engaged in this. It  
 23 has peaked his interest to a certain extent and he  
 24 had discussion with Senator Feinstein last week  
 25 about it, proposed the possibility of having a

1 is important that we get some feedback today on  
 2 these critical issues and get some guidance from  
 3 BDAC.

4 VICE-CHAIR McPEAK: Very good.

5 Okay. I was going to have Alf and Steve  
 6 comment if they want.

7 Do you have a question?

8 MR. HASSELTINE: No.

9 VICE-CHAIR McPEAK: Okay. Alf.

10 MR. BRANDT: I guess I want to start  
 11 by saying thank you because the comments really go  
 12 to BDAC and to the forerunners of the assurances  
 13 workgroup. This has really been a stakeholder  
 14 driven issue and I've got to give you compliments  
 15 because it's taken -- I'll acknowledge that it's  
 16 taken us awhile for us to get in gear here and  
 17 really engage in this and I do appreciate your  
 18 continual, you know, pushing on this to get us to  
 19 pay attention.

20 Agencies have come a long way in both  
 21 their understanding of the governance issue and what  
 22 the concern is here and why do we have to change it?  
 23 That question came up early on. I think that's no  
 24 longer a question, that we are understanding the  
 25 importance of the governance issues and how it all

1 Federal legislative hearing on this some time soon,  
 2 before the end of the year which frankly from my  
 3 perspective I don't know if I want it that soon but  
 4 he is very interested.

5 He thinks this potentially could be --  
 6 this is what makes CalFed different. How we run and  
 7 how we work together and how we make things happen  
 8 and make decisions could potentially be the  
 9 difference in making CalFed a model for their place  
 10 around the country.

11 It's never this kind of proposal, truly a  
 12 Federal, State, combined proposal. It's never  
 13 worked anywhere else. No one has ever done this  
 14 anywhere else and there are a lot of issues but you  
 15 are committed to working through those issues to try  
 16 to find a way to make it happen, but I think it is  
 17 now something that has gotten his attention and I  
 18 imagine all of us under him will be paying a lot  
 19 more attention, even more than we have in the last  
 20 few months.

21 So let me just make a couple of comments.

22 One, on the issue of a separate ERP  
 23 entity, and I was at the workgroup meeting, heard a  
 24 lot of the concerns and I communicated those back to  
 25 the agencies over the last few weeks and we've had

1 somewhat of a discussion about, well, how would that  
2 work?

3 And I guess what I want to put forth is  
4 some concerns or what questions, I guess, is one way  
5 to frame it is that the agencies have sort of  
6 from -- have actually making it work and I guess it  
7 goes somewhat to your point, Eze, about efficiency,  
8 how you really make it happen and get the ERP moving  
9 and keep it moving.

10 We've had some progress in the last couple  
11 years. We've done some good projects. We want to  
12 keep it moving and keep it -- and moving forward and  
13 advancing.

14 So the first question is is a second -- is  
15 creating a second entity going to require some  
16 additional slowing down time to get it up and  
17 running? I mean, part of this is -- it's more than  
18 just the legislation. Fine, you get the legislation  
19 passed and they make some big picture decisions.

20 What are the personnel rules? What are  
21 the contract rules? Who are -- what kind of  
22 organization -- how is it -- how is it run, those  
23 kind of things that people who are running agencies  
24 now see that sometimes in creating a new  
25 organization, especially one that would be another

1 of the work and doing all of the different programs  
2 and keep them engaged and participating in all of  
3 these different programs. You may think, oh, this,  
4 I'm not an ecosystem restoration entity so I don't  
5 need to be involved in this but oftentimes whether  
6 it's been the projects or it's been the Department  
7 of Agriculture's Natural Conservation Service,  
8 having to do those types of (inaudible) -- that are  
9 land agencies or water agencies, they are crucial to  
10 making those projects work and if you create a  
11 separate one and they are not involved and granted  
12 they'll be on the Oversight Committee and they'll  
13 have some level of knowledge and once a month  
14 they'll have to hear about it but if they are not  
15 engaged does it allow them to disengage?

16 I don't think they'll disengage because  
17 they'll always be part of the oversight but what  
18 does that do to that relationship in helping those  
19 agencies all work together and so that's kind of our  
20 concerns on a separate ERP but I think it's  
21 something that the workgroup maybe working through  
22 to try and get some answers to those.

23 On tribal I think Hap actually did a good  
24 job on trying to explain. Our challenge is we have  
25 a responsibility pursuant to an executive order of

1 one that would be potentially a Federal-State  
2 organization, it's going to be a challenge enough  
3 just to get it authorized than getting it running.  
4 Are we going to spend a year or more taking that  
5 time to figure it out and what happens to the  
6 program in the meantime? What happens to the ERP in  
7 the meantime? So we are concerned about possible  
8 delays.

9 The other question and next question is  
10 the oversight in ERP governing bodies, are they the  
11 same and I think the answer is probably no but --  
12 because if they are the same then why would you  
13 create another entity? If they are different, the  
14 makeup in this may be all in how you want to suggest  
15 in making it up about does it create another basis  
16 for conflict? I mean there is conflict already in  
17 the system and among all of the agencies and within  
18 California spelled but do you just create another  
19 basis for conflict between another entity and the  
20 other ones?

21 So that's the kind of question that we may  
22 be able to be answer somehow.

23 And the last question is is there a way to  
24 keep something that we think has been valuable,  
25 which is to engage all of the agencies in doing all

1 working with tribes to a Government to Government  
2 base. They are sovereign nations.

3 In many ways basically they are -- I don't  
4 know if I want to say exactly equivalent but they  
5 are on that part, they are sovereign nations so they  
6 have that kind of respect and how does that get  
7 worked out and I think Hap went through the  
8 challenge that we want to see. I think we have to  
9 rely on the tribes to tell us what they want to do  
10 (inaudible).

11 As far as agency participation, this is  
12 one last thing I want to emphasize.

13 It is a point I made in policy group and  
14 as a part of policy group is I think one of the most  
15 important pieces here is that we have gained from  
16 CalFed and the way CalFed operates and the way the  
17 CalFed future is having the agencies on the Board  
18 and part of it all.

19 I can't tell you how many times we have  
20 gone through conflicts and part of it's just being  
21 part of the same organization and developing a  
22 culture of, you know, you don't just go hammer at  
23 your mellow CalFed agency and you don't just do  
24 that. You've got to work it out and you've got to  
25 come back.

1 We are not trying to turn -- we can't turn  
 2 back from engaging in trying to resolve the  
 3 conflict. We can't just hammer each other any more,  
 4 and that's because of this relationship that has  
 5 developed over the years of having to work together  
 6 and I think that's one of the key pieces of this new  
 7 entity is having the agencies and someone suggests  
 8 oh, well, you're never going to have bureaucrats on  
 9 this Board. You don't want to have those people.  
 10 You just want to have public members.

11 Well, I can tell you from my own  
 12 experience that being a public member on an agency  
 13 Board where you are representing indirectly an  
 14 agency and you just get disconnected and you don't  
 15 know what's happening day-to-day so day-to-day that  
 16 agency who is theoretically a member of that Board  
 17 or being represented on that Board can do lots of  
 18 things to hammer its own sister agency and that  
 19 communication is not happening between the public  
 20 member that's on the Board and the agency's  
 21 day-to-day operation and I think that's a key part  
 22 of this proposal and that's why I would hope that --  
 23 I hope you can count on -- draw on your support for  
 24 that continued concept because I think that's a key  
 25 piece and one of the features that I'd like to see

1 that the California legislature and Congress will  
 2 speak to this issue. They will have their own ideas  
 3 and it is they who will author the legislation and  
 4 vote and pass legislation that will provide with our  
 5 good guidance our governance structure for Stage One  
 6 so they are part of the puzzle as they often remind  
 7 us.

8 VICE-CHAIR McPEAK: Okay.

9 Eric, you had a question.

10 MR. HASSELTINE: Well, the more I  
 11 hear the more questions I have actually but I think  
 12 that's where everybody will be coming from at this  
 13 point.

14 I have a couple of I think major  
 15 questions.

16 And this comes as a result of both the  
 17 experience that we've had so far on BDAC relative to  
 18 the financing issue and our discussion this morning,  
 19 and I'm trying to sort of reconcile here how exactly  
 20 the financing program would fit in with this  
 21 governance commission.

22 In other words, rather than my hypothesize  
 23 what might happen I'd like to put that in the form  
 24 of a question to Hap.

25 Have you given any thought at all as to

1 support is that feature, is that the agencies are  
 2 involved.

3 So with that I think that answers all the  
 4 comments and I'd be happy to explain anything else.

5 Steve, do you want to hit it?

6 VICE-CHAIR McPEAK: Steve.

7 MR. MACAULAY: Yes. I agree with  
 8 just everything --

9 MR. BRANDT: We work together.

10 MR. MACAULAY: Obviously, we've  
 11 taken, at least from the State's perspective we've  
 12 taken no position on the management workers' -- it's  
 13 not new. It derives some very valid concerns that  
 14 have been long held.

15 One important thing is that we've got to  
 16 figure out a way to transition to a more stable  
 17 governance structure so there is going to be some  
 18 interim imperfect world that we are going to have to  
 19 deal with. The Department of Water Resources would  
 20 be glad to run the entire program over the next  
 21 year -- no, I'm not sure what we are going to do but  
 22 we are going to have awkward probably governance  
 23 structure until we get to something that will be  
 24 more stable for Stage One.

25 Finally, I wanted to say that we all know

1 how the overall financing of the program would, in  
 2 fact, be administered or in any way affected by the  
 3 Commission?

4 And then also, Eze, you mentioned about  
 5 the accountability and I'm still trying to resolve  
 6 that, too.

7 I don't know to whom the Commission would  
 8 really be accountable.

9 Obviously, this whole program is going to  
 10 have to be set up by legislation, including the  
 11 formation of such a commission, so I assume that in  
 12 some way the working of the commission if they would  
 13 be accountable would be accountable back to the  
 14 legislature, which then brings up the -- you know,  
 15 how does the legislation fit in with the Congress on  
 16 the various part of this and that's something I  
 17 haven't given any thought to at all so I don't know,  
 18 maybe you have.

19 So I think its accountability in financing  
 20 that are raising issues now, not necessarily  
 21 concerns but I'd like to have a MUCHE clearer view  
 22 how that's going to work.

23 VICE-CHAIR McPEAK: Hap.

24 MR. DUNNING: Well, taking the second  
 25 point first on accountability, the Commission would

1 be part of the executive branch of both governments,  
2 the State Government and the Federal Government.

3 If you go back to that organizational  
4 chart that Kate had you can see that the Commission  
5 would be accountable to the -- I can't even read it  
6 from here -- but the Governor on one side and the  
7 Secretary to the Interior on the other side.

8 MR. HASSELTINE: But I thought they  
9 were going to be Co-Chairs.

10 MR. DUNNING: Co-Chairs are the  
11 Secretary of Resources and probably the Secretary of  
12 the Interior.

13 KATE HANSEL: Yeah, and I think that  
14 you caught something -- sorry -- the straw proposal  
15 has the Secretary of the Interior and the Secretary  
16 of Resources as Co-Chairs so that -- therefore, who  
17 is the Secretary of the Interior reporting to,  
18 someone above the Secretary of the Interior?

19 MR. DUNNING: I suppose that's the  
20 Governor and the President.

21 KATE HANSEL: Ultimately, yes, and  
22 then the Congress oversees all of the Secretaries.

23 MR. DUNNING: So the legislatures  
24 would have final control in terms of legislation and  
25 so forth.

1 decision-making process.

2 They would just be different revenue  
3 strings.

4 MR. BURTS: I think it was clear that  
5 the Body would be able to accept monies, accept  
6 grants, would be able to do certain things, such as  
7 entering into contracts and have some basics but we  
8 didn't go MUCHE further than that, and there were  
9 some things that the Commission could not do that  
10 had financial implications.

11 VICE-CHAIR McPEAK: Hap.

12 MR. DUNNING: Could I come back to  
13 the particular points --

14 VICE-CHAIR McPEAK: Sure, but I know  
15 there's more questions and comments.

16 Go ahead, Hap.

17 MR. DUNNING: The first question he  
18 had was whether making a new entity was going to  
19 slow things down and I think realistically you have  
20 to accept that beyond getting legislative authority  
21 for a second entity there is a certain amount of  
22 start-up effort that goes into starting any new  
23 agency so you are going to have to decide whether  
24 whatever loss there might be, I don't know whether  
25 it would be minor is made up for by having a better

1 So that would be on accountability.

2 On the financing we have discussed this a  
3 number of times but I would have to say probably it  
4 should be on that list of open questions. We really  
5 haven't come to any resolution in the workgroup  
6 level.

7 If there is any advice from the financing  
8 workgroup or the ex-workgroup on financing we'd be  
9 happy to have it but I don't think we have any  
10 developed proposals on that.

11 KATE HANSEL: One thing the workgroup  
12 has said is that in addition to an assurance on a  
13 good institutional structure for -- especially for  
14 ERP is the environmentalists are wanting an  
15 assurance of a financial strain for the ERP.

16 Well, that's an issue for all of the  
17 program, what's the financing. I think your  
18 question is a broader question on financing.

19 My simple view of this is you can set up  
20 the governing structure to take whatever funding  
21 sources and cost-sharing principles get put in place  
22 that the governing structure would work with and if  
23 it's all user fee or if it's all bond and public  
24 funding it wouldn't effect the general governing  
25 structure we are putting together in the

1 structure for the long haul.

2 We are talking about thirty years and if  
3 it does take a year, eighteen months to get the new  
4 agency up and going I think it's going to take time  
5 to get the new Commission up and going, the  
6 oversight Commission and it's more time to get I  
7 think we have to ask ourselves whether it's worth it  
8 to be doing that. We are going to have to work out  
9 for the new Commission as well as for any urban  
10 entity what the personnel rules are, what the  
11 contracting rules are and so forth.

12 We run into a lot of this because we were  
13 told that it would be quite difficult with this sort  
14 of loose amalgamation we have with various agencies  
15 to work out things like contracting and personnel  
16 and so forth and it wouldn't be easy and it would be  
17 better if you had an entity with its own legal  
18 existence.

19 On the second point about whether the  
20 oversight entity, the CalFed Commission and the ERP  
21 would have the same Boards. I don't think we  
22 discussed it at the workgroups. I thought there  
23 would be different Boards made up differently with  
24 agencies involved. This would be one more agency  
25 thrown in the mix. CalFed's worked with fifteen

1 agencies, now you have sixteen.  
2 I don't think it's going to be a major  
3 change in that sense and I think it goes to the  
4 third point that was made by Alf. He asked about  
5 when we could keep all of the agencies engaged in  
6 this program and it's happened with fifteen  
7 agencies, it can't happen with sixteen when we have  
8 a new one that's doing new work and giving the focus  
9 there. So that's just a couple of comments on what  
10 Alf was saying.

11 VICE-CHAIR McPEAK: Roberta.  
12 MS. BORGONOVO: I wanted to go back  
13 and hope that the BDAC would support the concept of  
14 the echoentity because I think that when my  
15 perspective the idea of the CalFed oversight is tied  
16 into a separate entity but they really can fit  
17 together.

18 I think that some of the issues that Eze  
19 laid out, those that Alf laid out, can come back to  
20 the workgroup and we should be looking at  
21 efficiency, broader interpretation of accountability  
22 but I think that Hap is also correct that those  
23 issues that Alf put out that are a challenge.

24 Oversight entity, too, that's getting all  
25 of the agencies to work together, making sure that

1 MR. RAAB: I think I fully support a  
2 new and separate ecoentity because it will be a high  
3 profile agency. It will have transparency and  
4 visability that might not be the case to a great  
5 extent if we go on with business as usual and have  
6 a -- of the ecoentity just one of four or five  
7 actors on the stage or more along with the Federal  
8 or State agencies.

9 And what it amounts to is to have a  
10 separate entity is appealing to the public, and I  
11 think we would get support from the public and that  
12 accounts for something.

13 And one of the reasons why is that it  
14 amounts to an assurance. A separate entity in my  
15 mind is an assurance of major importance. It's  
16 saying we think ecosystem restoration is so  
17 important that we're building a new agency to deal  
18 with that and trying to get away with as MUCHE as  
19 possible from business as is usual.

20 I've got lots more here, Sunne, but --

21 VICE-CHAIR McPEAK: Go ahead.

22 MR. RAAB: -- I'll try to fit it in  
23 in other places at other times.

24 VICE-CHAIR McPEAK: I'm not trying to  
25 cut you off. I was trying to make sure --

1 they are involved.

2 I think that that's an issue for both this  
3 oversight entity and for the ecosystem entity. We  
4 can address those issues and really go to work on  
5 work on how they all might fit together. I think  
6 that it's also true that we do need to talk about a  
7 City funding stream and so I hope that may be the  
8 finance committee springs back into life when I  
9 mention that but I think that that's very important  
10 when we go to put that together and figure out what  
11 we do about the funding, the State and the Federal  
12 fundings that would come and how we would -- they  
13 would move through.

14 But just to go back and reiterate what --  
15 one of the points that were made at the meeting was  
16 what was important for us to give a focus, to give  
17 it as MUCHE independence as possible and we did want  
18 to be the lead management agency to manage and  
19 oversee implementation and identify priorities,  
20 propose actions, assess and report program  
21 (inaudible) and proposing and then coordinate with  
22 the other agencies. So I hope we can move forward  
23 with that.

24 VICE-CHAIR McPEAK: Let me get Bob  
25 and then I'll get you, and Byron.

1 MR. RAAB: I didn't think you were  
2 trying to cut me off.

3 CHAIRMAN MADIGAN: You're sure you  
4 don't want to.

5 CHAIRMAN MADIGAN: You're sure you  
6 want to yield your time?

7 MR. RAAB: Yes, I do.

8 VICE-CHAIR McPEAK: Byron Buck.

9 I thought I'd take you through and there  
10 are other comments that need to be made. I know  
11 that I have a few myself.

12 MR. BUCK: I think at this point we  
13 ought to be emphasizing the areas we agree on right  
14 now and getting back to Kate's outlines. One of  
15 Alf's points that I think we ought to emphasize I  
16 think that everybody agrees that we do want State  
17 and Federal participation on this Body.

18 Without that you will have a huge  
19 disconnect. The whole reason we got involved in  
20 this was to get State and Federal cooperation in  
21 conflict and we need to continue that model. If you  
22 had clearly a public member body I think we would be  
23 setting ourselves up for disaster.

24 On the issue of the ERP I can go both  
25 ways. We need focus and responsibility for the

1 ecosystem restoration program and that there is no  
2 existing entity that can really do that.

3 It's absolutely integral to the success of  
4 the rest of the program. Water supply reliability  
5 depends in large part off the ecosystem restoration  
6 program.

7 I have concern that if it's purely inside  
8 the CalFed program that CalFed just becomes the ERP  
9 and that's the perception out there that that's all  
10 CalFed is and we don't want that certainly to happen  
11 but I'm really persuaded by Alf's argument that if  
12 we set up a separate entity we are setting up  
13 another layer of conflict potentially there and I  
14 don't think that's going to be successful. I think  
15 you can still have accountability and authority and  
16 responsibility within the program management  
17 structure of the new Commission.

18 Another reason why I don't at least at  
19 this point and it certainly (inaudible) -- urban  
20 water community at this point in the question is  
21 that we would be arguing for two new entities. To  
22 go for two at the same time I think is probably more  
23 than would should all be realistic even though we  
24 might have good reasons to do that and another  
25 argument for really keeping it within the program,

1 wanted to say only two things quickly.

2 One is we would be very glad to help with  
3 meetings that would get further into some of these  
4 issues.

5 It seems to me that it's very hard to make  
6 a decision until you have in front of you something  
7 with a great deal more specificity. The question is  
8 it would seem to me having listened to your  
9 discussion and having been involved in some other  
10 ones, is it possible to draft language that would  
11 administer the ecosystem restoration program in a  
12 way that it would meet the objectives the  
13 environmentalists have been so eloquent in  
14 expressing, that is wanting to see if it gets it is  
15 new emphasis and it has an advocate court achieve  
16 those directives and at the same time achieve the  
17 coordination that I think everybody also agrees is  
18 needed.

19 So we would be glad if we could be of any  
20 help in trying to see what that kind of session  
21 would yield.

22 I think Alf did a good job as did Byron if  
23 I could just offer one other observation. Even  
24 though discussions like this necessarily focus on  
25 the details and even though we go home and tell our

1 the ERP is not completely a wholly enclosed program.  
2 It's going to have to relate and communicate to the  
3 existing agency authorities what Fish and Wildlife  
4 Service is doing under the Endangered Species Act.  
5 We want to make sure that that is fully coordinated.  
6 That is again one of the arguments for having the  
7 agency on the Commission itself.

8 Under existing law should be fully  
9 represented within the Commission that the decisions  
10 that are made on those things are clearly made in  
11 relation to what is the ecosystem restoration  
12 program will in solving some of the endangered  
13 species conflict problems.

14 VICE-CHAIR McPEAK: Let me ask Joe to  
15 come. You're through, right, Byron?

16 MR. BUCK: (Affirmative nod)

17 VICE-CHAIR McPEAK: Have Joe come  
18 forward and I've got Alex and maybe some others who  
19 raised their -- I know I've got members in the  
20 audience who want to speak.

21 Mr. Bottovitz.

22 MR. BOTTOVITZ: Thank you very MUCHE.  
23 I'm Joe Bottovitz with the California Environmental  
24 Trust and as Kate and others have said we've tried  
25 to be helpful in getting to where we are today and I

1 familiar lease we spent the day discussing an ERP  
2 entity doesn't sound like anything incredibly  
3 exciting or worthwhile it seems to me this is an  
4 amazingly important discussion because as Alf said  
5 what you all are trying to do, what the policy group  
6 is trying to do, what the stakeholders are trying to  
7 do is really invent something that potentially could  
8 make a huge difference in the life of California and  
9 I think our strong encouragement would be not to be  
10 daunted by the details because there is a whole lot  
11 more we probably haven't even thought of but think  
12 of the prize at the end if we could somehow together  
13 manage to pull this off and as I say we'd be pleased  
14 to help in any way we can as this proceeds.

15 VICE-CHAIR McPEAK: Thank you. Thank  
16 you, Joe.

17 Alex.

18 MR. HILDREBRAND: First, I'd like to  
19 agree with the point of views Byron's expressed  
20 here.

21 I would add one additional point and that  
22 is I think it's going to be very difficult to take  
23 care of the avoidance of redirected impacts if we  
24 have two separate agencies.

25 On the one hand we shouldn't be daunted by

1 the details perhaps but on the other hand the devil  
2 is in the details so it seems to me that if we can  
3 move along this further path for exploration and  
4 hopefully for resolution but that we will have to  
5 see the details before we can say that it's going to  
6 be a success or it isn't, including the question of  
7 the membership of the Commission and other details  
8 having to do with the authority and so forth.

9 VICE-CHAIR McPEAK: When this -- this  
10 discussion has come up before in the past before  
11 BDAC I have reflected on the fact that it's very  
12 difficult to get a perfect governance structure.  
13 There is no perfect governance structure.

14 There are some principles that I think  
15 really are very important and, you know, at the risk  
16 of reiterating things that I've said over and over  
17 again, I first of great respect for the effort  
18 that's been invested by everybody in the workgroup,  
19 Hap, and Eze and Joe and everyone who has  
20 participated in trying to bring something forward.  
21 I personally never envisioned a Commission.

22 But I have thought it's absolutely  
23 imperative, bottom line that all of the Federal and  
24 State agencies are brought into this, that that is  
25 perhaps the most important or the starting point

1 program is whether or not all of the State and  
2 Federal agencies will work first together and only  
3 as a last resort exercise independent authority.

4 I mean, it's not going to work if we've  
5 got independent action outside of CalFed, outside of  
6 the continuous improvement approach being exercised.

7 So that isn't well -- that isn't fully  
8 spelled out. All it said is that all of the  
9 agencies are going to work together. They are going  
10 to retain their independent statutory authorities  
11 and try to, you know, figure out how to budget  
12 together even if the budgets are not all embedded in  
13 this new proposed Commission.

14 Okay. So that's issue number one, I  
15 think, to try to underscore.

16 The wisdom that Hap and Eze put forward  
17 about visibility and accountability and efficiency  
18 does resonate with me even if the idea of a  
19 Commission is not where I started.

20 There can be a lot of value in that and I  
21 see you've recommended six public members sort of to  
22 get -- to get a larger size the benefit of  
23 additional consultation or a deliberation with the  
24 agencies but keep it small enough to be manageable.

25 For the moment we need to come back and

1 from a governance structure because that is the  
2 difficulty or was the root of the difficulty we've  
3 had.

4 The root of the difficulty is the  
5 environment being broken or being severely impacted  
6 but not having the ability to have coordination, get  
7 coordination along all of the agencies between the  
8 State and the Federal Government being pretty  
9 fundamental and as I read through it's here, which  
10 is a lot of specificity, actually, there's a lot  
11 more that's been flushed out in the last month even  
12 from Red Bluff to here.

13 The one point that is not yet fully, I  
14 think, elaborated on is how the agencies would be  
15 working, coordinating with one another before  
16 exercising independent authorities.

17 I mean, what is stipulated to, and I've  
18 heard Mary Nichols say this over and over again, in  
19 the policy group and in informal discussion. I  
20 think probably Interior has also said this, Patty  
21 Beneke (phonetic) on behalf of the Interior, that no  
22 one was envisioning an abrogation of the existing  
23 authorities that agencies have that is not altering  
24 statute, but part of what is clearly a challenge  
25 going forward in implementing the whole CalFed

1 revisit the issue of working with the tribal  
2 governments in their sovereign status.

3 The broadened participation on a  
4 Commission by representatives of particular  
5 expertise and recognizing, Eze, you said we've got  
6 to back away from the stakeholder hat and think of  
7 all of California or all of California's resources I  
8 think is an important admonition to commissioners.

9 I don't -- I want to just raise the issue  
10 that I don't think it will take the place of  
11 stakeholder participation, okay, and so what's been  
12 laid out -- I want to just sort of check with Hap  
13 and Eze and others -- what you have so far laid out  
14 as a governance proposal doesn't preclude a lot of  
15 stakeholder participation in some other form, I  
16 think. It does assume it?

17 MR. BURTS: No, it assumes it. All  
18 along one of the basic assumptions has been  
19 continued stakeholder participatioin. And it is an  
20 underlying principle that governs this entire  
21 effort, yes.

22 VICE-CHAIR McPEAK: Okay. I think I  
23 would underscore as you develop, at least say that  
24 and then the next thing I was going to go to is the  
25 recognition you had of the involvement of the

1 legislature and Congress and the executive branches.  
2 Now, they are obviously part of the  
3 governance structure but I think it almost needs to  
4 be formally built into a governance structure of  
5 oversight. I mean, they have continuing oversight  
6 responsibilities and rights as the legislature, as  
7 Congress but unless there is that formal checking in  
8 that's built into it it's possible for a Commission  
9 to drift away from the touch tone of the  
10 legislature. So that's just another recommendation.

11 MR. DUNNING: We are assuming that's  
12 an external reality, to have the legislature, to  
13 have appropriate money. Are you asking for  
14 something more?

15 VICE-CHAIR McPEAK: I am.

16 It is an existing externality.

17 A legislation can either say thou shalt  
18 report once every session to the legislature and to  
19 Congress or to be silent on that and I would opt for  
20 the latter -- I mean the former rather. I would  
21 strongly recommend that it be very explicit about  
22 having that oversight.

23 I mean, oddly enough you don't know how  
24 many times we have members of the legislature here  
25 saying they haven't been informed about CalFed and I

1 restoration entity?

2 I'm simply personally open to more  
3 dialogue on it.

4 What I don't yet know and maybe if I could  
5 just stop haranguing everybody with these questions  
6 or the two Co-Chairs -- how have you envisioned the  
7 environmental water account functioning vis-a-vis  
8 the Commission and the implementation of CalFed?

9 MR. DUNNING: I don't know how the  
10 EWA would fit in. We've discussed it and haven't  
11 reached any conclusion.

12 But I would like to comment on the fact  
13 that we even anticipate that any ERP entity would  
14 relate to the Commission just the way any other  
15 agency is involved in it. Subject to oversight,  
16 there might be some variation as to the degree of  
17 program management which is exercised by the  
18 Commission but basically it's just the way you have  
19 a bureau of information or Department of Water  
20 Resources, existing Federal and State agencies that  
21 have going to have to coordinate with this  
22 Commission and possibly somehow be subject to this  
23 Commission depending on what legislation says you  
24 are going to have to have an ERP entity.

25 Sunne, I'd like to come back to one other

1 keep saying to the two chairmen when in the hell are  
2 you going to convene a joint hearing? It's getting  
3 on their radar screen and having a discipline on all  
4 the participant's parts that I think should be  
5 formalized in legislation. That's just a way of  
6 keeping everybody in the family so that's a point  
7 that's not yet in the write-up either.

8 I had a couple of others I'll come back  
9 to, I guess.

10 The question of the ecosystem restoration  
11 entity I think we've got another symbolic battle  
12 brewing potentially -- it's also substantive but I  
13 don't want it to become out of control, and I  
14 remember when the first proposals were here for a  
15 public benefit corporation it did seem to me that  
16 ecosystem restoration really fit or was an ice pick  
17 with the concept of aid but public benefit  
18 corporation not governance of CalFed.

19 Because what you would lose in a public  
20 benefit corporation is the participation of the  
21 Federal and State agencies and more than anything  
22 else I think that's pretty important.

23 Now, having said that the problem is how  
24 do you get this integrated management of all aspects  
25 of CalFed if there is a separate ecosystem

1 he said it's going to be tough to get two agencies  
2 and frankly for a long time I kind of thought once  
3 the emphasis shifted to having an overall Commission  
4 that we shouldn't really propose two. It's going to  
5 be tough enough to get one.

6 I'm not persuaded but we think it's the  
7 best way to organize things, but if we think it's  
8 the best way I think politically we should press for  
9 it and maybe the legislators will say no way you  
10 only get one but let's find out. Let's not  
11 speculate as to the outcome in the halls of the  
12 legislature. We don't know. Sometimes there's  
13 surprising things that happen. So we should say  
14 what's best to get California over this thirty year  
15 period and go for it and give it our best shot.

16 MR. BURTS: Sunne.

17 VICE-CHAIR McPEAK: Yes, Eze.

18 MR. BURTS: I think where we are at  
19 this point we did have the earlier proposal on the  
20 ERP and the concern here was that we needed to take  
21 a look at this overall program and come up with an  
22 overall structure and determine how it would fit. I  
23 think that's where we are now. I think that we've  
24 had a chance to look at this overall issue and  
25 determine what the role of a Commission should be

1 and what kind of governance structure should be in  
2 place and we've have gotten fairly specific about  
3 its duties and responsibilities and I think we've  
4 spent a lot of time talking about the role of the  
5 Commission versus the agencies and at what point do  
6 we bump into the ultimate authority and  
7 responsibility of those agencies and who resolves  
8 those issues and doing it in this sort of public  
9 setting I think keeps the accountability intact.

10 So now we're at the point where, you know,  
11 now we've got to figure out how we put this  
12 together, all of these other issues that everyone  
13 was concerned about versus the issue of where the  
14 ecorestoration program fits in there and I'd kind of  
15 like to maybe suggest it, we haven't discussed it  
16 but Joe proposed it, this would probably be a good  
17 place to take Joe up on this thing.

18 I think this is an important enough issue  
19 where some of the questions and issues that have  
20 been raised, you know, we kind of know what they are  
21 now and we could frame those questions so that we  
22 could go back to our workgroup and address those  
23 and, Joe, if you'd be willing to help us out again  
24 there, I think this really is an important enough  
25 issue that might just push this thing over because I

1 There would still be stakeholder  
2 involvement in all of the programs. You wouldn't  
3 probably legislative work groups but you'd have  
4 probably some language promoting that continued  
5 involvement.

6 But not whether it's called this workgroup  
7 or that. So there would probably be a levee  
8 coordination with that. So I think it's an open  
9 question about a BDAClike Advisory Council for the  
10 whole program in addition to a public Commission.

11 MR. STEARNS: One last question.

12 Has there been thought given that the ERP  
13 Commission or group would be a subcommission,  
14 overall Commission or has it already been discussed  
15 that it should be a totally separate entity or is  
16 that an option?

17 KATE HANSEL: I think that's a  
18 question I'm trying to find out if there is a model  
19 for.

20 Because if there is a middle ground  
21 between something that's called a separate agency  
22 even though we have -- here is a rough org chart I  
23 have for each of the ERP options we haven't gone  
24 through but here is an option of a new separate ERP  
25 entity. It would be overseen by the new Commission,

1 think we're close enough in looking at a structure,  
2 considering all of the elements where I think we can  
3 get some resolution on this.

4 VICE-CHAIR McPEAK: We have -- yes,  
5 Mike Stearns and then we do have public comment that  
6 I want to take before the final, sort of check in  
7 with everybody on this.

8 MR. STERNS: I just wondered if a  
9 question might be appropriate on some of the things  
10 that have been brought up, if we can get a little  
11 more explanation on what the Public Advisory Council  
12 was that you noted in the chain of command, what  
13 makeup that would be and its role?

14 KATE HANSEL: Are you talking about  
15 this box, the possible Advisory Council?

16 MR. STERNS: Yes.

17 KATE HANSEL: That has not been  
18 flushed out and one thing Sunne just said earlier is  
19 her belief and this is the feedback we are asking  
20 for, do we need an additional Advisory Council at  
21 the broad CalFed level if you have a Commission  
22 that's public -- I mean that's open, having public  
23 meetings and has public members?

24 If you see on your left side it says  
25 technical and stakeholder workgroups.

1 just as any place where the ERP would be overseen by  
2 the Commission. So that doesn't change.

3 It would provide the ERP as an advocate  
4 but it would be a separate entity to the Commission  
5 and so is there a model that would provide that  
6 focus or provide that advocacy and be married more  
7 to the Commission and I think we should look and see  
8 if there is some model around that we can -- that's  
9 a possibility.

10 That's the part of the detail we have to  
11 work on in the next month before we come back to  
12 you.

13 VICE-CHAIR McPEAK: So I think you're  
14 raising that as a possibility, Kate's response,  
15 Steve had even some more to get into the discussion  
16 that Eze and Hap would have with the workgroup and  
17 with the benefit of CET's involvement.

18 That's a possibility. If you're okay,  
19 let's take some public comment and I'll come gab  
20 with you and check with you on the questions  
21 that Kate had raised.

22 Before doing that my attorney reminded me  
23 that we did have public comment, general public  
24 comment listed before lunch. I realize it's now  
25 3:15 but -- and I didn't have any cards for that

1 purpose.  
 2 Was there anyone who had intended to  
 3 comment under general public comment before lunch?  
 4 Okay. Then let me take the folks that I  
 5 do have cards for, then anyone else who wants to  
 6 speak.  
 7 Michael Umbuello, followed by Dennis  
 8 O'Connor and Marci Coglianese.  
 9 MR. UMBUELLOE: Yes, my name is Mike  
 10 Umbuello. I'm with the Cahto Tribe of (inaudible)  
 11 La Rancheria.  
 12 It's a year today that I came to the  
 13 Bay-Delta Council and I advised them to include the  
 14 Native American people into this program that they  
 15 were building.  
 16 You've come a long ways in a year.  
 17 We have now a member on the BDAC, Mike  
 18 Schaver, who represents the Big Valley Rancheria  
 19 band of Pombo Indians and we are moving forward and  
 20 I appreciate that.  
 21 One of the questions -- or one of the  
 22 concerns that I have is back in and of this year  
 23 there was fifty-two tribes that came together about  
 24 the CalFed Program and requested in resolution to be  
 25 put on the policy committee, the governance

1 committee and all of the other groups that involve  
 2 the CalFed program.  
 3 To date we've only made it to the BDAC  
 4 Advisory Council. Now we are watching a development  
 5 of a Commission. Again, we are requesting that we  
 6 are put on that.  
 7 I was at a governance meeting a couple of  
 8 weeks ago and it was -- and I had brought up the  
 9 concern about having six tribal representations on  
 10 this Commission. Well, this gentleman turned around  
 11 and looked at me and said well that would give you  
 12 twenty-five percent of the control. That would be  
 13 pretty good.  
 14 Well, we used to have a hundred percent of  
 15 the caretaking of this land and we want to continue  
 16 that as well as do most of in you this room so we  
 17 are requesting that we want six individuals on the  
 18 Commission so that we can be involved in this  
 19 program as well.  
 20 As you know, it's going to be over the  
 21 next thirty years and we feel that we are going to  
 22 be playing a role with you all.  
 23 If there is any questions that you'd like  
 24 to quiz me on, I stand here before you so you could  
 25 ask them, about the tribal participation.

1 I hear some of you want us in, some of you  
 2 don't. I would like to answer any questions that  
 3 anyone may have for me.  
 4 VICE-CHAIR McPEAK: Thank you,  
 5 Mr. Umbuello.  
 6 Hap.  
 7 MR. DUNNING: Well, my question would  
 8 be whether you can facilitate input from the tribes  
 9 on this as a group?  
 10 And the one question in my mind is whether  
 11 we should be talking about all of the tribes in  
 12 California or just the tribes that are directly  
 13 connected somehow with the Bay-Delta watershed?  
 14 MR. UMBUELLO: I think you are  
 15 absolutely right. It should be all of the tribes in  
 16 the State of California. They all have ties to one  
 17 another.  
 18 If my advice was taken months ago about  
 19 having a meeting with all of the tribes in the State  
 20 of California, I think we would have been a little  
 21 bit farther along with this. We would have had more  
 22 input. We would know what six would be on the  
 23 Commission and we would know a little bit more but  
 24 since that hasn't happened to date here we are.  
 25 There was an attempt of that on September the 2nd

1 which there was, I believe, seven tribes -- tribal  
 2 representatives showed up out of a hundred and seven  
 3 so it wasn't a very good showing. It was  
 4 unfortunate.  
 5 Not all of them got information.  
 6 But I think the concern that you brought  
 7 up, what six tribes should be on there? I guess it  
 8 would be the same consideration what six people from  
 9 the public should be on there?  
 10 Let us determine our own destiny, who we  
 11 think should be on this Commission.  
 12 VICE-CHAIR McPEAK: Aif.  
 13 MR. BRANDT: If we think about the  
 14 tribes as sovereign nations in the same way that the  
 15 United States is or other countries of the State of  
 16 California has its own sovereignty, to a certain  
 17 extent my question is in some ways just as we are  
 18 going to need to go to the legislatures of the State  
 19 and Federal governments, have the Councils or  
 20 whatever basically created an entity?  
 21 I get we haven't seen as MUCHE -- you're  
 22 right we haven't seen as MUCHE interest. We've  
 23 tried several times, we did again on Tuesday at a  
 24 conference tribe to get more -- and I think you were  
 25 there --

1 MR. UMBUELLO: Yes, I was.  
 2 MR. BRANDT: So we are building, but  
 3 there still were probably only 15 to 20.  
 4 MR. UMBUELLO: There was eleven  
 5 different tribes?  
 6 MR. BRANDT: Eleven different tribes  
 7 but there are probably 15 to 20 that we've had  
 8 contact with that have expressed any interest so  
 9 maybe it needs to start on the side of the tribes of  
 10 they need to be creating in a certain way. I don't  
 11 know how --  
 12 MR. UMBUELLO: Yeah, there's three  
 13 organizations being formed right now in the north  
 14 dealing with our water rights issues and natural  
 15 resources. One of them is Innertribal Council of  
 16 North California. There is a Sovereign Water Rights  
 17 association being formed and there is another one up  
 18 in the Hoopa area so we are assimilating. We just  
 19 haven't had the time that CalFed has had to  
 20 assimilate and get to this point.  
 21 Plus, we haven't had consultation yet with  
 22 all of the tribes. We are working on that.  
 23 MR. BRANDT: You can only invite  
 24 them.  
 25 MR. UMBUELLO: I understand. I

1 understand.  
 2 MR. BRANDT: (Inaudible)  
 3 MR. UMBUELLO: I understand.  
 4 Again, I just want to go down on the  
 5 record making note that we will be requesting six  
 6 positions on the Commission as well.  
 7 So in the framework of developing that  
 8 please include us.  
 9 Thank you.  
 10 VICE-CHAIR McPEAK: Thank you.  
 11 MR. UMBUELLO: Any more questions  
 12 from anyone?  
 13 VICE-CHAIR McPEAK: I think that was  
 14 it.  
 15 Thank you, Mr. Umbuello. Thank you for  
 16 being involved last year.  
 17 Dennis O'Connor, followed by Marcie and  
 18 then Cynthia.  
 19 DENNIS O'CONNOR: Hi, I'm Dennis  
 20 O'Connor with the California Research Bureau.  
 21 I wanted to make a couple of comments  
 22 responding to a couple of things that Alf and Byron  
 23 said. I jotted them down in earlier notes but Hap  
 24 and Eze covered everything I wanted to say and  
 25 probably MUCHE more eloquently than I could.

1 On Alf's questions he wanted to know if a  
 2 new ERP entity would require a slowing of the  
 3 process of something and I think that's kind of a  
 4 false question in that if we're going to create an  
 5 oversight entity there is going to be wrap up time  
 6 so if we are creating two entities I don't see that  
 7 it's necessarily the case that it will take longer  
 8 to wrap up one or the other.  
 9 The question of would we be creating  
 10 conflict between the oversight entity and the  
 11 ecosystem entity, I think the discussion earlier  
 12 this morning talking about the ecosystem funding  
 13 things actually show how having separate entities  
 14 might be useful. The question about the funding for  
 15 the South Delta from my naive and involved role and  
 16 view in this process my sense was that CalFed staff  
 17 was trying to do some balancing at the development  
 18 of the Program Level where it probably would be more  
 19 appropriate ones the ecosystem program was developed  
 20 and funded than once we -- against all of the other  
 21 programs so I think that the question of whether the  
 22 ecosystem entity should be trying to put together  
 23 the best possible ecosystem program and then if it's  
 24 necessary to make changes for staging and that sort  
 25 of stuff done at a Commission level and not at the

1 ecosystem level.  
 2 And then finally Byron's comment about two  
 3 entities being a tough sell I don't think that's  
 4 necessarily the case if it's part of a single  
 5 integrated governance package. If you were talking  
 6 about two separate bills introduced by two separate  
 7 members who hadn't been working together or you had  
 8 two separate ideas and it wasn't clear how they fit  
 9 together then I think you are exactly right but if  
 10 you're talking about a single governance package  
 11 that as one aspect of it has the creation of two  
 12 entities I don't think that's necessarily a more  
 13 difficult sell.  
 14 The final comment I'd like to make is I do  
 15 think it's important that BDAC determine one way or  
 16 another what it wants to do as far as whether there  
 17 is a separate echo entity.  
 18 We are getting close to the time to start  
 19 drafting out language and how you would approach the  
 20 drafting is a lot different whether you're going  
 21 with the one Commission model or the two Commission  
 22 model.  
 23 Thank you.  
 24 VICE-CHAIR McPEAK: Thanks, Dennis.  
 25 Council Member Coglianesse.

1 **MARCI COGLIANESE:** Thank you.  
 2 Among the many challenges that CalFed  
 3 faces in the next 30 years of implementation is  
 4 sustaining public support. That's why I think this  
 5 decision of long term governance is absolutely  
 6 critical.  
 7 The legitimacy of whatever entity carries  
 8 out this plan is -- it's a major question in the  
 9 minds of the public.  
 10 Currently there is no room on this  
 11 Commission as proposed for elected officials or  
 12 representatives of local Government.  
 13 I think that should be considered. I  
 14 think you should consider the recommendation of  
 15 Brenda Southwick one of your members who spoke at  
 16 the policy committee meeting to add such a member.  
 17 Local Government is in the business of  
 18 balancing multiplicity of interests on a daily basis  
 19 in constant contact with the public.  
 20 Local Government is a natural conduit for  
 21 information about what is going on at the State and  
 22 Federal levels. It has a well-developed  
 23 organization, and the League of Cities that provide  
 24 following to members all over the State.  
 25 Right now the League of Cities is involved

1 that's given the clear mandate to do the job, the  
 2 necessary legal tools and authorities as well as the  
 3 financial resources.  
 4 As we looked around the country in  
 5 virtually every case where broad landscape level  
 6 ecosystem restoration has been undertaken this has  
 7 lead people to conclude all over the place  
 8 independently that you need somebody who is focused  
 9 to do that.  
 10 From the Everglades to the Columbia River  
 11 the conclusion has been the same.  
 12 And to respond to some of the concerns  
 13 raised today that's because it's actually less  
 14 government, not more. You are bringing together  
 15 agencies and parties that have fragmented  
 16 jurisdictions addressing a problem that's not being  
 17 currently addressed and generally resulting in a  
 18 MUCHE more streamlined process.  
 19 Having said that it's not that a new ERP  
 20 entity is the only way to do the job. We recognize  
 21 that but the question is which will be the best in  
 22 terms of the actual likelihood of achieving the  
 23 performance standards in the context of the larger  
 24 CalFed Program. That has been our focus and we  
 25 think it should be the policy group's focus and

1 in public information. It is disseminating  
 2 information about CalFed to its members on a regular  
 3 basis.  
 4 I think that a local Government person  
 5 would be especially responsive to the needs of the  
 6 public and contribute to being able to carry to the  
 7 public information about what CalFed is doing.  
 8 Thank you.  
 9 **VICE-CHAIR McPEAK:** Thank you,  
 10 Marcie.  
 11 **Cynthia Kohler.**  
 12 **CYNTHIA KOHLER:** Thanks, Sunne.  
 13 **Cynthia Kohler with Save San Francisco Bay**  
 14 **Association.**  
 15 I want to reiterate our support for the  
 16 points that Hap and Eze of put forward together and  
 17 I would make five additional supplementary  
 18 nonrepetitive points.  
 19 First as we've said at BDAC and policy  
 20 meetings for the last eighteen months or so I think  
 21 it's fair to say that the environmental community  
 22 does not have any particular agenda around any  
 23 particular institutional structure. We are  
 24 committed to the notion of achieving the ecosystem  
 25 standards and that this will require an institution

1 yours as well.  
 2 Second, I'd like to take a minute to talk  
 3 about political feasibility (inaudible).  
 4 One entity is possible, two isn't. You've  
 5 got to go through the State, you've got to go  
 6 through the Congress. I'm going to urge that we all  
 7 stay open-minded about this and set aside what is or  
 8 what isn't politically feasible today. I don't  
 9 think it's arrogant for us to all admit -- well, for  
 10 us to recognize that we together will play a large  
 11 part in determining what is and what is not  
 12 politically feasible and I'll just offer you for  
 13 your consideration just three factors that are  
 14 likely to determine that. The first is going to be  
 15 the clarity and the coherence of whatever proposal  
 16 we put out there.  
 17 The second is the breadth and the depth of  
 18 stakeholder and agency support for whatever we put  
 19 out there and the third is the packaging. These are  
 20 concepts I talk a lot with legislatures. They've  
 21 all said the same thing, we don't really have an  
 22 agenda here. We want to know what's coming from all  
 23 of you and we want to have confidence that it will  
 24 work and that it will make sense.  
 25 Third, regarding specifically the proposal

1 that CET and now CalFed has put before you I want to  
2 emphasize, this is a big bold idea. It's very  
3 different from what we have been talking about in  
4 CalFed before and I think they deserve a lot of  
5 credit for helping us think bigger than we have.

6 This is not an agency who is just going to  
7 oversee. It could as it's proposed do a lot of  
8 doing. This is a very significant change. The  
9 whole reason that so many of us of thought we needed  
10 oversight entity is because it was assumed that the  
11 CalFed implementation was going to occur across a  
12 variety of agencies and so you are going to need  
13 something holding that together.

14 Now we are talking about doing it all in  
15 one place. I think it's worth emphasizing that that  
16 is a very different approach and it's certainly  
17 worth a lot of consideration.

18 The big question that has not yet been  
19 fully flushed out in the new proposal and some of  
20 you have touched on this today is what is going to  
21 be the relationship, what could be the relationship  
22 between that type of big agency that's going to do  
23 it all and the existing agencies?

24 That seems to me to be something we've got  
25 to look at very closely to determine how feasible --

1 the water projects are run.

2 A contrary view is if these things are  
3 going to continue to be separate then they should  
4 have the same level of autonomy and authority.

5 And my fifth point is on the governing  
6 Board --

7 (Whereupon the court reporter ran out  
8 of paper, her paper tray broke, after  
9 which the following proceedings were  
10 had: )

11 Those are different people and so I think  
12 it is not productive and distractive to get into a  
13 big debate which can only been devisive right now  
14 about who should and who should not is it on the  
15 Board and I guess this is a sixth point but it  
16 really goes to everything which is on the timing.

17 I think it's fair to say that the  
18 environmental community overall is very anxious to  
19 get going on this.

20 Having said that we do want to avoid the  
21 pitfalls of what we've been doing in CalFed to such  
22 an a we are extremely gratified and I'm going to  
23 agree with all of on this, that this issue is now on  
24 the table, that it's achieved a high level of  
25 attention.

1 I don't mean politically -- I just mean workable --  
2 that really is. How does the money flow? Who is  
3 going to be (inaudible).

4 What about the related programs? It seems  
5 to me it's going to be hard in many cases, not that  
6 we couldn't work it out, but to draw clear lines  
7 between what the agency is doing today and what this  
8 agency would do if it was implementing the CalFed  
9 program.

10 Moving on to my fourth point -- I'm almost  
11 done -- in thinking about how effective this concept  
12 that Joe Bottovitz and others have put before you,  
13 having one entity do it all, we urge you to think of  
14 parity in governance.

15 It has long been our view that how the  
16 ecosystem program is governed depends on how all of  
17 the other programs are governed and one thing that  
18 we need to strive for in CalFed is parity not just  
19 in terms of implementation but in terms of  
20 governance.

21 We need to make sure that each of these  
22 program elements of the same authority in their  
23 governing structures as the others have a major say  
24 in how the ecosystem program is run than  
25 environmental fisheries should have a concern in how

1 It would be a massive error to rush  
2 something this complicated to legislation.

3 So I am hoping we can give this the time  
4 and the energy to do it right.

5 I don't recall who said this, it may have  
6 been Hap or somebody else, and this is in the water  
7 bond -- not this is something that's supposed to  
8 last for thirty years. This is not an annual  
9 funding process. This is a design, this is an  
10 institutional structure that has to have longevity.

11 They basically have their charter  
12 legislation and you live with it. It's very  
13 difficult to go back into legislation and change it  
14 so this is one that we need to get right out of the  
15 box. I'd be happy to answer any questions that  
16 people have.

17 VICE-CHAIR McPEAK: Thank you, Cindy  
18 and thank you for working on this issue for so long.  
19 Bob. Bob has a question for you.

20 MR. RAAB: Not for Cindy. It's  
21 really for Steve.

22 Does CalFed plan to have an official  
23 package bill that will be presented to the  
24 legislature, a proposal for a bill?

25 MR. RITCHIE: CalFed it's made up of

1 *State and Federal agencies. The State*  
2 administration may choose to have a bill or propose  
3 a bill. CalFed people will continue to work on the  
4 details with everybody here and see if they can  
5 emerge what people will get behind but CalFed  
6 doesn't have a legislative agenda.

7 MR. RAAB: (Inaudible)

8 MR. RITCHIE: We are trying here to  
9 help develop consensus to the extent that it can be  
10 developed and we'll try to put together what that is  
11 so that it can be used by any number of parties.

12 I think there is a sense among the CalFed  
13 agency folks that they need to begin to talk with  
14 legislators about what might be in legislation.

15 Kate, do you want to add to that?

16 KATE HANSEL: I think it would be  
17 like Cynthia and others have said, it would be fatal  
18 to go to the legislature with three different  
19 versions of CalFed governance and have CalFed  
20 sprinkle Holy water on one and not the other. We  
21 want to keep working towards one proposal so that's  
22 the objective here.

23 VICE-CHAIR McPEAK: And I was shaking  
24 my head probably just instinctively or prematurely,  
25 Bob, only thinking about the fact that we are in the

1 have Alex.

2 MR. DUNNING: On your point, Bob, my  
3 hope would be that we would agree on a proposal  
4 which has a level of detail sufficient so that a  
5 bill could be easily drafted from that. That we not  
6 simply go over four or five concepts and throw it  
7 out but that we really decide what are our views on  
8 this thing and then have someone prepare it based on  
9 that and certainly it's going to be based on the  
10 legislative process.

11 (Inaudible) So who knows? But let's do  
12 our job as well as we can and not settle for a vague  
13 proposal.

14 MR. RAAB: I agree with that, Hap,  
15 but that doesn't quite square with what you said,  
16 Sunne. I think there is an urgency. I don't think  
17 that the legislators are going to be diverted by  
18 other things. They are going to get very busy next  
19 session introducing one or more bills that has to do  
20 with governance and so I think it behooves us to get  
21 our act together.

22 MR. BRANDT: I think my comment would  
23 be a little bit of both of you.

24 I don't know that it's -- I don't think  
25 it's a your way. I think you're right, Bob, I think

1 middle of one session with the last year being an  
2 election year and everybody is going to want to see  
3 how the bond measure turns out, I think. At least  
4 the legislators who would be inclined to carry such  
5 legislation or supportive of CalFed.

6 I think that the administration, both the  
7 administration's prevalent state are very interested  
8 but they are not going to move without stakeholder  
9 concurrence and so we may be a ways out. I mean, my  
10 best estimate is that it's about a year a way.

11 MR. RAAB: One of the legislative  
12 staffers made an interesting observation at the last  
13 governance committee meeting.

14 He said the legislature in effect is not  
15 very smart on a lot of the issues that have to do  
16 with the water problems in the state but there is  
17 one thing they are all experts on and that's  
18 governance, and that sounded to me like he was  
19 saying whether we like it or not they are going to  
20 be introducing bills and so --

21 VICE-CHAIR McPEAK: Well, I think  
22 whether or not we like it they are going to have a  
23 lot to say about the structure and -- anyway, I'll  
24 commenting.

25 Let me have the Chairman and then I'll

1 there is going to be something happening. I think  
2 we are going to be probably pushing it. I don't  
3 know if it's going to be by January. I think that's  
4 what's being talked about and doing that in a  
5 legislative hearing but to the extent that we can  
6 get eighty percent of it and eighty percent of it in  
7 agreement. We may not be able to ultimately agree  
8 who is going to be on the Commission. There just  
9 may be too many things but we may be able to agree  
10 on the concept, you know, if you want to make this a  
11 really working board it probably shouldn't be any  
12 more than twenty or something along those lines. We  
13 may all agree with that level of detail and I think  
14 we are looking in the next couple months to be able  
15 to come to some level of agreement to that eighty  
16 percent level where we've got it to the level that  
17 happen described which is easy enough to write a  
18 bill. I don't know if we are going to be writing a  
19 bill. I think ultimately a lot of this -- some of  
20 the last pieces are going to get worked out in the  
21 legislature but I think we've made a lot of  
22 progress.

23 And I agree with you, Cynthia, that we  
24 shouldn't just rush right in there but I think we've  
25 made so MUCHE progress I would hate to sort of slow

1 it down. I want to keep making the kind of progress  
2 we've made probably in the last three months.

3 CYNTHIA KOEHLER: Could I just  
4 respond very quickly?

5 I couldn't agree with Alf more. I wasn't  
6 suggesting by my comments that we should in any way  
7 slow down. I think we should speed up.

8 What I'm simply saying is I think we  
9 should not end this prematurely before we've got a  
10 proposal that has a lot of support, that's got a lot  
11 of credibility.

12 A lot of credibility, and my thoughts to  
13 you, Bob, and I interpreted the comments of that  
14 staff to be the legislature's going to want to get  
15 their finger on this. And I think the best way for  
16 us to work constructively and cooperatively with the  
17 legislature is to do what all of has that has got a  
18 lot of credibility attached to it and it's got a lot  
19 of support. The more of those elements -- and it's  
20 beautifully packaged, of course -- and the more of  
21 those elements we can bring to it the more likely we  
22 will wind up with a legislative solution that is a  
23 good one.

24 The only thing I'll add to that is I think  
25 it will be a mistake to go to the legislature

1 you run with two separate entities in terms of  
2 competition and then what political agendas  
3 influencing one versus the other.

4 VICE-CHAIR McPEAK: Hap.

5 MR. BRANSFORD: And I guess how do  
6 you resolve that?

7 MR. DUNNING: Well, if you look at  
8 the authority that's proposed for the overall  
9 Commission it has authority with regard to program  
10 priorities throughout CalFed and it has final  
11 approval of budget authority.

12 So for all those things that are part of  
13 CalFed and the money under its control. So I think  
14 once you give the oversight entity final budget  
15 authority it's really pretty clear that in any  
16 competition between those two the overall authority  
17 has the cards and they would win.

18 Now, how the money comes from the  
19 legislature is a critically important question. As  
20 I said before we haven't really addressed it very  
21 MUCHE. It might all go through the Commission  
22 unmarked. It might well all be sent to the  
23 Commission with earmarking, so MUCHE is for the  
24 urban entity, so MUCHE is for something else and so  
25 forth. It's all.

1 with multiple requests and what some of us are  
2 starting to talk about is not just an institutional  
3 bill which is a little scary and weird but a CalFed  
4 package. I work in a lot of CalFed forums and in  
5 every single one of them we're seeing, well, gee,  
6 we're going to get into the legislature with that so  
7 one thing we should be looking at is not only how do  
8 you draft the -- how do we put together a package  
9 that is attractive and coherent and makes sense and  
10 is giving the legislature a sense of what we are  
11 trying to accomplishing in CalFed over the  
12 long-term?

13 VICE-CHAIR McPEAK: Don.

14 MR. BRANSFORD: One question I have  
15 and I guess it's for Hap or Eze and that is the  
16 appropriation process and how it relates to a single  
17 entity versus a dual entity (inaudible) -- two  
18 entities.

19 Do you create situations with two entities  
20 where you all of a sudden are competing for funding  
21 as opposed to a single entity which is advocating  
22 for programs, granted the State and Federal  
23 Government now seems to want to earmark money and  
24 you probably would have that problem whether you  
25 have one or two entities but what kind of risk do

1 All of those questions need to be  
2 discussed and I think there is a number of possible  
3 solutions.

4 MR. BURTS: (Inaudible) And at this  
5 point I think we've tried to account for that  
6 because you have that other program areas as well,  
7 the direct appropriations that I don't think many  
8 change even if this entity were in place. You are  
9 not going to complain the way the Federal Government  
10 appropriates to agencies or you are not going to  
11 change the way the State chooses to appropriate at  
12 least at this point.

13 So I think this structure was being  
14 proposed to actually take into consideration the  
15 number of ways in which funds would flow and the  
16 various ways in which this Commission would react  
17 and would have various levels of authority to  
18 oversee program, in some cases directly, to do  
19 evaluations and assessments on those programs  
20 directly under its control but also under the  
21 control of others and because of it is public nature  
22 to be able to comment even where it might not have  
23 direct authority to make sure that those issues get  
24 some light on them and then I think, you know, what  
25 is really key was, you know, making sure that the

1 assessment coordination, the sort of balancing  
 2 priority setting and the management of these various  
 3 activities was housed some place where there could  
 4 be some comment and recognizing that some existing  
 5 authorities are going to remain intact and there  
 6 will be conflict but a way to resolve that conflict.

7 I think the mere existence of a single  
 8 source where things could be discussed becomes a way  
 9 of resolving issues, number one, but if you can't do  
 10 it there, then you do have those ultimate  
 11 authorities that have the ability to resolve that  
 12 will be on the Commission. If the Commission can't  
 13 resolve it then you do have the ability to resolve  
 14 it.

15 So on this issue of governance and the  
 16 timeliness I agree with Bob. I think we can see  
 17 something happening. When you have the Secretary  
 18 discussing an issue like this at a meeting with a  
 19 U.S. Senator things can happen rapidly and I think  
 20 that with this Governor the same thing could occur  
 21 or with this group or any member of this legislature  
 22 I think things could happen rapidly so I urge you to  
 23 stay on course, try to put as MUCHE flesh on this  
 24 thing as we can and get a proposal.

25 So to that extent it looks like you're

1 ready -- hey, I'd suggest --

2 VICE-CHAIR McPEAK: No, I do know  
 3 that. I'm going to get Steve. You had one other  
 4 comment.

5 MR. SHAFFER: Steve Shaffer with  
 6 Department of Food and Agriculture so I wouldn't  
 7 consider these really public comments but family  
 8 comments.

9 VICE-CHAIR McPEAK: This family makes  
 10 all their comments in public.

11 MR. SHAFFER: That's right. And we  
 12 are part of the family.

13 VICE-CHAIR McPEAK: That's right.

14 MR. SCHAUVER: Just very quickly, I  
 15 also wanted to commend the workgroup and CET on the  
 16 workgroup effort and making some progress on the  
 17 would be group efforts just getting back really  
 18 quickly A.J. Yates wanted me to voice an open mind  
 19 but significant concerns concerning a separate ERP  
 20 entity under this new governance organization and  
 21 the devil is in the details but I wanted to express  
 22 that and just that in our way of thinking at this  
 23 point that a separate entity is really counter  
 24 intuitive to really coherent strong program  
 25 integration.

1 The whole notion of getting better  
 2 together or progress in all resource areas that  
 3 CalFed is an ecosystem restoration program that has  
 4 to have direct linkages to water supply reliability  
 5 benefits and so that strong program integration  
 6 cannot be lost.

7 And that's really the only message we  
 8 wanted to convey. Thank you.

9 VICE-CHAIR McPEAK: Thank you, Steve.  
 10 Cynthia, you had asked to speak once more?

11 CYNTHIA KOEHLER: I was just going to  
 12 respond to Don's questions about the appropriation  
 13 process so I'll just make a very short comment  
 14 followed up on what Eze had to say.

15 Which is that part of the reason that  
 16 we -- a number of us think that an ecoentity would  
 17 be a productive way to deal with the appropriations  
 18 process because there isn't a place right now to  
 19 (inaudible) propose critical point that all of these  
 20 other programs already exist. They already have  
 21 other places where appropriations can go directly  
 22 and there was a concern that if the ecomoney was all  
 23 going through a Commission that had multiple  
 24 mandates as opposed to one place that was focused on  
 25 the ecosystem that would make it very vulnerable or

1 at least vulnerable in a (inaudible) place having  
 2 said that there are a lot of ways that this could  
 3 work.

4 When you set up an ecosystem entity it  
 5 doesn't really require one doing things one way or  
 6 the other. What it does do is create a parity so  
 7 that how ever the money is going to go, if it's  
 8 going to go to separate agencies or to one place it  
 9 puts the ecosystem on par with everybody else. So I  
 10 think hope that that's --

11 VICE-CHAIR McPEAK: Thank you.

12 We are going to try to provide some  
 13 comment on the extent that it can reflect a broad  
 14 cross-section of BDAC that would be great in order  
 15 to be able to further the work that the workgroup is  
 16 doing on governance.

17 So the threshold question is whether or  
 18 not the concept of a Commission that includes all of  
 19 the State and Federal agencies at the very least is  
 20 in concept going in the right direction, that that  
 21 is a proposal that BDAC can support.

22 We want to take as a second issue what to  
 23 do about the -- an ERP but without yet having  
 24 engaged on that issue does the Commission -- does  
 25 BDAC support this general proposal for a Commission?

1 MR. DUNNING: Sunne, the problem with  
2 phrasing it that way, at least based on our  
3 workgroup discussions, there seems to be a number of  
4 people who conditionally support the Commission that  
5 is, if there is an ERP then they support it. If  
6 not, then they don't. So is there another way --  
7 would it be possible to start at the bottom of that  
8 list and work your way up?

9 VICE-CHAIR McPEAK: We can always  
10 start anywhere. And there are a lot of people who  
11 would support it but not with the Commission -- not  
12 with the separate entity.

13 MR. DUNNING: That might be but if  
14 you decide separate entity or no then people can  
15 base their decision based on -- (inaudible)

16 VICE-CHAIR McPEAK: Let me just say  
17 why I'm responding that way.

18 And it's because I don't think there is  
19 yet resolution about whether or not there is or is  
20 not going to be an ecosystem restoration program or  
21 separate entity, that that does require more  
22 discussion and we've had some other models laid on  
23 the table today that would go back to group for  
24 discussion.

25 And so if we are going to try to provide

1 on exactly the relationship between the water  
2 quality programs and the water board and EPA and the  
3 Commission, between the Delta levee prevention  
4 program and the Commission, whether it's ERP within  
5 the Commission or ERP in a separate entity that has  
6 to be provided to you.

7 So I think maybe the question to ask is in  
8 the straw proposal the Commission had -- you can  
9 think of it the as two main functions, a function  
10 for oversight and then the other function was  
11 management and more day-to-day management of the  
12 each individual CalFed Program.

13 That second area is an open issue,  
14 especially with ERP.

15 But I think there is general -- this is  
16 the slide that has listed the general areas of  
17 agreement that we are hearing generally and if this  
18 is the one that you want to react to, it states the  
19 new CalFed Commission needed for oversight  
20 coordination. Hap and Roberta might say yes on the  
21 first if a separate ERP but maybe the rest of the  
22 BDAC or others might put other conditions on it but  
23 that's still helpful to see what those conditions  
24 are.

25 And like you said, Sunne, the second one is

1 any comment, it would be stipulating to the fact  
2 that we still have an open issue on ERP.

3 I think those who are not for it are not  
4 going to carry the day. Those that are definitely  
5 for it have persuaded everyone else so we are in  
6 that situation where it requires more discussion.

7 Rosemary, do you have words to help me on  
8 this?

9 MS. KAMEI: Yeah. I just wanted to  
10 mention that in terms of the general framework of  
11 the Commission we seem to be generally supportive of  
12 that. However, because the ERP really doesn't have  
13 a lot of detail we are sort of in between at this  
14 point exactly what you're saying, Sunne.

15 There isn't MUCHE detail there, what is  
16 going to be the membership, how is it going to work  
17 and all of that?

18 We do know that it's somehow going to be  
19 related to the Commission but we do need more detail  
20 and I'm hoping by the next meeting or the next time  
21 the workgroup meets you'll have more discussion on  
22 it.

23 KATE HANSEL: If I could just say one  
24 thing. That is an open question for every program  
25 area. We do not have detail on the straw proposals

1 strong State participation. So I guess I would just  
2 say it's not the ERP that needs additional detail.  
3 It's really what's the role of the Commission in  
4 running each of the CalFed programs and what's the  
5 relationship to the existing agencies and we need to  
6 go back and flush that out and be specific on where  
7 the authorities lie and where their relationship is.

8 VICE-CHAIR McPEAK: Bob.

9 MR. RAAB: I would be hard put to  
10 support the motion as you phrased it if it contained  
11 the implication that we are supporting this new  
12 information and whether it has or does not have a  
13 separate ERP entity.

14 If we could figure out a way of way of  
15 phrasing it, my comment level would be reached that  
16 if it could be phrased in such a way that we are not  
17 saying okay we want an ERP but if we don't get it we  
18 are still supporting it because I don't think I  
19 could support the Commission with a separate ERP.

20 VICE-CHAIR McPEAK: Let me ask the  
21 Co-Chairs if you want to advance a way to phrase  
22 this to capture the question that you've put before  
23 us.

24 You got us into it. You've got to get us  
25 out of it.

1 MR. DUNNING: Well, I think some  
2 people have said they support it. Other people have  
3 said they might support it if it had more detail to  
4 start putting more flesh on the bones and providing  
5 detail and come back with that at the next meeting.

6 VICE-CHAIR McPEAK: We're probably  
7 all ready to punt.

8 MR. BURTS: I've got to put it very  
9 bluntly.

10 What we are doing here is there are two  
11 different things at work.

12 One, we are talking about concept for  
13 governance, okay. We've got to take off our  
14 stakeholder hats and say we need a concept to govern  
15 this major program. Is the Commission oversight a  
16 way to do it conceptually?

17 And I think it is. Okay?

18 Now, when I get into the details of these  
19 individual programs, when it's the ERP or any of the  
20 others, and then I put on my trading and negotiating  
21 hat, then I'm going to say I'm going to hold or  
22 withhold or give my vote on this thing ultimately  
23 depending on how MUCHE I get or how badly I get hurt  
24 but as a concept I look at this and say  
25 "How do we govern this thing? How do we move it

1 forward? How do we put a structure on it?"

2 That's a very narrow question. I think we  
3 are prepared to address that question and I think as  
4 a general rule in our workgroup we've said, yeah,  
5 this is an idea that works.

6 Now, when we get to the specifics and we  
7 start talking about whether we are going to have a  
8 group in or out or whether we are going to have  
9 tribals in or out or whether wire going to have  
10 public members in or not, you know, those are the  
11 details that we still have to go back and work on.

12 But I think from this point what we are  
13 asking for as a workgroup is out of the dozen or so  
14 alternatives that we've looked at and played around  
15 with for the past several months we've now come to  
16 some general agreement that this Commission  
17 oversight structure probably works best.

18 VICE-CHAIR McPEAK: Okay. I  
19 apologize if I wasn't stating it properly. That is  
20 what I thought you were laying on the table and that  
21 we weren't getting everyone to salute and that's --  
22 I didn't mean to be disrespectful and say punt.

23 MR. BURTS: Because we are also not  
24 putting on our other hats to say wait, subject to or  
25 conditioned upon.

1 VICE-CHAIR McPEAK: Whatever hats  
2 people have.

3 That's the question you are asking  
4 feedback for, and I heard from Hap, we could express  
5 ourselves that way. We could say, no, it doesn't  
6 work or we could ask ourselves to do some more work  
7 and actually people think this has a lot of  
8 potential. Generally people would say this has a  
9 lot of potential. We need more detail.

10 I've got Byron and Alex and then Roberta.

11 MR. BUCK: Can't we just say that  
12 there is broad support for a commissionlike  
13 structure only some support is contingent upon the  
14 ultimate placement of how the ERP's managed?

15 VICE-CHAIR McPEAK: I don't know.  
16 Let's see if we can.

17 MR. BURTS: Yeah.

18 MR. BUCK: In general.

19 MR. BURTS: Yeah, in general.

20 VICE-CHAIR McPEAK: Alex.

21 MR. HILDEBRAND: I was going to say  
22 essentially the same thing.

23 I would move that we support the basic  
24 concepts of the Commission subject to working out in  
25 more detail.

1 VICE-CHAIR McPEAK: Roberta.

2 MS. BORGONOVO: I wish that you put  
3 it the other way, would you support an echoentity if  
4 you had Commission oversight?

5 Because I think the problem for those of  
6 us that it sounds like a broken record to go back to  
7 the echoentity but the wording about the Commission  
8 without spelling out the echoentity is that we won't  
9 get the ecosystem implementation. That's the worry.  
10 I think that in the other program areas we discussed  
11 this at some length in our workgroup.

12 If there is no CalFed Commission there is  
13 going to be an levee program. If there is no CalFed  
14 Commission, there is going to be water quality  
15 whether it goes ahead. And so why have we always  
16 linked it. So I like the way Hap said it the first  
17 time. I'm going with what Hap said the first time.

18 If other people want to come in and  
19 support the Commission broadly, I think that's fine  
20 but I don't think we are doing it for negotiation.  
21 We are not saying, okay, we'll give you the  
22 Commission if you give us the ecosystem entity.

23 I think that we really are looking at what  
24 we think is best for California in the long-term and  
25 what's best for California in the long-term is that

1 you have an ecosystem implementation program that  
 2 can work and that's our worry so . . .  
 3 It's not negotiation.  
 4 MR. BURTS: So it's how we say it.  
 5 Say it differently.  
 6 I think if you ask me today that when we  
 7 have our next meeting what is our charge, it is to  
 8 come back to you with a way perhaps using Joe and  
 9 his services to help us figure out how we fit this  
 10 thing in and answer some of the questions and the  
 11 charge is to look at both a governance structure  
 12 that is Commission forum and an ecosystem  
 13 restoration component that either fits in or out.  
 14 Right?  
 15 MS. BORGONOVO: If you're going to  
 16 suggest that that's for those of us in the policy  
 17 group --  
 18 MR. BURTS: It goes back to the  
 19 workgroup for us to work on.  
 20 MS. BORGONOVO: That's fine.  
 21 But, you see, having to make this decision  
 22 that leaps forward to the policy group I feel that  
 23 we are coming together in the workgroup. I feel  
 24 that we will work it out so . . .  
 25 VICE-CHAIR McPEAK: Eric.

1 been sort of a series of statements of what the  
 2 workgroup is asking for from -- I'm not sure Hap and  
 3 Eze are asking exactly the same thing -- Byron and  
 4 Alex and Eric are sort of saying it one way.  
 5 Roberta is saying it another. I want to ask are you  
 6 still as Co-Chairs wanting a Commission or do you  
 7 not --  
 8 MR. DUNNING: I heard Byron  
 9 (inaudible) I overall governance CalFed Commission  
 10 contingent upon working out certain crucial other  
 11 questions and we all know what those questions are  
 12 but we don't have to specify them in the motion.  
 13 VICE-CHAIR McPEAK: Would it work for  
 14 enough of you to say this is the way to give it  
 15 back?  
 16 (Affirmative nod)  
 17 VICE-CHAIR McPEAK: Okay. There is  
 18 general concurrence with what Hap has proposed.  
 19 There are some -- there are -- I hope  
 20 you've taken -- I know you have taken close notes on  
 21 all of the other issues that were raised.  
 22 The issue of tribal participation I think  
 23 you are going to continue to have some discussion in  
 24 the workgroup about?  
 25 MR. DUNNING: Definitely.

1 MR. HASSELTINE: I want to say I  
 2 agree with what Eze said a few minutes ago and the  
 3 Commission in general and whether or not we want to  
 4 support the concept of this has been laid out in the  
 5 straw proposal. That's what was in the packet that  
 6 was sent out. There was a fairly lengthy and well  
 7 thought out straw proposal. Now we are arguing  
 8 about something that isn't even in the straw  
 9 proposal which is whether or not the ERP is a  
 10 separate Commission or is a part of this.  
 11 So I'd like to go with what we have so far  
 12 in the packet that's been submitted to us and say,  
 13 yes, we do support what's in here as the straw  
 14 proposal and then I'll follow up and second Eze  
 15 again with his latest comment, which was to have the  
 16 policy group if they want to expand on this  
 17 particular issue, to come back with some  
 18 recommendation and rationale as to -- and we've  
 19 heard some of it today -- but come back with a  
 20 recommendation that we can think over between now  
 21 and then as to whether or not it really does make  
 22 sense to have some separate ERP or whether the ERP  
 23 should be sort of included in this.  
 24 So that's what I would support.  
 25 VICE-CHAIR McPEAK: Okay. There has

1 VICE-CHAIR McPEAK: Definitely. I  
 2 don't sense any objection to that.  
 3 And then we are going to talk about  
 4 exactly what format that should take -- or you will  
 5 have dialog and there will be consultation with the  
 6 tribes about what format it should take.  
 7 Can you also have on that list one of the  
 8 issues to be worked out or addressed is how the  
 9 environmental water account would relate to this  
 10 governance and to any ecosystem restoration entity?  
 11 MR. DUNNING: And CMAR (phonetic).  
 12 VICE-CHAIR McPEAK: Keep me up with  
 13 these new acronyms.  
 14 MR. DUNNING: That's not new. It's  
 15 been around for a long time.  
 16 VICE-CHAIR McPEAK: Cynthia raised  
 17 one -- Cynthia raised the issue, Cynthia Koehler, of  
 18 performance, looking at a governance structure and  
 19 resolving the question of an integrated or separate  
 20 ecosystem restoration entity based on what would get  
 21 the job done the best.  
 22 If there was any comment about strategy on  
 23 legislation, because I think we have a package that  
 24 has a lot of stakeholder or broad base support, that  
 25 there is not likely to be as MUCHE dissension or

1 concern about is it one Commission, is it a  
2 Commission and another entity, a lot of that detail  
3 might not even get (inaudible) unless it looks like  
4 it's more bureaucracy than is needed. And so trying  
5 to figure out how to do the work in the most  
6 efficient way is where there will be the most  
7 functioning, both in this legislature and in  
8 Congress with the respective committees.

9 So that is, you know, something that we  
10 have --

11 MR. DUNNING: I think we need to  
12 present it is this is the (inaudible) and that  
13 work's done either way.

14 MR. BURTS: I would agree with Sunne  
15 but I wasn't sure -- did Cynthia leave?

16 VICE-CHAIR McPEAK: Cynthia, yes.

17 MR. BURTS: I thought her question  
18 was even broader?

19 I thought it was not just with respect to  
20 governance but with other legislative proposals  
21 elsewhere?

22 VICE-CHAIR McPEAK: That's true.

23 MR. BURTS: That the idea was to try  
24 to package the entire legislative program.

25 VICE-CHAIR McPEAK: I agree. I heard

1 then let me hear it.

2 The issue of how -- the question of how  
3 within the structure of a governance entity there is  
4 a very explicit way in which the participating State  
5 and Federal agencies come first to the agency to  
6 resolve issues before acting independently on their  
7 statutory responsibilities, I think needs to get  
8 addressed, needs to get spelled out.

9 MR. BURTS: We've noted that.

10 VICE-CHAIR McPEAK: You've noted  
11 that.

12 MR. BURTS: Yes.

13 VICE-CHAIR McPEAK: Okay. And you  
14 are going to take that under consideration?

15 Is there anyone here that is in violent  
16 opposition to that piece being addressed or  
17 included?

18 (No response)

19 VICE-CHAIR McPEAK: Okay. Thank you.  
20 Any other comments on governance?

21 Well, we've pretty well exhausted that.

22 Let's go on.

23 MR. DUNNING: I'd like to say thank  
24 you to the BDAC for going through all of this. I  
25 think this is by far the longest and most detailed

1 her say both. She was saying don't just consider  
2 the governance.

3 There is a lot of stuff that is being --  
4 CalFed says we'll go to legislation on this piece of  
5 implementation that is programmatic, not just  
6 governance and she thinks that there needs to be an  
7 overall package.

8 She was also at another point commenting  
9 on having criteria by which a governance structure  
10 was proposed and that that shouldn't preclude a  
11 separate entity if we could assert and defend why it  
12 was the most efficient way to get the job done.

13 MS. BORGONOVO: She was talking about  
14 assurances in general. It is a piece for the urban  
15 water conservation certification. There are other  
16 pieces in some of the other programs, and the idea  
17 is that you of a whole package that would address  
18 many issues at the same time.

19 I thought that was also written down what  
20 Cynthia was saying, is that you have a legislative  
21 package that wouldn't take three or four separate  
22 efforts.

23 VICE-CHAIR McPEAK: Can I ask one  
24 last question of the Co-Chairs as a referral to the  
25 workgroup and if there is real objection from BDAC,

1 comprehensive discussion we have ever had on  
2 governance. So thanks to all of you for bearing  
3 with us on this.

4 VICE-CHAIR McPEAK: Great. Thank  
5 you. Thank you for your work.

6 Let's now deal with the water management  
7 development team progress report.

8 Steve Macaulay.

9 (Off-the-record discussion)

10 MR. MACAULAY: There is a written  
11 report from Steve Ritchie in general terms on the  
12 water management development team, why it was  
13 created, what its overall goals are and some  
14 detailed tasks.

15 That report is nine days old and it turns  
16 out at our last water management development meeting  
17 it's become clear that we can't undue by December  
18 15th all of the tasks that are outlined in the  
19 report.

20 What I wanted to cover today was why did  
21 CalFed create the water management development team,  
22 what the expected outcomes are, our structure we are  
23 operating under, what's going on, description of the  
24 studies that are going forward right now and what  
25 some of the assumptions are and what we can and

1 don't believe we can -- what we can and cannot get  
 2 accomplished by mid-December.  
 3 This has been I would say a uniquely  
 4 confrontational workgroup in that we've all been  
 5 involved in various workgroups in the CalFed process  
 6 the last four or five years but this is the one  
 7 where the rubber hits the road.  
 8 The goal of the development team was to  
 9 come up with some concrete projects, get past the  
 10 conceptual standpoint and come up with measures that  
 11 could produce more water for the environment or for  
 12 water users or for both throughout Stage One of the  
 13 implementation program, both early Stage One and end  
 14 of Stage One.  
 15 The dilemma has been that everyone wants  
 16 to have certain questions answered first before we  
 17 can even begin the technical studies.  
 18 For example, what is the baseline?  
 19 Does it include the CVPIA and if it does  
 20 what assumption should it include regarding the  
 21 implementation of 3406B2? The Department of  
 22 Interior and others are in court over that issue, a  
 23 variety of other detailed assumptions, which many  
 24 participants have been fighting about for years.  
 25 And I'd like to at least looking at my

1 There are those who believe until you decide the  
 2 critical issue of regulatory baseline you shouldn't  
 3 even begin to consider any of these options and deal  
 4 with the issue of who pays and how they pay.  
 5 And there is an important issue of are  
 6 some of these assets simply unrealistic? We have  
 7 heard when we initially brought up the issue of  
 8 water transfers, sounds good to everybody. Every  
 9 politician I know (inaudible) but we start getting  
 10 into where should they come from and we find that  
 11 there isn't unanimity.  
 12 In fact, some people violently object to  
 13 water coming from a particular region of the state  
 14 under certain circumstances. A fifth question is to  
 15 what extent do we need to spend money in the fiscal  
 16 year 2000 to jumpstart some of these assets, to get  
 17 them going either as trial programs for the year  
 18 2000 or to begin to invest in Stage One of CalFed.  
 19 This again takes some time to get some of  
 20 these programs running.  
 21 And, sixth, I guess I covered this, how we  
 22 can conduct technical studies without these major  
 23 points of conflict. I mentioned the baseline but  
 24 also how you measure water and nonwater factors on  
 25 both the environmental side and the ag and urban

1 notes I made before coming up here at least mention  
 2 six of the tough questions that have come up as a  
 3 result of the discussions within the water  
 4 management development team.  
 5 First, how do we define success?  
 6 (Inaudible)  
 7 A second, how do we know we have evaluated  
 8 enough scenarios, given the limited range of  
 9 assumptions which I'll put on the board, you know,  
 10 on the screen in a moment, to adequately test the  
 11 performance of these assets, whether it's  
 12 groundwater management or water transfers or crop  
 13 shares or additional conveyance improvement, any  
 14 number of measures.  
 15 Then again there is this chicken and egg  
 16 argument how can we evaluate assets in a meaningful  
 17 way without concurrently who pays and how?  
 18 This gets not only into the financing but  
 19 again who pays, cost allocation?  
 20 I think our view has been from a technical  
 21 standpoint that test these measures under different  
 22 assumptions just to see how well they can perform,  
 23 having all of the water going to the water  
 24 environment, having all of the water going to ag  
 25 users and urban water users or some mix in between.

1 water use side and because there are a number of  
 2 ways one can measure success.  
 3 And how do you say that the environment  
 4 needs more water and measure that against an  
 5 ecosystem restoration program or how do you measure  
 6 the adequacy of putting more water into the ag and  
 7 urban side of the scale without fully considering  
 8 success and conservation, reclamation and land  
 9 retirement and other measures.  
 10 So these are the difficult issues we've  
 11 had to deal with in the discussions. I know that  
 12 Steve and I and others don't really look forward to  
 13 four hours every Tuesday afternoon where we confront  
 14 all of these issues.  
 15 In the midst of all of this, though, our  
 16 overall role is to try to get something done, try to  
 17 come up with some sense of how various technical  
 18 assets, groundwater storage, water transfers, some  
 19 conveyance improvements, would perform under a  
 20 variety of other assumptions so we can start  
 21 somewhere.  
 22 First of all, regarding the overall  
 23 structure of the development team this was created,  
 24 I guess it was, Steve, about a month ago, six weeks  
 25 ago, with a water management development team

1 Co-Chaired by the Director of Water Resources Tom  
2 Hannigan and Mike Spear, Fish and Wildlife Service,  
3 and I'm acting for Tom in that capacity so Mike  
4 Spear and I are the ones who run these meetings on a  
5 weekly basis.

6 The stakeholders are listed in some detail  
7 in Steve's memo. It has been raised a number of  
8 times why don't we have someone here from the Delta  
9 since several of the actions that have been  
10 considered, including crop shift and Delta storage  
11 are on the list of assets to be evaluated. We've  
12 changed that. We've invited Tom Zuckerman to  
13 participate and perhaps others.

14 The important thing here is that we again  
15 look at these assets to see whether they are useful,  
16 whether they can fit into the mix for an overall  
17 water management development strategy.

18 Then we have a program manager, an  
19 assistant program manager, both consultants. The  
20 task of the development team is to hear the report  
21 of the technical team on a weekly basis and to guide  
22 the technical studies which are done by something  
23 called a coordination team at the bottom of the  
24 list.

25 These are basically the technical staff of

1 And I'll describe that in a moment but  
2 they are very important aspects of this.

3 If we just have something -- an asset like  
4 the groundwater storage program that provides water  
5 supply and additional which could augment  
6 environmental water accounts or additional water or  
7 firming up existing water supplies to ag and urban  
8 water users, that may have water quality  
9 implications, that may have fishery implications.  
10 This is all mixed together so we are reminded every  
11 week that we need to evaluate the water quality  
12 implications of something that affects water supply  
13 regardless of who are the beneficiaries of the water  
14 supply.

15 Okay. Again the emphasis on this  
16 exercise, this exercise which we will run through  
17 over the next two more months, is inventory of all  
18 available assets.

19 As I said, assets like water transfers,  
20 ground water storage, flexible operations in the  
21 Delta, some conveyance improvements.

22 We'll inventory them, conduct technical  
23 studies and the emphasis is on both early and late  
24 Stage One implementation, what measures can be  
25 brought to the table in an operational fashion over

1 the members of the development team who developed  
2 the detail modeling assumptions and actually conduct  
3 the day-to-day technical studies and report back to  
4 the development team.

5 And you can see that there are links to  
6 other elements of the CalFed Program and other  
7 organizations including the no name group, the  
8 CalFed Ops group, other technical support and so on.

9 VICE-CHAIR McPEAK: Do you think it's  
10 good you put Tom Zuckerman to work?

11 MR. MACAULAY: Yes.

12 Okay. So the next overhead is sort of  
13 taking -- stripping away the details of this how  
14 this fits into the overall CalFed Program.

15 We have the policy group at the top, of  
16 course, reporting to the Secretary of Interior and  
17 the Governor.

18 Of course, the Bay-Delta Advisory Council  
19 is here, the stakeholder workgroup teams, the four  
20 elements of the -- principal elements of the CalFed  
21 Program we plug in right here.

22 A matter of constant discussion with the  
23 development team is while you are looking at the  
24 water management strategy how does that impact water  
25 quality and ecosystem restoration.

1 the next -- over the first two or three years of  
2 Stage One and what measures could be in place and  
3 operating to provide benefits by the end of Stage  
4 One seven years out?

5 And in doing that we need to develop  
6 operating rules, not only operations of the water  
7 distribution and development system but the tough  
8 issues of allocating benefits and cost, how you deal  
9 with regulatory compliance and certainty and  
10 governance and we are attempting to look at all of  
11 these.

12 As I said some of these details are  
13 probably not -- realistically are just not possible  
14 to be reached by mid-December which is our initial  
15 target so I think that this group may continue to  
16 work.

17 For example, it is virtually impossible  
18 for this group in the next six to eight weeks to  
19 decide on financing and who pays or even who  
20 ultimately ends up benefiting from this.

21 This asset evaluation plugs into the next  
22 step of CalFed and I think Steve may even want to  
23 comment on that.

24 MR. RITCHIE: Just one comment I want  
25 to make here in particular is that many things on

1 CalFed have been abstract discussions, as far as the  
 2 asset development for Stage One this is now finally  
 3 the absolutely nonabstract discussion. These are  
 4 what assets are really going to be there, what are  
 5 you really going to do with them, can you bring them  
 6 into the practice, will they really go to the  
 7 benefit of the water users or some combination, but  
 8 we are trying to strip away. We can't talk concept  
 9 here. So one of the things that we've been trying  
 10 to work towards in getting in front of this group  
 11 the real detail on really assets and that's the  
 12 difference between this exercise and any others  
 13 we've gone through.

14 MR. MACAULAY: Which is one of the  
 15 reasons why this isn't really a fun process.

16 This is a notion that I think Lester  
 17 had -- and Steve had developed several months ago,  
 18 which is that when we get down to evaluating assets  
 19 we have some switches. We say okay, depending on  
 20 where we go with the CalFed Program as a whole some  
 21 mix of water developed by these assets will go to  
 22 the environmental side. Some doing to the water  
 23 supply and water reliability quality side. We just  
 24 don't know. So let's do some trial and error  
 25 studies to look at a mix and see -- just see how

1 some of these assets work. It may be that the  
 2 assets that we have in front of us just aren't  
 3 enough to get us where we want to go. We need to  
 4 know that.

5 Do we need more water transfers, for  
 6 example. Do we need additional storage?

7 This is a very complex area so again  
 8 Steve's trying to say we are trying to take  
 9 something which has been abstract until now and  
 10 trying to turn it into reality.

11 Now, in evaluating these -- which way to  
 12 go and I'll put it for you in a moment -- an array  
 13 of assumptions we are using to conduct technical  
 14 studies, assuming one way, another way and various  
 15 resource.

16 A tough challenge is how do you account,  
 17 as I said before, for these additional programs that  
 18 are going on, part of the CalFed Program?

19 On the water supply reliability and water  
 20 quality side how do you deal with conservation,  
 21 additional transfers that are going on independent  
 22 of the CalFed Program, and the overall quality  
 23 program?

24 On the other side the environmental water  
 25 account and this has been a matter of great

1 discussion earlier this week, how do you factor into  
 2 how MUCHE water needs to go to the environmental  
 3 water account?

4 For example, the substantial investment  
 5 that we all know is -- will be part of the permanent  
 6 CalFed Program for ecosystem restoration and those  
 7 measures which are going forward in a real way under  
 8 CVPIA. Is there a way you can put water and  
 9 nonwater actions on the same yardstick and say that  
 10 a billion dollars, for example, of the ecosystem  
 11 restoration offsets the need to have a Key West  
 12 standard in the Delta to protect salmon under  
 13 certain circumstances.

14 This is a very difficult issue. Perhaps  
 15 this will all come together in the end as we get  
 16 closer to the Record Of Decision but that is the  
 17 issue that the water users have put forward.

18 This issue over here how does conservation  
 19 reuse and water supply reliability fit in in any  
 20 other direction?

21 Yes.

22 MR. IZMIRIAN: (Inaudible) How are  
 23 you measuring what reliability is?

24 If you're doing all of these actions you  
 25 have to be able to measure that performance.

1 MR. MACAULAY: Steve, do you want to  
 2 answer this, please.

3 MR. RICHIE: And let me speak about  
 4 these two efforts overall there (inaudible).

5 One of the sides I would count, the  
 6 quality of the environment, it has the environmental  
 7 water account, and ERP actions and if I can present  
 8 it from sort of the water user's point of view is --  
 9 do you think you need to take a million acre feet of  
 10 water for the environment, whether or not we invest  
 11 a billion dollars in habitat? That can't be  
 12 realistic so if in particularly our ERP focus group  
 13 we just develop in some other areas we are trying to  
 14 get some analysis how those things work in  
 15 combination for the benefit of the environment  
 16 towards the goal of recovery for a number of engaged  
 17 species.

18 On the water supply reliability side and  
 19 water quality side we have basically a similar  
 20 analysis that's going on and what are our water  
 21 supply reliability goals and how do those tools work  
 22 together in the long-term towards achieving those  
 23 goals?

24 I think both of these in the short-term  
 25 are going to be predicated upon improvement on the

1 current condition and so what we tried to articulate  
2 this is in the short-term a trajectory towards  
3 better recovery in one case. I think the water  
4 users will articulate a particular water supply  
5 number on the other side. So we are trying to see  
6 how the mix of I guess I'd call those soft and hard  
7 path tools on both sides if you want to get into the  
8 soft and hard path tools analogy.

9 MR. IZMIRIAN: All I asked for what  
10 what were the indicators to measure how to get  
11 better on the reliability (inaudible)?

12 MR. BUCK: Can I answer? (Inaudible)  
13 or no degradation in water quality and theoretically  
14 improvement.

15 MR. IZMIRIAN: Well, you have to then  
16 decide how you are going to make supply and demand  
17 meet.

18 Is that going to be through economic price  
19 signals?

20 MR. BUCK: I don't think there is any  
21 notion here that we are going to have supply and  
22 demand meet through this program. It's can we  
23 shrink the amount of unmet demand.

24 There is no notion we are going to actually  
25 get those curves to cross in the near term.

1 certain additional outflows, certain additional  
2 export restrictions that they would like to see that  
3 determines their success.

4 We have heard from water users that, you  
5 know, fairly specific measures of success are water  
6 quality targets during Stage One and from their  
7 measure of water supply reliability success I  
8 believe it's 200,000 acre feet of additional water  
9 supplies (inaudible).

10 Now, why that still isn't an easy question  
11 to answer is from what base? Where does B(2) fit in  
12 so again we could spend hours talking about this.

13 MR. IZMIRIAN: I was trying to ask an  
14 innocent sounding question and it wasn't really  
15 innocent at all.

16 It sounds to me that all you are really  
17 talking about there is increasing supply to water  
18 consumers, is that correct?

19 MR. MACAULAY: Yes. This is looking  
20 at the water supply increase measures, not the  
21 conservation and reuse measures, not the additional  
22 water transfers measures and not the additional  
23 water quality measures.

24 It is looking just at the water supply  
25 measures for this side and or that side.

1 MR. MACAULAY: We are about ready to  
2 embark on the same kind of discussion that I look  
3 forward to so MUCHE every Tuesday afternoon.

4 And these are very legitimate concerns.

5 And the question is where does the water  
6 hit the road?

7 It is not through this process. This  
8 process, I believe, is aimed at the fairly narrow  
9 focus of given an array of -- I'm starting to sound  
10 like a CalFed groupie, an array -- given a number of  
11 water management -- potential water development  
12 programs, greater conjunctive use, some assumption  
13 on water transfers, perhaps some crop shifts,  
14 perhaps some additional conveyance of improvements  
15 in the South Delta, what kind of additional water  
16 supplies could be developed and when, under what  
17 circumstances, and if they were split in some way to  
18 these two general purposes, how would those assets,  
19 how would a groundwater program perform regardless  
20 of which way it goes?

21 So it's more water to X, more water to Y.

22 We have heard from the Fish and Wildlife  
23 Service that they measure success through what they  
24 call a biological bar. It's certain very specific  
25 conditions they would like to see in the Delta,

1 MR. IZMIRIAN: So you are still not  
2 looking for a market based solution to water supply  
3 reliability?

4 STEVE RICHIE: I think what's Steve  
5 said is what water suppliers have indicated they  
6 would desire as their goal (inaudible).

7 I don't think CalFed has said that is  
8 CalFed's goal by any means.

9 I think what Steve has said also is that  
10 the Fish and Wildlife Service has presented the  
11 amount of water and exporting curtailment that it  
12 would take to meet their needs. That's not the  
13 right measure.

14 The measure is how do we work through --  
15 what's in those boxes that have included both sides  
16 of that?

17 VICE-CHAIR McPEAK: The question that  
18 Richard has raised is a pretty important one and  
19 legitimate one.

20 It need to be focused on the outcome. We  
21 have just now confused the inputs with outcome, and  
22 reliability is one -- it's a performance, you know,  
23 of the system, are we meeting all of the needs and  
24 how often do we have shortages and is it of  
25 sufficient quality?

1 Whether or not you have 200,000 acre feet  
2 more or 400,000 acre feet more from a certain --  
3 from a certain measure or a certain act, like either  
4 a market based solution or efficiency in water use  
5 or new supply is an input to the output of a  
6 reliable supply. And we haven't articulated that,  
7 apparently.

8 I've got Alex out and Byron.

9 MR. HILDREBRAND: The State of  
10 California gets through droughts now by enormous  
11 overdrafts of water during drought, many millions of  
12 acre feet.

13 That's not sustainable and there is a  
14 population growth less sustainable.

15 How do you factor that into your analysis  
16 here that you're going to have an ongoing loss of  
17 the capability of overdraft during this thirty year  
18 program?

19 MR. MACAULAY: You are waiting to see  
20 how I answer this, right, Steve?

21 MR. RITCHIE: Right.

22 MR. MACAULAY: We are not factoring  
23 that in. What we are doing is taking a new program,  
24 assuming certain restrictions in the Delta, for  
25 example, the Department of Interior's final B(2)

1 this is a public opportunity in some way and we  
2 really rely on BDAC to be sort of reviewing this as  
3 well and you'll be hearing more about this --  
4 probably at your future meeting because this is an  
5 important effort.

6 Let me say a couple things. One is about  
7 on your question of whether we are just looking at  
8 supply.

9 In this particular case we are probably  
10 focused on the existing universe of possible supply  
11 options but one of those supply options, though, one  
12 of the tools is demand shifting and things along  
13 those lines which is still supply but is also a  
14 piece of demand. Whether people can reduce their  
15 demands at a certain time of the year which while it  
16 may not create supply it allows supplies when it's  
17 in other places. That may not make sense but we are  
18 looking at demand. I think this is just one piece  
19 of the program. You're right. It's not the entire  
20 water management strategy. It's just trying to  
21 identify certain assets. There is also other pieces  
22 of water management strategy as he pointed out.

23 Alex, I think I would disagree with you  
24 that this is not looking at water supply. If you  
25 consider water supply in a broader context, not a

1 plan which was adopted just a few weeks ago,  
2 existing Delta standards and perhaps some others,  
3 and seeing, for example, how MUCHE additional water  
4 could be diverted out of the Delta during certain  
5 periods of time to fill up an existing hole in the  
6 San Joaquin Valley -- I'll use that just as an  
7 example -- and how that water stored then in the  
8 ground could be used later on in the form of an  
9 environmental water account or additional water to  
10 water users or some sharing or something in between?

11 It's not looking at the bigger picture.  
12 It's also not looking at these other factors.

13 MR. HILDEBRAD: I still don't quite  
14 understand.

15 It appears to me that you are deciding in  
16 the absence of new water development how you would  
17 divide a shortage of supply and the manner in which  
18 you divide it is going to be influenced by who is  
19 going to get shorted increasingly by the inability  
20 to overdraft groundwater.

21 VICE-CHAIR McPEAK: Alf.

22 MR. BRANDT: One is I wish there had  
23 been more people here as well because we are -- this  
24 whole effort is partly being run and will run  
25 through BDAC so BDAC's comments on this -- I mean,

1 new reservoir -- although, in the long-term that  
2 will be part of this, but if you're not considering  
3 more than water reservoir but also a whole range of  
4 things that can happen as far as operations, as far  
5 as management, as far as buying supplies, any of  
6 those kinds of things, some pieces of this could be  
7 considered new supply.

8 MR. HILDREBRAND: Where in CalFed are  
9 we addressing the consequences of this unsustainable  
10 overdraft if we are not going to address how to  
11 correct it?

12 MR. BRANDT: But we are addressing it  
13 in some ways. It's not absolutely an overdraft.

14 When we are looking at new water supply it  
15 could be groundwater in some places where we are  
16 putting water into the ground for later dry year  
17 demands.

18 MR. HILDEBRAND: Yeah, but if you are  
19 only putting it in to take back what you put in that  
20 doesn't solve the overdraft problem. Some we have a  
21 net overdraft, it could be (inaudible), whatever it  
22 is, and we get through the droughts by taking out  
23 six or eight million, and we are going to lose the  
24 capability of doing that and we are not going to do  
25 anything to correct our ability to go on drawing the

1 groundwater during droughts then what are we going  
2 to do during droughts?

3 And this business of storing some of the  
4 ongoing supply and pulling that same amount out  
5 doesn't address the net overdraft that's going on.

6 VICE-CHAIR McPEAK: Let's stipulate  
7 to that. I mean, it's a very legitimate problem  
8 that hasn't yet been solved or -- that's not even  
9 in the mix on Tuesdays and they are having a  
10 difficult time as it is.

11 I've got Byron and then Bob.

12 MR. BUCK: I just wanted to address  
13 Richard's point on why this group really isn't using  
14 the economic tools as such is the same reason that  
15 CalFed overall hasn't done. We don't have those in  
16 our toolbox. We can't change Federal water  
17 contracts. We can't change State contracts. We  
18 can't change the economic impact projects and  
19 furthermore under Prop 218 we couldn't even dictate  
20 those things if we wanted to. Water costs --  
21 basically costs to deliver and treat it. That's  
22 going to be the cost. You can't say because we want  
23 to -- (inaudible)

24 VICE-CHAIR McPEAK: Okay. I think  
25 we're all raising very legitimate issues and making

1 value overall to the ecosystem, to the economy  
2 but . . .

3 Steve.

4 MR. RITCHIE: Yeah, the (inaudible)  
5 have tried to do that to some extent, the economic  
6 evaluation of water management alternatives have  
7 tried to do that in sort of a strict economic  
8 strength so it doesn't go into the other  
9 sociological factors that play into this.

10 I think I tried to answer Richard's  
11 question and that is on that side of the box in  
12 terms of developing our overall water management  
13 strategy that is going to be a factor we are trying  
14 to build in over the long haul over the thirty year  
15 period. That really is the how will you bring new  
16 tools into play over thirty years, the effort that  
17 we've been working on here is what do you do with  
18 the tools that you actually bring on right now?

19 But that effort I think -- the economic  
20 evaluation if you haven't read that report tries to  
21 do that and the water management strategy will try  
22 to do more of that in terms of valuation.

23 VICE-CHAIR McPEAK: Roberta.

24 MS. BORGONOVO: Steve, you mentioned  
25 baseline, is there an established baseline against

1 this harder than this needs to be at this time of  
2 day.

3 Bob.

4 MR. RAAB: Dare I even ask this  
5 question then?

6 Is there here in this program or any  
7 program that evaluates -- makes studies, does  
8 decisions on water releases give a value of say an  
9 acre foot of water that is released that goes to  
10 groundwater, give a value, a price tag, whatever it  
11 is, \$50 an acre foot, \$200 an acre foot if it goes  
12 here, 100 if it goes there, so even though you say  
13 there is no tool in the toolbox for this, wouldn't  
14 it be nice to know what value we have getting out of  
15 water as we direct it here and there and elsewhere?  
16 Is there any such consideration of valuation?

17 VICE-CHAIR McPEAK: You mean return  
18 on investment? The value of using water in  
19 different ways?

20 MR. RAAB: Well, I don't know if  
21 return on investment is what I'm saying. Just if we  
22 only knew just what we are doing when we let the  
23 water go for one use or another.

24 VICE-CHAIR McPEAK: I guess that's  
25 what I would call return on investment, what is the

1 what you're measuring? That's the first issue.

2 And the second issue is the one that  
3 Richard raised. I think that all of the CalFed  
4 programs have n ways of measuring success so it  
5 would seem logical that you would need at some point  
6 to have this water supply reliability indicated and  
7 I'm glad to here you say it will be in establishing  
8 the baselines so everybody knows that they are on  
9 the same page?

10 MR. MACAULAY: No. No. No.

11 VICE-CHAIR McPEAK: No is the answer?

12 MR. MACAULAY: No is the answer to  
13 both of these. Will this process result in  
14 establishing a baseline? The answer is no.

15 Will this process result in settling what  
16 the targets are? No.

17 This is plain and simple. Perhaps I  
18 should go back to where I was 20 minutes ago and  
19 state it MUCHE more clearly.

20 For years people have argued about what is  
21 the potential for water transfers, what is the  
22 potential for additional groundwater storage  
23 programs, what is the potential for flexing El ratio  
24 under future assumptions of other groundwater  
25 programs, for example?

1 How could these assets, these measures  
2 improve water supply reliability in some way, how  
3 could they put water into an environmental water  
4 account?

5 This should all be done in a very abstract  
6 way and the charge of this group is to say here is a  
7 list of a dozen possible things that could be done,  
8 what can -- how can they perform, what kind of water  
9 supply can they provide for an environmental water  
10 account or for additional water for water users?  
11 What can they do? So we can get to those larger  
12 more important issues as you and Richard and others  
13 have laid out when we can't afford any longer to  
14 talk about what can water transfers do in the  
15 abstract.

16 MS. BORGONOVO: I mean is it  
17 re-operations and then some?

18 (Inaudible)

19 MR. RITCHIE: Yeah, the point I want  
20 to make, the development of the water management  
21 strategy revolves around the water supply  
22 reliability goals which we've already identified in  
23 the June documents.

24 Part of that effort will be -- those are  
25 the long-term goals. That's why I differentiate

1 that process from this process. I was saying the  
2 water management development team. There is a  
3 limited number of tools that will be available in  
4 Stage One. They won't produce a huge amount of  
5 water for any activity. They won't come close to  
6 meeting the goals for anybody, the long-term goals,  
7 but they will be what we have before us and we need  
8 to do something with those tools but the water  
9 development management strategy process is where we  
10 will try to define those long-term goals.

11 The other question about the baseline  
12 issue, I agree with Steve, is this where the  
13 baseline is going to be decided, no.

14 Write a document which clearly articulates  
15 everybody's different views of the baseline and they  
16 are (inaudible) and at our last meeting somebody  
17 pointed out that the Colorado River agreement was  
18 successfully consummated without anybody ever  
19 dealing with the baseline issue and was putting  
20 forth the idea that maybe that would be the best way  
21 to deal with it in CalFed as well.

22 MR. MACAULAY: I think this would be  
23 a how do you deal with the issue of baselines as  
24 assumptions?

25 The technical people, remember the earlier

1 overhead there were technical people down at the  
2 bottom, the ones who did all of the real work, they  
3 said, you know, let's really stress the system.  
4 Let's use everyone's notion of what the future might  
5 be or what we should use as a baseline and the water  
6 management development team argued about this for  
7 hours two-and-a-half weeks ago and what we arrived  
8 at at the end of the meeting was that we would use  
9 essentially three baselines having to do  
10 specifically with the implementation of the two.  
11 The first would be the accord plus the Department of  
12 the Interior's B(2) implementation plan which they  
13 adopted in earlier this month.

14 The second would be the certain water  
15 user's views of how it should be implemented and, of  
16 course, the arguments are before Judge  
17 Wainsher (phonetic) in the District Court in Fresno  
18 on those positions and the third would be certain  
19 environmental group's views as to how B(2) should be  
20 implemented and, of course, they are in court in the  
21 same courtroom with the other parties arguing their  
22 point of view about how B(2) should be implemented.  
23 So we said we are not going to be set up for this.  
24 There is no way and after two weeks of arguing about  
25 which baseline we should use at the end of the

1 meeting we'll say, okay, we'll run all three.

2 Again, the bottom line is let's take these  
3 measures and evaluate them under a different set of  
4 assumptions and if they form equally well we'll feel  
5 good that this is a good tool and we will generate  
6 so many acre feet of water under certain  
7 circumstances.

8 The next day the Department of Interior  
9 said upon reflection said we are in court on this.  
10 We really can't be in a position -- maybe you want  
11 to back me up -- or Alf don't let me hang in the  
12 winds here -- we really can't support studies that  
13 represents somebody else's interpretation of what we  
14 have already decided and for which we are in court  
15 over and so we ended up in the interest go situation  
16 where we are running the Department of Interior's  
17 B(2) plan that was adopted earlier this month but  
18 even within that baseline condition we are still  
19 running a fairly wide range of tools early and late  
20 Stage One where the water goes to that side of the  
21 ledger and it goes to that side of the ledger and it  
22 goes someplace in between.

23 Again, the bottom line is to try and  
24 evaluate how well these measures, groundwater  
25 storage transfers, other measures, perform.

1 VICE-CHAIR McPEAK: We have set a new  
2 record of BDAC of meeting longer than any other  
3 meeting in five years and so now having set the  
4 record I would like to suggest we try to conclude by  
5 five o'clock and we do have public comment.

6 So, Steve, what's do you absolutely wanted  
7 us to know?

8 MR. MACAULAY: I've outlined  
9 conceptually the study assumptions we use.

10 Is there a desire to see any of the  
11 details?

12 VICE-CHAIR McPEAK: No.

13 MR. MACAULAY: Then I'm done.

14 VICE-CHAIR McPEAK: Okay. Steve,  
15 thank you very MUCHE.

16 I know that this is -- it's been a  
17 particularly trying workgroup for you and Steve  
18 Ritchie and others and it deserves more of our  
19 attention and I think part of what will be helpful  
20 as a reminder in the future is to bring back out  
21 what we have said as the indicators or performance  
22 standards on water supply reliability recognizing  
23 this exercise is not the entire universe of efforts  
24 that will go to water supply reliability but just to  
25 keep that definition in mind and with a little -- we

1 availability. Northern California has it, Southern  
2 California doesn't. If there aren't some triggers  
3 in there, a percentage of every time you make off of  
4 using the water that triggers the cost of creating  
5 new water supplies that are going to hold it for the  
6 future you are just talking about letting San  
7 Diego's money suck the well dry and it won't matter  
8 because we won't be here to see it.

9 VICE-CHAIR McPEAK: Thank you.  
10 Laura.

11 LAURA KING: Thank you.

12 First of all, I just wanted you to know in  
13 case you haven't had a chance to check it out there  
14 are auditions for the Nutcracker.

15 I just -- I wasn't really planning to say  
16 anything on this topic but I didn't really hear  
17 MUCHE in this discussion that really conveyed the  
18 sense of doom and gloom that I think the  
19 participants in this process are feeling at the  
20 moment. It's not going very well and I think just  
21 about everybody who's been in that room on Tuesdays  
22 would agree with that.

23 Unfortunately, I think everybody started  
24 out having high hopes so it's not an irrevocably bad  
25 situation but it's not going very well right now.

1 got a little distracted or after when that term  
2 showed up on this graph and perhaps just in the  
3 future let's get that term back up. Okay?

4 Alex.

5 MR. HILDREBRAND: I'd like to request  
6 that on a future agenda not too far in the future  
7 that we have a discussion of the reduction in water  
8 supply availability that will occur if we do not do  
9 anything about the overdraft.

10 VICE-CHAIR McPEAK: Okay. Okay.

11 We've got two comments, public comments.  
12 Marna Miller, followed by Laura King.

13 MARNA MILLER: From the beginning  
14 I've been going to these meetings and the war  
15 started over the availability of water and sort of  
16 San Diego who wants all of the the water and the  
17 management process is geared towards giving them the  
18 water, Mary Redding who has all of the supply of  
19 water and the availability, like Alex said, doesn't  
20 seem to be in there yet.

21 In the beginning wording it was over when  
22 the run of water with a double R population what are  
23 we going to do and still today, even though I didn't  
24 get to here the whole day it end up with you're  
25 talking about reliability as opposed to

1 In terms of the scenarios which Steve  
2 mentioned, we are very eager to see the results of  
3 the scenarios that Interior feels are consistent  
4 with its legal position. I think that will be  
5 illuminating but we are very distressed by the  
6 decision not to run over other folks' suggested  
7 scenarios and I didn't bring with me but we will  
8 provide to be BDAC the letter that ag urban  
9 representatives sent protesting that decision and  
10 saying we would like to see a full range of  
11 scenarios run including the environmentalist's  
12 version as well as ours.

13 I guess I'll leave it there and I think  
14 I'm going to head over to the Nutcracker audition.  
15 Thank you.

16 VICE-CHAIR McPEAK: Thank you, Laura.

17 Steve Macaulay was sort of understating --  
18 he was understated in his introduction by saying  
19 it's the most pretentious workgroup he's ever worked  
20 with which is saying something so he was trying to  
21 warn us.

22 Are is there any other comments from BDAC  
23 members?

24 Any other members of the public who wish  
25 to comment?