**The Bay Institute**
**Environmental Defense Fund**
**League of Women Voters of California**
**Natural Heritage Institute**
**The Nature Conservancy**

August 30, 1999

Lester Snow, Executive Director
CALFED Bay-Delta Program
1416 Ninth Street #1155
Sacramento, CA 95814

RE: PROPOSED CHANGES TO RESTORATION COORDINATION PROGRAM PROJECT SELECTION PROCESS, PRIORITIES, AND SCHEDULE

Dear Lester,

Proposed changes to the Restoration Coordination Program's process, priorities, and schedule for selecting projects (described in an August 4, 1999, staff draft) were discussed at the most recent meetings of the Ecosystem Roundtable and the CALFED Policy Group. We are writing to express our ongoing concerns with several of these proposed changes.

In order to ensure that the Restoration Coordination Program is consistent with long-term Ecosystem Restoration Program (ERP) priorities, we recommend the following:

- CALFED needs to clarify and improve how decisions on priority setting and project selection will be made, and how these decisions will be better coordinated with other restoration planning and implementation efforts.

- Project selection for the FY 2000 spending cycle should be based on previously adopted priorities identified in the February 1999 project solicitation proposal, and retain the integration panel step in the process.

- Actions from the South and North Delta bundles should not be adopted a priori as the highest priorities for FY 2000 ecosystem restoration spending.

- More work needs to be done immediately to flesh out the development of a comprehensive Environmental Water Program.

- The project selection process for spending watershed management funds should be identified before any moneys are allocated.

These concerns are discussed in greater detail below.

Project selection process for implementation of the ERP

We have two major concerns with CALFED's proposed changes to this process.

First, while the proposal rightfully emphasizes the role of ERP priorities in guiding the project selection process, CALFED has not adequately described how these priorities will be set, or allowed a realistic timeframe for doing so. At a minimum, CALFED should:

- clarify the process for setting priorities, and the relationship of priorities adopted to attaining CALFED's ERP objectives. This process should be science-based, and include independent scientific review.

- adopt a multiple-year planning horizon in setting and priorities and in making annual decisions regarding project development and selection.

- coordinate the development of priorities for restoration spending in FY 2000 and FY 2001 with CALFED's ongoing effort to refine the ERP.

Second, CALFED proposes to replace the Integration Panel with a group composed of Roundtable members and agency liaisons. We oppose this change for the following reasons:

- Specific recommendations should be based on science, not politics. A scientific advisory group which integrates the review of more narrowly focused technical teams, should continue (until the creation of a permanent ecosystem restoration entity) to hold the primary responsibility for selecting specific programs and projects for recommendation to the Roundtable and the Policy Group. This integration panel step should be better informed by the ERP refinement process. For instance, an integration panel could be comprised of a combination of members of the existing integration panel and independent scientists participating in the ERP refinement process.

- We acknowledge that specific funding recommendations can not always be made without addressing policy-related issues. It would be more appropriate, however, for CALFED staff and scientific panel members to identify these issues to, and receive guidance from, a Roundtable/agency advisory subgroup, than for this subgroup to hold primary responsibility for making specific project recommendations. When appropriate, CALFED staff, the scientific panel and a Roundtable subgroup could identify contingency recommendations for consideration by the full Roundtable and Policy Group. (In the past, Roundtable members have recommended that such a subgroup be formed to focus on and address policy and economic issues in particular).

1999 Revised Schedule

CALFED has proposed an accelerated schedule for completing the FY 2000 spending cycle. This schedule is only acceptable if:

- priorities identified in the action plan in the February 1999 project solicitation proposal are used to guide project selection, rather than the priorities proposed in the August 4 draft.

- the Integration Panel step in project selection is retained. The independent scientists participating in the ERP refinement process should be included in the panel, or otherwise inform the panel's deliberations.

FY 2000 ecosystem restoration spending priorities

Actions from the South Delta/Lower San Joaquin and North Delta/Lower Sacramento bundles should not be adopted a priori as the highest priorities for FY 2000 ecosystem restoration spending, for the following reasons:

- Using the bundles as the basis for restoration funding priorities is a misinterpretation of recent actions by the CALFED Policy Group, which approved accelerated consideration of the bundles, but which withheld approval of specific actions contained in the bundles.

- Environmental projects included in the South Delta bundle are largely mitigation measures for the effects of projects to improve water supply reliability in the South Delta, and are not consistent with the highest priorities that are emerging for ecosystem restoration in the draft ERP and other restoration planning efforts. Independent of the merits of the specific water supply reliability projects included in the South Delta bundle, CALFED' s

support for those projects should not drive ecosystem restoration spending priorities. These priorities should be based solely on the ERP.

• We agree that large-scale habitat restoration in the North Delta should be an important component of the ERP. However, given that significant uncertainties exist as to potential water quality impacts and current technical ability to create self-sustaining habitat areas, these restoration efforts should occur on a phased, incremental and experimental basis, in conjunction with similar approaches throughout the Bay-Delta watershed.

• Given the ERP's identification of high priority ecological needs throughout the affected watershed and CALFED's and the Ecosystem Roundtable's previous support for spending ecosystem restoration funds on an equitably distributed basis, we question the sudden shift to emphasizing one or two particular geographical areas. In any case, priorities should be set solely on the basis of ecological need, and high priority programs and projects should be funded regardless of their location in the watershed.

Environmental Water Program (EWP) strategy and policy guidelines

CALFED's previous allocation of funds for acquisition of permanent or long-term environmental water supplies remains largely unobligated, and that allocation represents only a fraction of the overall environmental water needs of the Bay-Delta ecosystem. In order to ensure the timely development of a successful EWP for implementation beginning next year, CALFED should, by mid-September 1999, prepare a detailed workplan, including description of tasks, and identify needed staff and consultants, for development of the EWP. This workplan should address, among other things:

• how the highest priorities for augmentation of stream flow and Delta outflow using an EWP will be identified, based on the priorities that emerge from CALFED's scientific process to refine the ERP's hydrological objectives;

• how opportunities for and constraints on acquisition of water rights, dry year options, and other means to acquire and manage environmental water on a permanent or long-term basis, will be identified, and how an acquisition program that addresses these opportunities and constraints will designed, implemented, and assured;

• how development of the EWP will be coordinated with the CVPIA water acquisition program, with CALFED's ongoing efforts to refine the hydrological objectives for the long-term ERP, and with CALFED's

development of an Environmental Water Account for managing export impacts in the Delta; and,

• how the EWP will build upon existing instream flow requirements pursuant to the Clean Water Act, the Central Valley Project Improvement Act, and the Endangered Species Act.

Watershed management funding

Recently, the CALFED Policy Group made a unilateral decision to allocate $2 million of Bay-Delta Act funds from the Restoration Coordination Program to watershed management projects. Before any spending decisions are made regarding these funds, CALFED should clarify how priorities for watershed management funding will be set, and what process will be used to select programs and projects for funding. The priority setting and project selection processes should be consistent with the approach used by CALFED for all other ecosystem restoration funding decisions.

Thank you for your consideration of these comments. We look forward to working with you to improve the allocation of ecosystem restoration funding over the next few months.

Sincerely,

Gary Bobker
Program Director
The Bay Institute

for:

David Yardas, Environmental Defense Fund
Roberta Borgonovo, League of Women Voters of California
John Cain, Natural Heritage Institute
Leslie Friedman-Johnson, The Nature Conservancy