

**MANAGEMENT
GROUP**



08/14/97

e:tpol 97aug. sum

**CALFED Policy Group
Thursday, August 14, 1997
Meeting Summary**

ALTERNATIVE EVALUATION PROCESS

Step 1, Narrowing - Steve Yaeger explained the evaluation process that will be used to select the draft preferred alternative. The narrowing process entails a coarse evaluation of alternatives based on implementability. Program staff reviewed all 17 variations, modified some to remove technical problems, then compared variations for functional equivalents. When equivalents are identified, one variation is recommended to be eliminated due to higher cost and/or greater adverse effects. The following variations were reviewed in Policy Group:

Alternative 3F (Chain of Lakes) and Alternative 3E (large, isolated facility plus in-Delta storage). Alternative 3F has hydraulic problems that require lift stations, and result in loss of water storage. Another concern is tidal influence at the diversion point(s). When modified to remove these technical problems, it looks like Alternative 3E. Because it has a higher cost and would impact 10 times the agricultural land as Alternative 3E, **Alternative 3F is recommended to be dropped.**

Alternative 2C (Multi-Intake Conveyance) and Alternative 3I (Multi-Intake Conveyance). Alternative 2C has multiple, unscreened intakes to minimize fishery impacts. There is a problem with the hydraulics, requiring pumps or screens due to tidal variations. When modified to remove technical problems, it looks like Alternative 3I. Due to cost and limited flexibility without storage, **Alternative 2C is recommended to be dropped.** Its features will be evaluated in Alternative 3I.

Alternative 3G (Ship Channel) and Alternative 3B (Canal). Alternative 3G has no major technical problems or adverse impacts, but is functionally similar to Alternative 3B. Alternative 3G has minor water quality benefits not provided by Alternative 3B, but when Alternative 3B is modified to contain those benefits, it is only 1/3 the cost of Alternative 3G. Due to cost, **Alternative 3G is recommended to be dropped.**

Alternative 3C (Pipeline) and Alternative 3A (Canal). Originally, Program staff had recommended Alternative 3C to be eliminated, primarily due to cost. However, both PCT and BDAC wish to retain this pipeline option until further detail is available.

Alternative 3D (Pipeline) and Alternative 3B (Canal). Originally, Program staff had recommended Alternative 3D be eliminated, primarily due to cost. However, both PCT and BDAC wish to retain this pipeline option until further detail is available.

Policy Group was concerned about the Program changing its recommendation to eliminate Alternatives 3C and 3D as a result of BDAC and PCT advice. Is the Program bowing to political pressure, or are there other reasons for keeping the pipeline variations in the mix? Is CALFED

setting a precedent, leading others to expect the same treatment later? Lester Snow explained that were other variations involved, the Program response would have been different. Some of the reasons the Program reconsidered its original recommendations are:

- * The high cost of a pipeline provides assurances against future expansion.
- * The Program hadn't studied putting a habitat on the right of way corridor.
- * Retaining these two variations keeps eastern Delta options in the pool.

Patrick Wright suggested perhaps CALFED could officially drop Alternatives 3C and 3D, but continue to analyze them on the side. Lester Snow assured the Policy Group this would not require substantial additional Program time.

ACTION: Policy Group decided to drop Alternatives 3F, 2C, 3G, 3C and 3D, and perform a sidebar analysis of Alternatives 3C and 3D.

Step 2, Detailed Evaluation - Detailed evaluation is necessary for more specific review of the alternatives using the Program objectives, solution principles, and other concurrent processes (prefeasibility, impact analysis, etc.). Distinguishing characteristics are being identified which are critical in comparing alternatives and in selection of a preferred alternative.

The 12 remaining alternative variations will undergo a detailed evaluation. There are potentially 300-500 characteristics per variation. It is important to develop an adequate list of distinguishing characteristics at this time to ensure that all critical areas are examined during the detailed evaluation.

Loren Bottorff, Program consultant, gave an overview of the original list of 16 distinguishing characteristics, then reviewed amendments and 2 additions that were made as a result of PCT and BDAC input bringing the list to 18. Each of the 18 distinguishing characteristics contains supporting categories of finer detail and will be arrayed in a matrix. The 12 remaining variations will move forward to this detailed evaluation.

The Program is requesting the Policy Group give general approval that the 18 distinguishing characteristics are a useful set, although it will probably need fine tuning as we progress.

There was discussion of water transfer opportunities and water use efficiency. The Program will require people to implement water use efficiency tools to access water from Program facilities.

There's a question of whether or not to include water use efficiency as a distinguishing characteristic, since it's already a common program. Before some Policy Group members would be comfortable removing it from the distinguishing characteristics list, they need assurance we'll get adequate water use efficiency. There are concerns that people forget this key issue. Bob Potter indicated they water community is opposed to having X2 water as a distinguishing characteristic. He encouraged the Program to broaden this, but not eliminate it.

There was a general consensus among the Policy Group that these characteristics are a good starting point. However, members wanted to clearly state their position that the characteristics

are not decision criteria; they will help Policy Group compare alternatives, but other issues will contribute to the selection criteria.

PROGRAM SCHEDULE ISSUES

Lester Snow requested the Policy Group to approve extension of the draft EIR/S deadline from November 1997 to January 1998 because stakeholders are requiring more detail than classic programmatic level. However, even with an extension to January, the following three actions are needed from the Policy Group:

1. We need an interagency legal team to start work now to prepare documents for release of the draft EIR/S.
2. We need "go to" people now, to assist with revising the draft and maintain the Phase II completion deadline.
3. Need Management Team or subset to start working on the basic structure of the draft.

Doug Wheeler voiced strong concern about extending the draft EIR/S deadline again. It's already been moved from August to October to November. If Policy Group is to extend it to January 1998, agencies have the burden of making their case here and now.

According to Lester Snow, the main factor seems to be the demand for an increased level of detail. It takes additional time to compile the additional detail. Also, stakeholders think January is still not enough time. The ag/urban group is still trying to bring their people up to speed.

Mike Spear added that the HCP is a factor in the delay. The stakeholder community wants more than programmatic assurances and won't commit money without those assurances. However, we can't develop assurances without details. Assurances was not a factor when the ERPP was developed. (The HCP outside of the Delta will remain more programmatic due to less detail.)

Policy Group asked several questions about the HCP, and how it affects the Program schedule. Here are some of the items discussed:

- The ERPP provides a baseline for the HCP. The HCP won't have to handle integrated recovery, because that's already contained in the ERPP.
- There are 60 possible storage sites. This must be brought down to 6-8 sites to make the HCP process manageable.
- The HCP needs to be part of Category III. We need to use the \$60 million to begin helping provide assurances.
- Currently, 404 and HCP are running parallel courses. At this time, neither one is holding up the other, but they will later this year.

ACTION: By September: (1) Agencies should provide the Program with names of designees and alternates; (2) the Program should provide to Policy Group, Management Team and PCT, a flowchart of activities and a calendar of events/meetings through January.

Regarding Program resource needs, Ryan Broddrick requested direct and clear communication from Lester before he can make a commitment of resources, including integration panel, etc. Currently requests are coming from and going to different people/levels. Wheeler agreed that different levels of staff handling requests independently makes it difficult for agencies to allocate resources.

Lester Snow said the draft EIR/S is the containment vehicle for the debate. He requested that each agency identify their official policy group member and an alternate. We have to prepare for certification and the record of decision. The Management Team is gearing up again and will deal with interim decisionmaking.

The Group discussed the possible structure of the preferred alternative. Some members favored a hybrid of two variations, so long as it isn't overly broad. This doesn't imply a reluctance to make the hard decisions.

Action: Lester will prepare a memorandum in the next report regarding strategies.

Mike Spear recommended we should have a communications team six months before release.

Kate Hansel will be drafting a memorandum to Policy Group summarizing outcomes of the RFP. The database should be done within a week, then we'll have more detail on proposals. We're currently working to create an integration panel with 19 members, balanced between agency/nonagency representatives. By the October meeting, we'll have a report detailing species, findings.

ACCORD EXTENSION

Tom Hagler described the CALFED agency legal team headed by Patrick Wright, non-legal representative. The team has had held several conference calls and one meeting. The team recognizes the disagreement among stakeholders group, as well as agencies, regarding the Accord. They're drafting language to extend the current Accord, recognizing the continued need to work out issues, e.g., ESA no net loss, State/Federal standards, and commitments, such as biological opinions, the 1995 Water Quality Control Act, and voluntary commitments.

The legal team is recommending a two-part extension. The first part is a short, formal legal statement of the extension. The second part is a longer memorandum including additional details regarding the important issues and what the extension means. He expects to have these documents available for the September Policy Group meeting. It's doable to have them to Lester in two weeks for the meeting packet.

There were questions about the need for a second document; wouldn't it be better to have just one. Tom Hagler explained that the first will be about one sentence and is legally sufficient. The second, about two pages in length, explains intent, and is more in the form of a press release. The second document will avoid addressing disputes, will be more positive.

COST SHARE

Tom Hagler briefed the Policy Group on the status of the Cost-Share Agreement document. The October 1 deadline is about six weeks away. Agencies should come to the cost share group regarding their expenditures for additional credit for expenditures above the baseline amounts.

They're eliminating detailed description of RFP process in the cost-share document, in favor of a Direct Program Approach, an alternative project selection process. Agencies would go directly to Program, e.g., if the Department of Fish and Game owns lands and wants to expand an existing DFG project, it would not be bid out via the RFP process. The expansion project would go directly to DFG, since it's already their project.

Tom conveyed a message from David Cottingham, that CALFED needs to make the Cost-Share, Direct Program Approach and the RFP process mesh better or we stand to lose federal dollars.

Requested the Policy Group to concur with the concept of the Cost Share document.

Requested the Policy Group to agree to assign a team to work on Direct Program Approach. Lester responded that the Program already has a team working on this through the BDAC Ecosystem Roundtable. Tom's team should work with Kate Hansel, then run the approach through the Roundtable.

Policy Group discussed how Direct Approach and agency proposals in the RFP process will affect each other. Ryan Broddrick indicated that DFG was modest, cutting their proposals from 50 to 10. He also urged Policy Group to come to an agreement on the baseline. Tom Hagler explained that they haven't had each agency come up with base, just The Resources Agency and the Department of the Interior. The first agency out of the shoot will have the burden of identifying the base. An agency could add more of their own money to any RFP grant they may receive.

There was a question regarding what Kate Hansel's Direct Program Approach committee should look like.

State agencies brought up the difficulty of getting RFP and Direct Approach in sync with the state budget cycle. Once there's an agreement, how to get the funds to the respective agency budgets.

HEADING

Jim Lecky updated Policy Group on the National Marine Fisheries Service's status review of evolutionary significant units (ESUs). ESUs are groupings of genetically similar species. NMFS performs a risk analysis, including population size, habitat, integrity of stocks, etc.

NMFS recently completed an analysis on steelhead, in six separate regions. Following is a list of these regions and the actions taken:

Klamath Mountain Province (includes part of Oregon): deferred listing
North California - deferred six months
Central California coast - threatened species
South Central Coast - threatened species
Southern California - endangered species
Central Valley - deferred six months

The next species for review is Chinook salmon, which will be done in late December or January.

OPS GROUP

Bob Potter gave a status report on the CALFED Ops Group. We lost more water in June, and last Friday's aqueduct collapse interrupted Shasta Water flow. There's still a possibility of makeup in November and December for makeups. However, he's concerned that makeups will affect spring run fish, listed by DFG.

They're still negotiating with stakeholders. There's ongoing concern about giving up more water and the No Net Loss provision. Ops Group isn't optimistic about making up the water, but they're still trying.

Doug Wheeler asked how they're getting along with the federal agencies. According to Bob Potter, stakeholders are trying to figure out how to make the B2 process work. Policy Group concerned about heavy criticism if we don't get this worked out before it's tested in the spring. Management Team oversight is needed.

B2 DISCUSSION

Patrick Wright updated the Policy Group on B2 activities. There is a policy team, led by John Garamendi, as well as three committees (Fish, Modeling and Toolbox). The three committees meet once or twice per week, and the Policy team meets monthly.

The Toolbox Committee is a downpayment on the CALFED Program, although there's a difference in time frame: the toolbox is planning 3-5 years, the Program far beyond that.

Lester pointed out that the intense effort to get to the issues helps CALFED. However, B2 is the intense resource focus. B2 gets priority over model runs of the Delta. Mike Spear agreed that B2 is a major resource constraint to putting more staff on the Delta.

Bob Potter stated that DWR believes B2 water has already been spent.

Lester believes that for the stakeholders, the key issue is money. Agricultural stakeholders aren't opposed to having more fish water; they just want the restoration fund to pay for it. Where issues collide, if you think there's 800,000 af left, you don't want the government to pay for it. It depends on how much water you think there is.

STAKEHOLDER REPRESENTATIVES

Doug Wheeler made welcoming remarks to stakeholder representatives.

Dan:

We view the Department of Interior's manner of implementing CVPIA and B2 as being close to breaching the Accord, at a minimum. It also distracts us from the CALFED process. The Accord provided (?) certainty, integration of statutes, and transfer of authority over California resources from the federal government to the state.

Our impression is B2 could breach those. We're involved in the groups; it takes a tremendous amount of time to stay involved in the process, which is disturbing. We would rather spend our resources on CALFED than B2. That's what we thought we accomplished with Accord. Now we're right back to where we were in 1994.

Barry?:

The relationship between B2 and the Accord surfaced about 1-1/2 years ago. Stakeholders still support the Accord. Want to discuss the linkage. Should be implementation of CVPIA.

Tim:

I haven't felt anxiety like this in years. The urban community wants CVPIA issues resolved quickly. We've had obstacles too long. We feel we're either on a threshold to move forward as with the 1994 Accord, or standing on an abyss, going belly up.

EBMUD?

We're involved with toolbox group. Right now there's insufficient data to provide certainty. Each of the tools will cost money. We're trying to identify pots of money to implement the Program, to ensure forward movement.

Gary Bobker: We must resolve this soon. The rules are unclear. The last 2-3 years have been agony.

CVPIA and CALFED integration.

- Roundtable
- Institutional
- Number of tracks

There is a fundamental inequity that must be addressed. A federal law in 1992 provided a standard for CVP people. The Accord agreed to these standards to double the fish population. However, only one set of water users is being asked to double the fish population. This is the responsibility of other parties besides the CVP south of Delta water users.

Tom Clark, KCWA: I'm alarmed by the contention that B2 water above the Accord was consistent with (the principles in?) the Accord. There have been commitments made among parties, working relationships have been established. The last six weeks my people have been

focused solely on B2 and haven't done any CALFED work. And we've got a deadline.

1997 Ops show 170,000 af of project water. Now there are impediments to making up the water. There's supposed to be "no net loss." CALFED could lose consensus.

Doug Wheeler agreed that it's important to maintain consensus, and recognized the large demand of B2 on resources. We're seeing the result in slippage in CALFED deadlines.

Bob Perciasepe reiterated consensus commitment. He mentioned stakeholder and BDAC input on narrowing, which was discussed earlier in the day. CALFED is starting to see patterns in stakeholder comments.

Urban guy:

Coming to realization we can't jump from status quo to a solution.

Toolbox committee -- looking to start next year, 3 years, 5 years. Caution. We won't walk away, can't make mistakes.

Larry: Toolbox can be link between CVPIA and CALFED. See the potential for environmental assurances -- challenges -- package to assure we move forward together.

Implementation of CVPIA is an assurances test for CALFED. It's been five years, and it had a mandate from the President. If that's not enough to get it implemented, what about CALFED?

See federal contractors bearing more than 50 percent.

Wheeler: The question is how to integrate CVPIA, CALFED and the toolbox committee to avoid duplication of effort.

Urban Rep: No one is saying not to implement CVPIA, but look to the 1994 Accord for glue. Emotional levels among the stakeholder community are high.

Patrick Wright asked the representatives to express to their constituents that this can work. The CALFED agencies are committed to it.

Tom Clark: We're committed to work, but we don't want to pull people off CALFED.

Bob Perciasepe recognized the situation, and stated that if Congress believes CALFED is failing, they won't fund the Program, in spite of the Administration's commitment.