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August 11, 1998

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

Re: CALFED'S Draft Preferred Program Alternative

Dear Lester,

I am writing as a member of the Bay Delta Advisory Council (BDAC) in response to your request for public comments on the "August 5, 1998," Draft Preferred Program Alternative.

CALFED released the revised draft Preferred Program Alternative late last week and asked for comments by today. As you are aware, this is an inadequate time frame for public review. Most people received notification only yesterday that the revised draft existed and have not had the chance to review the document in detail.

A more significant concern, however, is the decision of CALFED to go forward with the development of the draft alternative without *first correcting the substantive baseline errors in the draft PEIR/PEIS analysis on which CALFED is relying*. This violates NEPA/CEQA requirements as well as common sense.

CALFED identified in the Phase II Report the key questions that needed to be answered "before State and Federal decision makes and interested stakeholders can decide on a comprehensive solution." (*pg viii, Phase II Report*). The first question is "Are the assumptions and technical evaluations performed by CALFED valid?" (*Page vii, Phase II Report*). This means that CALFED needs to affirmatively answer yes to this question before it can make informed, reasonable decisions on what the preferred alternative should be.

Since the release of the Phase II Report in March, many outside experts and stakeholders, including the Environmental Water Caucus, have told CALFED repeatedly that a variety of foundational issues -- financial, operational and legal -- on which CALFED was relying in the development of its preferred program alternative are *wrong*. Consistent with CALFED's Phase II Report, these issues must be corrected, or CALFED will be using inaccurate information as the basis for its decision making.

Key among these issues are the water demand forecasts used as the foundation for all of the water simulation/environmental impact modeling in the draft PEIR/PEIS. CALFED relied upon information contained in Bulletin 160-98, the California Water Plan developed by the State Department of Water Resources (for example, see the description of DWR Planning simulation model, assumptions for CALFED No Action Alternative, pg A-5).

B160-98 was released for public review early this year, and has been resoundingly criticized for providing inaccurate, inflated forecasts of 1995 base year and 2020 future water demand. Yet, to my knowledge, nothing has been done by CALFED to correct this baseline problem in the draft PEIR/PEIS analysis.

Now CALFED has received independent verification that the foundational analysis for the draft PEIR/PEIS is wrong.

On August 5, testimony on the accuracy of the B160-98 urban water demand projections was presented to the California Senate Select Committee on CALFED Water Programs by Dennis O'Connor, Assistant Director, California Research Bureau, California State Library. As you know, the California Research Bureau provides the California Legislature with independent, non-partisan analysis of issues that are of interest to the Legislature.

The California Research Bureau testimony is attached. The key points from this testimony are:

- * CALFED's programmatic analysis relied upon urban water demand figures provided by the California Department of Water Resources (DWR) in Bulletin 160-98.
- * DWR overstated urban water demand for the 1995 base year by 15% -- approximately 1.2 million acre-feet -- see pages 5-7 and Charts #1, #2 and #7.
- * If the 1995 baseline is overestimated, so too is the projected 2020 level of demand because DWR forecasted water use based on projected changes to this baseline -- see page 9.
- * DWR used obsolete data (1980-1988) as the basis for its 1995 urban demand projections see pages 5-7, 10 and Chart #4.
- * Small errors in DWR's forecasting methodology generate hundreds of thousands of acre-feet of water see page 9.
- * DWR failed to recognize the significant, permanent reduction in urban water use in Southern California (a majority of the statewide urban use) resulting from the drought and related regional investments in water conservation programs -- see pages 5-7, Charts #5 and #6,

As stated in the California Research Bureau testimony, the accuracy of the State's water use projections is of critical importance because of CALFED's core dependence on this information. *If DWR's analysis is flawed, so too is the PEIR/PEIS environmental analysis developed by CALFED to support its record of decision making on what needs to be done to "fix" the San Francisco Bay Delta.*

The California Research Bureau is also correct in pointing out that the accuracy of the underlying water demand forecasts is a critical assurance issue. If the draft preferred program alternative is to meet the solution principles set forward by CALFED it must be based on information that all stakeholders perceive to be accurate.

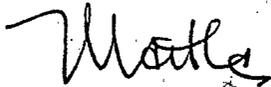
To date, CALFED staff have stated that no substantive revision of the draft PEIR/PEIS will be done prior to the development of the preferred alternative program and the release of the programmatic documents for public review. Again, this makes no sense in light of the serious baseline issues raised by the California Research Bureau and others.

Lester, how can CALFED advance a credible and defensible "preferred" Program Alternative in light of these significant problems? How can the stakeholders who have put years of time and effort into the CALFED process support this as an outcome?

These are hard questions and they come at a difficult time. I realize that some people will not want to hear them. But, together, we share a collective responsibility to the people of California to deliver a program that will truly protect the Bay Delta and meet the solution principles. We've got to face up to that responsibility.

And that means that CALFED needs to do its job and correct the baseline assumptions, re-do the modeling, and revise the environmental analysis before a decision can be made on what CALFED's "preferred" program alternative should be.

Sincerely,



Martha Davis

Attachment: Statement of Dennis O'Connor
Assistant Director, California Research Bureau, California State Library
Presented to Senate Select Committee on CALFED Water Program
August 5, 1998