



**CALFED
BAY-DELTA
PROGRAM**

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April 7, 1998

Gary Bobker
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Dear Gary:

Thank you for your letter of January 6, 1998. As you know, the release of the draft EIS/R on March 16 marked the commencement of a process of further technical analysis and public policy debate which I hope will bring us to a decision on a preferred program alternative which all communities of interest in the state can support.

In your letter you outlined program areas or efforts which from your perspective warrant further analysis or development. You described specific analytic efforts which you recommend be undertaken by CALFED in order for the environmental community to support any decision made on a preferred alternative. I would like to respond by describing to you how we at CALFED are trying to do a better job of building an integrated water management program for the Bay-Delta. In doing so, I will describe what activities CALFED is undertaking, or is anticipating undertaking in the near future which are responsive to the analytic concerns you raised. Because each common program element is linked in some significant way to the other program elements, we will be developing analysis which cuts across and addresses multiple aspects of this more integrated approach to water management.

First, I will describe our current activities in ecosystem restoration and water quality. Second, I will briefly describe the approach we are developing to analyze our overall water management approach. We are in the process of developing an analysis which will evaluate the full range of integrated water management activities--water use efficiency practices (conservation and reclamation), the construction of storage and/or conveyance facilities, and expanded transfers.

We are currently in the process of finalizing work plans for each of the common programs through completion of Phase II. As soon as these work plans are completed, we will send you a complete set so that you will have a more comprehensive picture of the scope of work the Program intends to carry out in the next several months.

CALFED Agencies

California
The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board

Federal
Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
Department of Commerce
National Marine Fisheries Service

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Ecosystem Restoration

With regard to the Ecosystem Restoration program--as you know we have a work plan and are working on a scope of work and a budget for staff and contractors for the strategic plan which you recommend in your letter. Our intent is to have a draft plan completed by mid-1998. We will use the strategic plan as the "operating system" for the whole of CALFED's restoration effort. It will be used to manage the remaining work under the Restoration Coordination Program and various parts of the conservation strategy. It may also serve other restoration efforts which are not under the CALFED umbrella. Additionally, the strategic plan will serve as the template for regional strategic plans which we intend to develop with the assistance of local watershed alliances throughout the solution area. (See enclosure).

Water Quality

The water quality staff are currently finalizing their portion of the overall CALFED Implementation Strategy which forms the basis of the program work plans I referred to above. The water quality elements of the implementation plan are being developed in collaboration with the Water Quality Technical Group. We will be discussing the plan at our next meeting tentatively scheduled for April 29. We urge you and other environmental community representatives to attend that meeting to discuss and critique the plan.

Regarding your comments on source water protection--we plan to produce as comprehensive an evaluation of the benefits of source protection, pollution prevention, and watershed management elements as is possible within the constraints of the appropriate program level of detail, and within the limits of technical feasibility. Our ability to quantify benefit will be constrained by the reality that non-point sources pollution prevention and control is technically complex, and is subject to a number of uncertainties. For example, the full extent of pollution and its effects on the biota is generally not fully understood; the effectiveness of some control and prevention measures are not entirely predictable; and, it is often not clear how long remediation will take, nor how much it will ultimately cost.

We are also developing modeling capability to estimate costs of treating waters to various drinking water standards for the three distinct levels of source water quality that would result from implementing the alternatives. At the present time, we are working to verify that the model appropriately simulates the various treatment processes used by entities treating Delta water. While it is not certain when results can be made available, we anticipate being able to incorporate the information by the time the program environmental document is finalized.

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Finally, we have recently received more refined modeling results that should more accurately estimate the in-Delta water quality effects of the alternatives. Water Quality Program staff would be pleased to meet with staff of your organizations to go over these results in detail.

Water Supply Reliability Analysis

As you know, the current water supply objective is to reduce the mismatch between supply and demand. The direct implication of this statement is that water demands will not be the dominant component of the CALFED Bay-Delta Program solution process. Instead, the Program has focused on developing a comprehensive and balanced solution which achieves substantial ecosystem restoration, water quality, levee system integrity, water use efficiency improvements and water supply augmentation, *to the extent it is compatible with, and complementary to the objectives of the other program elements*. CVP and SWP contractual obligations (adjusted to reflect demand differences) have been used in system modeling to determine the maximum potential system-wide reduction in mismatch between supply and demand under the program alternatives. System modeling completed to date, which substantially incorporates current Bay-Delta standards, CVPIA implementation ERPP flow targets, and operating assumptions for new facilities, suggests that CALFED alternatives could provide up to 900 TAF of critically dry period supplies, relative to existing conditions (1995).

Our staff shares your belief that it is necessary to progress beyond this level of analysis to explore demand assumptions in greater depth in order to develop a fuller understanding of the inter-relationships of program elements and market forces. Such analysis, if it is to advance the current understanding of system demands, would likely need to incorporate the impacts of urban and ag conservation, recycling, price, water transfers for consumptive and environmental uses, conjunctive management, and other measures in a comprehensive hydrologic, economic and institutional evaluation.

We have developed an initial scope for a least cost analysis of the range of these proposed CALFED water management actions and their impacts on agricultural and urban users, the California economy, the environment, and local communities. This will include taking a look at demand reduction equivalencies and the potential impacts of an active water market as they compare to the cost of new storage or conveyance. We would like to discuss with you the potential effectiveness of a technical panel of economists representing a balanced set of interests to guide us in these efforts. While we hope to complete a significant piece of this analysis in the next several months, we view this effort as one of a host of ongoing research and monitoring efforts which will need to be continually refined as the program is implemented stage by stage.

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Another key to the success of a more integrated water management approach is in how the programs will be phased and paid for. This analysis will begin to assist us in analyzing the most efficient ways to improve water supply reliability and will provide input to the economic analysis of the cost of additional storage and/or conveyance facilities.

As you know from our recent discussions, a central principle in the implementation of the CALFED Program is that all common program actions have to be linked to one another through a comprehensive package of assurances. A second central principle is that program actions must not only be linked to one another so that the common programs move forward together, but they will have to be phased over time. Therefore, for example, it has been suggested that permitting for a new storage project would be linked to demonstrated improvements in ecosystem quality, water use efficiency and to a more active water transfers market. Decisions regarding priorities for levee repair and stabilization will be integrated with the habitat restoration actions proposed in the ERPP. Additionally, proposals for how and when public and water user dollars are spent need to be linked to the integration of program actions to create a durable assurances package. In fact, some of the features of this approach were described and proposed in the letter sent to CALFED by EWC in February of last year.

As I stated above, as soon as the draft documents are complete, we will be sending you a complete description of the implementation approach, as well as an outline of the work plans for all CALFED programs through the end of this year. I hope in the meantime that this letter gives you a better sense of how we are responding to the analytic concerns you raised in your January letter.

Thank you for your continued input. I apologize again for the delay in our response, and thank you for your patience and continued commitment to the Program.

Sincerely,



Lester A. Snow
Executive Director

cc: Tom Berliner
Hal Candee

Enclosure