

NOTE: Additional issues are inserted below onto the original hand-out from last week's Management Team meeting. Some issues have been struck and rewritten. The new issues are marked with asterisks and divided into two categories: areas of strong concerns and/or active disagreement amongst the stakeholders/agencies (noted with one asterisk); and areas which need further development regardless of whether there is controversy (noted with two asterisks). At a minimum, the former (*) need to be in sidebars. The latter (**) can either go in the sidebars and/or in the narrative describing that program element.

The primary sources that were drawn from to compile these additional issues were: letter from Karen Schwinn to Lester Snow dated 9/30/97; letter from Felicia Marcus to Lester Snow dated 1/15/98; memo from Tom Hagler to the CALFED Drafting Team dated 2/13/98; and the summary of the 1/26-27/98 CALFED Policy Group meeting.

PHASE II Program Element Issues and Concerns

The following are summaries of issues and concerns, which have been, raised by stakeholders and CALFED agencies with respect to the Phase II program elements. These summaries are to be inserted in the sidebar boxes provided in chapter 3.

Levee System

- Concern has been expressed that the cost of implementation may exceed the benefits and that alternative forms of risk management should be considered.
- Proper integration of the Levee, Water Quality, and Ecosystem program elements is essential and may require a specific management entity to assure integration.
- * The proposed design of setback levees results in the loss of much productive agricultural land.
- * Fear about lowering the priority of the levee restoration program should an isolated facility be built.
- * Will the levee system prevent the catastrophic flooding we've seen in recent years, at a cost we can afford?
- * A major levee improvement program may require substantial dredging in the Delta and rivers, and this dredging may adversely affect sensitive fish and wildlife resources.
- ** Determine standards for levees that are both protective and affordable.
- ** Determine how to maximize the reuse of dredged material for levee restoration while ensuring water quality protection.

Water Quality

- ~~The program should contain more specificity on constituent objectives and actions.~~
 - Disparate views have been expressed regarding the program approach; some have advocated a regulatory framework in order to enforce the objectives, whereas others have advocated an incentive-based approach or a "safe harbor" approach to encourage voluntary partnerships in addressing non-point source problems.
 - ~~This element needs a clear implementation plan showing integration with other program elements.~~
- * Concern that the program is not sufficiently aggressive or adequately developed in order to move us beyond current efforts to address water quality issues. Or, in other words - Concern over whether the water quality program will really add value to ongoing efforts addressing water quality.
- * Differing views on the trade-offs between providing the highest quality source water vs. relying upon treatment methods to provide sufficiently high quality drinking water, and whether sufficient information exists to draw a final conclusion.
- * Disagreement over whether the program should include dilution-oriented actions, which are currently included in the "water management" category.
- * Concern over potential deterioration of in-Delta water quality if an isolated facility is built. > 300,000
- ** The program should reflect greater specificity on constituent objectives, proposed actions, and how it will build upon ongoing water quality programs.
- ** CALFED needs to develop a clear implementation plan that provides greater specificity, articulates relative priorities amongst the variety of actions, integrates the water quality element with the other program elements (particularly ecosystem restoration), and evaluates the effectiveness of proposed methods to achieve the state objectives. The plan also needs to determine the appropriate and effective balance of regulatory and voluntary/incentive approaches to carry out actions and accomplish objectives.

Ecosystem Restoration

- Broad interest in development of the implementation strategy which integrates resource priorities, scientific oversight, and collaborative decision-making.
 - Concern that while adaptive management decision making is essential it creates unique and difficult assurance issues, which has lead to discussion of new institutional structures.
 - The habitat restoration actions represent potential significant agricultural land conversion particularly in the Delta. Efforts to reduce and avoid impacts should be included at both the program and subsequently the project level.
- * Differing views of the importance of diversion effects vs. habitat enhancement in

protecting and restoring fish. Can recovery be achieved while maintaining diversion in the South Delta?

- * Extent to which restoration priorities should include San Francisco Bay area.
- * Question of reintroducing anadromous fish in the upper watersheds above the dams.
- * The ERP will result in conversion of much agricultural land to natural habitat.
- ** Need to develop a program to prevent and control invasive species.
- ** Further assessment of the flows needed for ecosystem restoration/rehabilitation, and the variety of options to obtain these flows, including storage, reoperation of storage and changes in diversion patterns, transfers, and regulatory measures.
- ** ERP needs to include conceptual models and a complete set of meaningful indicators of success.
- ** Further analysis to determine the criteria for governing the capturing of peak flows, and the adaptive management plan to accompany this operating criteria.

Water Use Efficiency

- The program does not include direct demand management actions such as agricultural land conversion in order to avoid water diversions and lessen or delay the need for storage facilities.
- Program implementation is very dependent on a robust water market in order to provide the economic incentive to implement water conservation measures, which may not be cost effective on a local basis.
- There is some stakeholder disagreement over the current program approach, which is market based versus a more aggressive regulatory framework.
- * There are inconsistent requirements between state and federal agricultural water users with respect to tiered pricing and water measurement. Additional analysis could be done regarding the extent of measurement done now by agricultural water agencies and the potential ramifications of establishing a higher threshold for CALFED benefits.
- ** Need to develop an implementation plan for the technical, planning, and funding assistance programs proposed for urban, agricultural, and water recycling components.
- ** Further analysis is needed on the costs and benefits of land retirement and land fallowing.

Water Transfers

- Market transfers are critical to several other program elements in that increased economic

incentives are necessary to ensure proper implementation of important water management tools. Concern has been expressed that adequate implementation of the Water Use Efficiency program is unlikely without the economic incentives provided by a market. Additionally, a viable market helps to avoid premature or over investment in supply facilities such as surface storage.

- Protecting rural economies and lifestyles from unintended transfer impacts is difficult but essential.
- An independent transfers Clearing House may be necessary to provide adequate public review of transfers.

* Note: The BDAC Water Transfers Workgroup developed a list of over a dozen issues that they felt needed to be addressed. Their focus thus far has been on two of these issues: Impacts to ground water resources and impacts on third parties. In addition, the Transfers Agency Group has a list of more technical issues related to definitions and process. Both of these lists need to be included in the sidebar and/or narrative.

* There are varying opinions on the degree and type of restrictions that should be imposed on the water transfer market.

** More analysis is needed on the magnitude of water transfers expected under the "no action" as well as under CALFED alternatives. (Some of this work has already been done for the CVPIA PEIS.)

** More analysis is needed on the anticipated impact of transfers on water supply reliability.

Watershed Management

- Must include a high level of public and local government partnerships.
- Concern that there is over-focus on the lower watershed and there needs to be a long-term commitment to upper watershed investment.

** CALFED needs to engage local watershed organizations as the program moves into implementation planning and decision-making.

Storage

- Some stakeholders view surface storage as a physical assurance to avoid groundwater impacts of conjunctive management programs.
- There are concerns that storage must be financed on a strict beneficiaries pay basis out of concern that subsidizing the cost of water from storage would undermine a transfer market and limit implementation of water use efficiency measures.
- It has been suggested that surface storage should only be considered in a staged alternative. That is, storage could not be constructed until certain milestones had been achieved (such as in transfers and water use efficiency).
- Storage can be utilized to facilitate transfers (enabling the transfer of water between

seasons and years).

- * Some stakeholders believe that CALFED's water use efficiency program needs to be more aggressive before deciding to create new storage facilities, in order to ensure that current supplies are being most efficiently used.
- * Need to determine the appropriate balance (from an economic and environmental perspective) of new storage, water use efficiency measures, and reliance on transfers
- * New storage is seen by some as the only way to enhance supplies.
- * The cost of new storage may be prohibitive.
- * Environmental or operational concerns have been raised about specific potential storage sites.
- ** Additional study is needed on screening potential reservoir and ground water sites, i.e the prefeasibility studies to refine the economics and engineering.

Conveyance

- Objective consideration of a new Delta channel (or isolated facility) may not be possible due to the political stigma resulting from the peripheral canal debate in the early 1980's.
- Consideration of major conveyance modifications requires significant assurances.
- ** In further evaluating and refining the alternatives, questions of size, cost, function, operation, control, and impacts of new facilities needs to be addressed.

Water Supply Reliability (alternatively, this issue can be repeated under WUE, storage, and transfers)

- ** Analysis is needed to determine the appropriate mix of water use efficiency measures (including conservation, reclamation, and transfers) and new facilities to identify the least-cost and least environmentally damaging ways of meeting CALFED's objectives.
- ** Analysis is needed on the impacts of marginal cost pricing for new water under each alternative, and the potential for CALFED to impact existing prices through water project contract renewals.