OVERSIGHT HEARING ON THE CALFED PROGRAM AND CALIFORNIA CENTRAL VALLEY PROJECT (CVP) OPERATIONS

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

OF THE

COMMITTEE ON RESOURCES
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

MARCH 30, 2000, WASHINGTON, DC

Serial No. 106–88

Printed for the use of the Committee on Resources

Available via the World Wide Web: http://www.access.gpo.gov/congress/house
or
Committee address: http://www.resourcescommittee.house.gov

U.S. GOVERNMENT PRINTING OFFICE
67–477 DTP WASHINGTON : 2001

COMMITTEE ON RESOURCES

DON YOUNG, Alaska, *Chairman*

W.J. (BILLY) TAUZIN, Louisiana
JAMES V. HANSEN, Utah
JIM SAXTON, New Jersey
ELTON GALLEGLY, California
JOHN J. DUNCAN, JR., Tennessee
JOEL HEFLEY, Colorado
JOHN T. DOOLITTLE, California
WAYNE T. GILCHREST, Maryland
KEN CALVERT, California
RICHARD W. POMBO, California
BARBARA CUBIN, Wyoming
HELEN CHENOWETH-HAGE, Idaho
GEORGE P. RADANOVICH, California
WALTER B. JONES, JR., North Carolina
WILLIAM M. (MAC) THORNBERRY, Texas
CHRIS CANNON, Utah
KEVIN BRADY, Texas
JOHN PETERSON, Pennsylvania
RICK HILL, Montana
BOB SCHAFFER, Colorado
JIM GIBBONS, Nevada
MARK E. SOUDER, Indiana
GREG WALDEN, Oregon
DON SHERWOOD, Pennsylvania
ROBIN HAYES, North Carolina
MIKE SIMPSON, Idaho
THOMAS G. TANCREDO, Colorado

GEORGE MILLER, California
NICK J. RAHALL II, West Virginia
BRUCE F. VENTO, Minnesota
DALE E. KILDEE, Michigan
PETER A. DEFAZIO, Oregon
ENI F.H. FALEOMAVAEGA, American Samoa
NEIL ABERCROMBIE, Hawaii
SOLOMON P. ORTIZ, Texas
OWEN B. PICKETT, Virginia
FRANK PALLONE, JR., New Jersey
CALVIN M. DOOLEY, California
CARLOS A. ROMERO-BARCELÓ, Puerto Rico
ROBERT A. UNDERWOOD, Guam
PATRICK J. KENNEDY, Rhode Island
ADAM SMITH, Washington
CHRIS JOHN, Louisiana
DONNA MC CHRISTENSEN, Virgin Islands
RON KIND, Wisconsin
JAY INSLEE, Washington
GRACE F. NAPOLITANO, California
TOM UDALL, New Mexico
MARK UDALL, Colorado
JOSEPH CROWLEY, New York
RUSH D. HOLT, New Jersey

LLOYD A. JONES, *Chief of Staff*
ELIZABETH MEGGINSON, *Chief Counsel*
CHRISTINE KENNEDY, *Chief Clerk/Administrator*
JOHN LAWRENCE, *Democratic Staff Director*

SUBCOMMITTEE ON WATER AND POWER RESOURCES

JOHN T. DOOLITTLE, California, *Chairman*

KEN CALVERT, California
RICHARD W. POMBO, California
HELEN CHENOWETH-HAGE, Idaho
GEORGE P. RADANOVICH, California
WILLIAM M. (MAC) THORNBERRY, Texas
GREG WALDEN, Oregon
MIKE SIMPSON, Idaho

CALVIN M. DOOLEY, California
GEORGE MILLER, California
PETER A. DEFAZIO, Oregon
OWEN B. PICKETT, Virginia
ADAM SMITH, Washington
DONNA MC CHRISTENSEN, Virgin Islands
GRACE F. NAPOLITANO, California

ROBERT FABER, *Staff Director/Counsel*
JOSHUA JOHNSON, *Professional Staff*
STEVE LANICH, *Minority Staff*

CONTENTS

OVERSIGHT HEARING ON THE CALFED PROGRAM AND CALIFORNIA CENTRAL VALLEY PROJECT (CVP) OPERATIONS

THURSDAY, MARCH 30, 2000

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER AND POWER,
COMMITTEE ON RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:06 a.m., in room 1334, Longworth House Office Building, Hon. John T. Doolittle (chairman of the subcommittee) presiding.

Mr. DOOLITTLE. The Subcommittee on Water and Power will come to order. We are meeting today to hear testimony on the CALFED program and the California Central Valley Project Operations.

I know most of our members are familiar with this rule, but I just want to reiterate it today that the oral opening statements are limited to the chairman and the ranking minority member, and this is for the purpose of hearing all the testimony and allowing everybody to meet their travel schedules at the end of the day. All members' statements will certainly be included in full in the written record.

Let me ask unanimous consent—I have extended an invitation today to all of the members representing the Central Valley to join us here on the dais—and I see none of them at present, but I do believe they will be here. Is there objection to that request?

[No response.]

Mr. DOOLITTLE. Seeing none, that will be granted.

STATEMENT OF HON. JOHN T. DOOLITTLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DOOLITTLE. Water, obviously, is vital for all of California, and over the last 5 years we have held a variety of hearings in the management of Central Valley Water. This hearing today on CALFED and CVP Operations continues the debate on how Congress will address these important issues.

As many of you are aware, since the 1996 authorization for CALFED, the Subcommittee on Water and Power has asked for specific information regarding the CALFED budget, ecosystem standards and criteria and how the future water supply needs of California will be met.

I expect, today, to hear from a diverse group of water users in California who will provide their insight on, one, the accuracy and

comprehensiveness of the cross-cut budget prepared by the Department of the Interior and the State of California. One of those charts facing the audience displays that, and the members will shortly have their own copy; two, how effective the CALFED program has been; three, what modifications to the CALFED authorization are necessary to support an extension; and, four, what steps should be undertaken to improve the reliability and water quality of CVP water deliveries.

Today, I will address four areas of specific interest to this subcommittee:

One, CALFED financing. First, we need to ensure that CALFED funding is spent responsibly. As many of you are aware, the Federal CALFED funding experiment has allowed hundreds of millions of dollars in appropriations without the Congress knowing how the money would be spent. We were continually told that CALFED could handle such funds, even though it was a startup operation.

The current picture is of a program unable to manage the money provided. Of the $430-million authorization, $210 million has been appropriated. And as of the Department's last report, the expenditures from that appropriation of $210 million are a mere $35 million. Specific goals for those expenditures remain lacking, and a clear, transparent crosscut budgeting system has yet to be developed. The subcommittee is concerned that the Federal agencies involved in the CALFED program are not coordinating the myriad of activities going on in the watersheds under restoration.

Two, getting better together. Under the Bay-Delta Accord, there was a general understanding that the time had come to improve the environment, establish reliable water supplies and improve water quality. However, since that time, water users have actually lost 300,000 acre-feet of water from the system. Water quality remains a concern based on the operation of the system. And while a great deal of money has been appropriated for environmental restoration, we lack the kind of good science and coordinated operation which should be a foundation for this effort.

Three, augmentation of our current water supply. Our existing water management systems can no longer provide a sufficient reliable water supply to meet the needs of both the environment and of our current water users. How can we support a thriving business community, a growing urban population and an agricultural economy worth billions of dollars if we can't even meet our current needs? Over the last 3 years, we have had to curtail water use in several parts of the State not because of a shortage of water, but because of a lack of ability to restore water. We are in, currently, our sixth wet year in California, and it appears that nobody, on either the Federal or State level, is willing to address what will happen during the first year of a drought. If we can't make contracted deliveries to water users in wet years, I can't imagine what will happen in times of merely an average water year or, indeed, of a drought.

Four, regulatory certainty. The Congress and the American public are watching the CALFED experiment to determine if the CVPIA, ESA and Clean Water Act can be carried out in a way that does not play brinkmanship with the water that people need each day for drinking, for industry and for agriculture. If those laws

can't be made to work in this case, they can't work anywhere. While it is fine to discuss the need for future water projects, there are short-term reforms necessary to sustain ecosystem restoration, as well as water development.

One, there is broad administrative discretion in meeting environmental laws. We have seen this discretion exercised in ways that have minimal or no benefit on the environment and significant negative impacts on water users. Discretion must be exercised to increase contract water supplies up to the contract amount.

Two, administrative discretion should be exercised to minimize the adverse economic consequences of enforcing the CVPIA, ESA and the Clean Water Act.

Three, the Government needs to make sure that only existing peer-reviewed science is used as a basis for administrative decisions.

Four, a commitment must be made that there will be no additional loss of water deliveries. Any new water for environmental purposes must be provided by the agencies as a public benefit paid for by the public.

Five, if an Environmental Water Account is identified, it should be used in lieu of rather than in addition to current curtailments of water supplies.

And, six, the Federal Government should immediately work with the State of California to develop a plan for more flexible operations that will improve water quality and supply.

I look forward to hearing the testimony and discussing the future of California's water management with the witnesses. And I will recognize our ranking member, Mr. Dooley, for his opening statement.

STATEMENT OF HON. CALVIN M. DOOLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DOOLEY. Mr. Chairman, I want to thank you for holding this hearing today to review the status of the CALFED process and the implementation of the CVPIA Act. These two efforts are closely interwoven and both will have a profound impact on the future of California. I would also like to thank our witnesses today for their participation in this important hearing.

Obviously, my constituents have been deeply impacted by the CVPIA and have been active participants in the CALFED process because they recognize that resolving the environmental problems associated with water project development is a key to restoring and ensuring an adequate and reliable water supply for the future. They are anxiously awaiting the completion of the CALFED report. The prescription for meeting California's long-term water needs must balance the interests of municipal, industrial, agricultural and environmental stakeholders.

Any solution will require significantly more water storage than what is currently available. A collaborative process, such as CALFED, remains the most effective mechanism for developing a long-term solution that addresses California's water supply and water quality needs while simultaneously protecting and restoring the State's unique ecosystems.

From my perspective, a well-functioning process is a balanced one that produces tangible benefits for all participating stakeholders. It is clear to me, as I hope it is to all of those involved, that this process will not succeed if major concerns of key stakeholders remain unaddressed. It is also important that we recognize that all policy decisions affecting California's water supply have an impact on our ability to devise a long-term solution.

I have been impressed and encouraged by the cooperative spirit displayed by the stakeholders with respect to the appropriations request. I also greatly appreciate remarks and recent intense efforts by Secretary Babbitt which demonstrate his continued commitment to a balanced process that addresses water supply and quality concerns.

I look forward to the continued leadership from Secretary Babbitt, Secretary Nichols, Governor Davis, the stakeholders and the members of this committee as we move together toward a balanced, long-lasting response to California's water supply and water quality needs.

Mr. DOOLITTLE. I note that Mr. Condit has joined us, one of the very key representatives in the Central Valley who has been invited to sit up here. I have always thought you belonged on this side of the aisle Gary.

[Laughter.]

Mr. DOOLITTLE. Let me call up our first panel out of three and invite them to come forward and remain standing. Would you please raise your right hands.

[Witnesses sworn.]

Mr. DOOLITTLE. Thank you. Let the record reflect each answered affirmatively. And, gentlemen, please be seated. We are very pleased to have you here.

We will begin today. I think you are all familiar with the 5-minute rule, and those lights are provided as a guide. You don't have to cutoff in midsentence, but we do have three panels, and there is some major testimony and questions to be asked, so we are a little bit under the constraint of time. Plus, we will have, I might just announce, in approximately 15 minutes or so, we will have a vote, and then the rest of the votes I guess will be rolled until 12:30 or so. So, hopefully, we can conduct our business pretty well uninterrupted except for those two occasions.

Our first witness will be Mr. Richard M. Moss, who is the general manager of the Friant Water Users Authority. Mr. Moss?

STATEMENT OF RICHARD M. MOSS, GENERAL MANAGER, FRIANT WATER USERS AUTHORITY, LINDSAY, CALIFORNIA

Mr. MOSS. Thank you very much, Mr. Chairman.

The Friant Water Users Authority consists of 25 member agencies that all receive water from the Friant Division of the Central Valley Project. The Friant Division diverts from the San Joaquin River northeast of Fresno. Our members annually deliver about a million-and-a-half acre-feet to some one million acres of farmland and some of the most productive farmland in the world generating approximately $4 billion in agricultural production at the farm gate each year.

The Friant Division directly diverts water from the San Joaquin River, which is otherwise tributary to the Delta. We also indirectly are dependent upon export pumping of the Central Valley Project from the Delta to meet prior water rights obligations that allow us to divert the water at Friant Dam. This otherwise is known as the exchange supply. Thus, we have great interest in any actions that may affect our ability to divert water from the San Joaquin River or that may affect our ability to have the Central Valley Project provide that exchange supply.

I should also note that we are working very hard with environmental interests and others pursuing restoration of the upper main stem of the San Joaquin River from Friant Dam to its confluence with the Merced, a project which I believe will have significant implications in the future for CALFED. It is, thus, for these reasons that my agency and my constituency is extremely interested in CALFED and seeing CALFED be a success.

We, like the committee, are all ears, waiting for Governor Davis and Secretary of Interior Babbitt's negotiations to culminate and to provide us with their decisions. Given that these are closed-door negotiations, all we can do is provide the negotiators with a very clear understanding of what we believe must be in the final solution. And with this committee's help, maybe they will be able to hear our message.

Let me now focus briefly on three aspects of the CALFED situation, the CALFED solution that we believe must be there at the end of the day:

No. 1, and, Mr. Chairman, you mentioned it already, is regulatory certainty. We need that now. We don't need that years from now. We have witnessed a steady diminishment over the past several years of the ability of the State Water Project and the Central Valley Project to deliver good quality water from the Delta. Virtually all of this has been as a result of regulatory actions under the CVPIA or the Endangered Species Act. We now hear that more cuts are in the offing, and this situation is clearly untenable. There has to be some stability from which we and CALFED can build. Without a foundation of stability, CALFED will fail. CALFED simply cannot build new water supply as fast as they have the ability to take it away.

Let me give you a sense of the magnitude of the problem. We could spend three-quarters of a billion dollars on raising Friant Dam and maybe generate 150,000 acre-feet of new yield, clearly a project that I am in support of. But last year, because of the Delta smelt, we saw reductions in Delta export pumping and the creation of a 350,000 acre foot hole in San Louis reservoir clearly putting San Joaquin Valley agriculture at risk, including the Santa Clara Valley and the industry that they support as well, from a water quality standpoint.

Now, we are faced with the potential of Trinity River impacts of some 250,000 acre-feet or more, and we hear earlier this week that the Fish and Wildlife Service is looking for another 400,000 acre-feet of water before they can provide us some base of regulatory certainty. CALFED can't meet these new demands, much less return the water that was lent to stabilize endangered species, supposedly, under the 1994 Bay-Delta Accord.

No. 2 on my list is the need for more storage, in particular more surface storage. We need more storage north of the Delta, in or adjacent to the Delta, south of the Delta and on the San Joaquin River. This new storage must be real. We are not interested in storage way off in the future or a list of storage sites that is nothing more than a list of things that we are going to have to fight over in the future. We are particularly interested in seeing new storage on the San Joaquin River system that we would hope would generate new yield, for Upper San Joaquin River restoration, for new freshwater flows into the Delta, for South Delta water quality, export water quality, flood control and hopefully to offset our chronic groundwater overdraft in the San Joaquin Valley that is in excess of a million acre-feet a year.

Lastly, I want to bring to your attention the fledgling restoration effort on the Upper San Joaquin River. CALFED and the State and Federal agencies have been very supportive of our efforts to date, and for that we are very grateful. They provided us $2.5 million last year on very short notice for a pilot project that allowed summertime flows on the San Joaquin River for riparian habitat. This project facilitated the gathering of some very important data and more importantly it brought some disparate interests together that had not been working together for a long time and actually had been fighting and litigating.

We are now embarking on, in cooperation with our new environmental friends, on some studies that will look at what it is going to take to restore the river and where that water will come from. And we are going to need CALFED's continued support and the CALFED agencies' support from a technical and financial basis. We ultimately will need to integrate this effort in with the CALFED solution to make sure it works for everyone on the long term.

Thank you for your attention. I would be pleased to answer any questions.

[The prepared statement of Mr. Moss follows:]

United States House of Representatives
Committee on Resources
Subcommittee on Water and Power
The Honorable John T. Doolittle, Chairman

Written Testimony of Richard M. Moss, General Manager
Friant Water Users Authority
March 30, 2000
Washington, D.C.

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I very much appreciate being given the opportunity to testify before the Subcommittee to provide some analysis of the potential of the CalFed process to meet the expectations, and more importantly, the needs of the people of the Friant Division Service Area of the Central Valley Project ("CVP") and the San Joaquin Valley in California.

Introduction

I am Richard M. Moss, the General Manager of the Friant Water Users Authority. The Friant Water Users Authority is a joint powers authority formed under state law comprised of 25 member agencies that all get water from the Friant Division of the CVP.

The Friant Division service area is comprised of approximately 1 million acres of the world's richest farmland. It ranges from the southern part of Merced County all the way to the Grapevine in Kern County. The majority of the service area is in Madera, Fresno, Tulare and Kern counties. This one-million-acre area annually produces about $4 billion in gross agricultural production. We grow a tremendous variety of crops. The majority of the area is dedicated to permanent plantings of grapes, nuts, tree fruit and citrus. We also have a significant amount of row and field crops, as well as leading the nation in dairy production. This area is truly unique in its quality of agriculture and in its ability to produce all of this on small family farms that average approximately 100 acres in size. The area is also renowned for its highly efficient use of irrigation water, having been a "hot bed" for the development of drip and low volume irrigation technology. We can boast of some of the highest irrigation efficiencies found anywhere in the world.

The Friant Division of the CVP consists of Friant Dam and Millerton Lake on the San Joaquin River northeast of Fresno, the 152 mile Friant-Kern Canal that runs south all the way to Bakersfield and the 36 mile Madera Canal that runs north to the Chowchilla River. The Friant Division of the CVP annually delivers approximately 1.5 million acre-feet of water. This water supply is principally used as a supplemental water supply providing only 1.5 acre-feet per acre on the average. However, there are some parts of the service area that rely totally on the Friant Division water as their sole source of supply. The area is blessed with good quality groundwater aquifers. Groundwater is the firm source of supply for the majority of the service area. The Friant Division

is unique in the west in that it employs a two-class system of water deliveries. The Class 1 water is the first water to develop behind Friant Dam and is delivered to those parts of the service area that have limited or no access to groundwater supplies. The Class 2 water develops only after the Class 1 demands have been met and is delivered to those parts of the service area that can rely on groundwater. Class 2 water is typically used to replenish the groundwater through "in-lieu" recharge, providing growers with surface water in-lieu of using their wells, and through direct recharge -- percolating water in recharge basins, natural water ways and unlined canals into the underground aquifers. The Friant Division has been in service for 50 years and has been successful in arresting the serious condition of groundwater overdraft that existed prior to the project. It should be noted, however, that a condition of critical groundwater overdraft still exist in parts of the service area and in neighboring areas in the southern San Joaquin Valley.

The majority of the water rights to the San Joaquin River allowing for the diversion of water at Friant Dam were obtained by the U.S. Bureau of Reclamation through purchase and exchange agreements with the individuals and entities that held those rights at the time the Friant Division was developed. The single largest of these agreements requires annual delivery of 840,000 acre-feet of water to the central San Joaquin Valley near Mendota (commonly referred to as the Exchange Contract). Thus, the Friant Division is dependent upon other features of the CVP, including Shasta Dam, the Tracy Pumping Plant and the Delta-Mendota Canal, to facilitate this required exchange. It is important to note that if for some reason the U.S. Bureau of Reclamation is unable to meet the demands of the Exchange Contract out of Delta export supplies, the Exchange Contract provides for the release of water from Friant Dam to meet Exchange Contractor demands.

The Friant Water Users Authority and CalFed

In the context of additional background information, it will be useful to understand how my agency and its water users' view of the importance and relevance of CalFed has changed over the past several years.

The Friant Water Users Authority has had an evolving view of CalFed. The exposure of most of our members to issues of the Delta was one-step removed in terms of direct impacts. The long-standing priorities for Delta export pumping have to date insulated the Exchange Contract from water supply reductions caused by regulatory limitations on the export pumps. The upper mainstem of the San Joaquin River (from Friant Dam to the confluence of the Merced River) has not seen regular flows in it since the construction of Friant Dam that would hydraulically connect it to the Delta and thus Friant water users to many of the Delta issues.

This limited exposure to issues of the Delta has changed significantly over the past ten years for Friant water users. The insulation from impacts associated with Delta export pumping limitations has been eroded. Regulatory reductions in Delta export pumping, especially for the CVP, are limiting export water supplies to the extent that the U.S. Bureau of Reclamation is precariously close to not being able to meet Exchange Contract commitments for alternative supplies in very dry years. Of course, for this to happen, all other CVP export water contractors (including urban water

contractors) would have their CVP contract water supplies reduced to zero. Clearly a crisis is in the making from a number of different respects.

Coming out of the1994 Bay/Delta Accord, the California State Water Resources Control Board was charged with allocating out the responsibility for meeting the flow and water quality standards to the water right holders for waters tributary to the Bay/Delta. On the San Joaquin River, the responsibility for meeting the new standards was negotiated and agreed to by the major water right holders on the river. This agreement is known as the San Joaquin River Agreement and was formally adopted by the State Board in December 1999. The Friant Water Users Authority is a signatory to this agreement. This agreement provides for a twelve-year timeframe to test theories of river flow augmentation combined with export pumping regimes and operation of a barrier at the head of the Old River Channel, designed to provide the greatest benefit, in terms of survival, for fall run Chinook salmon. The technical aspects of the San Joaquin River Agreement are known as the Vernalis Adaptive Management Plan or VAMP. In essence, twelve years have been provided for the users of waters from the San Joaquin River (including Friant water users) to develop a long-term sustainable plan for the protection of San Joaquin River fisheries based upon sound scientific evidence that will be generated from the VAMP analysis.

Litigation brought in 1989 by a number of environmental and fishing organizations seeks to return sufficient flow to the upper mainstem of the San Joaquin River for the restoration of a salmon fishery. This litigation (know generally as *NRDC vs. Patterson)* directly involves the Friant Water Users Authority and waters of the Friant Division of the CVP. A stay to this litigation was reached in November of 1999 that allowed the parties a limited period of time to explore ways of restoring flow and natural processes to the upper mainstem of the San Joaquin River which would provide for the restoration of a fishery while not adversely impacting the available water supply or cost of water to Friant water users. In the summer of 1999, CalFed supported the effort to stay this litigation by funding a pilot project jointly sponsored by parties to the litigation. This pilot project provided for new flows to be released from Friant Dam and the return of the water to the Friant Division service area, along with the purchase of water from outside of the Friant Division to cover any channel or conveyance losses. More importantly, it provided the opportunity for disparate interests to work closely together for their mutual benefit. This cooperative venture was integral to getting the parties to put the litigation on hold in order to spend time and resources researching San Joaquin River restoration in ways that keeps Friant Division water users, and the economy that depends upon Friant water, whole.

These changes have brought the focus of Friant water users more clearly and more directly to the Delta and thus to CalFed. While our previous interest in the CalFed solution was one of being supportive of a few of our member agencies that directly use Delta export supplies and supportive of neighboring export interests, our primary focus was to ensure that nothing that was generated by CalFed would have adverse cost or water supply implications for our member agencies. Our views about CalFed have now evolved to where a reasonable and balanced CalFed solution is critical to the future of our member agencies. Positive improvements in water supply availability to support environmental water needs for the restoration of the San Joaquin River are now a necessary outcome of CalFed. As well, return of export pumping reliability is extremely important to create

water supply stability within the region. Instability stifles creativity in managing the water supplies of the region and keeps all of the interests in the narrow mode of thinking just of their own needs.

My testimony herein is specifically presented on behalf of my agency and the needs of my member agencies. It should be noted, however, that it is significantly influenced by what I believe to be the regional needs of the San Joaquin Valley and Sacramento Valley.

Principles to Guide CalFed: Then and Now

In preparation of this testimony, I found it useful to review two documents collaboratively developed by agricultural interests from the Sacramento and San Joaquin valleys in which I was directly involved. The first of these documents is known as "Principles to Guide the CalFed Process, Sacramento Valley and San Joaquin Valley Water Users, August 1, 1996," (hereinafter referred to as the "1996 Principles Document") attached as Exhibit A. This document lays out the guiding principles or standards for what CalFed was to study, and what the water users expected as an outcome of the CalFed process. It also provided a list of important project components that they believed should be evaluated in-depth in CalFed's environmental impact report and study. The second document is a very recent document prepared by a group (similar in composition to the group that prepared the first document) of Sacramento Valley and San Joaquin Valley water users. It has been used for briefings of federal legislators and others and was published on March 21, 2000 (hereinafter referred to as the "2000 Actions Document") attached as Exhibit B. This second document was presented as a positive first step towards resolving the issues that CalFed has been dealing with. It is the Sacramento and San Joaquin Valley water users' most recent description of their expectations for a successful CalFed outcome.

These two documents provide some interesting insight as to what Central Valley water users believed was important for a CalFed solution set near the beginning of the CalFed process and what we are very concerned about now as we near the end of the first phase of CalFed planning, where long-term decisions are about to be made. The following subtitled paragraphs will describe both the areas of consistent approach and the areas of changed approach by the water users and reasons for the change. It will lay out a very consistent theme of the need for balanced decision making and the sharing of CalFed improvements. It will describe a growing concern that as we near the end of the CalFed planning process, certain major aspects of an acceptable CalFed solution may not be included in the final product.

The 1994 Accord Foundation – Both the 1996 Principles document and the 2000 Actions Document rely upon the fundamental agreements achieved in the 1994 Accord. In particular, the Accord must be considered the irreducible minimum from which water supply improvements must be measured. It also, correspondingly, provides the maximum regulatory loss of water the water users are to endure while CalFed improvements come on line. In the 1996 Principles Document, it is clearly assumed that the Accord is this irreducible minimum, warranting little in terms of discussion. In the 2000 Actions Document, it is clear that additional regulatory taking of water supplies over the intervening years has challenged this assumption. Thus, the foundation from which to build upon for the CalFed process has a major weakness that needs to be fixed in order for

CalFed to proceed beyond the planning phase. An immediate return to water supply availability forecast as a result of the 1994 Accord is required.

Continuous Improvements and Balanced Sharing of Benefits – With the Accord as the foundation from which improvements are to be measured, the 1996 Principles Document describes a balanced program of improvements, where linkages exist between improvements made to benefit the major interests. The intention was to provide something to keep everyone at the table; where no one interest got "too far ahead" in terms of having their long-term needs met. The 2000 Actions Document again lays out this principle as a "fundamental goal" of the CalFed process. A balanced sharing of improvements is key to CalFed success.

No Redirected Negative Impacts – In 1996, CalFed was clearly envisioned by the agricultural water users as a potential forum to resolve some long standing problems, a place where the potential existed to make needed improvements to California's water policy and infrastructure. It was not viewed as much of a threat to continued water use. The 1996 Principles Document describes needed assurances for areas of origin and protection of water rights and priorities. It does not specifically address the principle of not redirecting negative impacts – solving one problem and creating more problems elsewhere. The water users assumed this principle was in play in 1996. In the 2000 Actions Document, this principle is now expressly described. Unfortunately, in the intervening years, suspicion has crept into the relationship between the CalFed agencies and the agricultural community. Most recently, with the development of the concept of regional water management strategies and the closed-door nature of the negotiations going on between the state and federal governments, there is grave concern that regions will be pitted against each other within the agricultural and urban water communities. Concern exists that the water user voice on these issues will become increasingly disharmonious, with a few agricultural interests in particular, being negatively impacted by CalFed programs and driven to the margin as a result of this regional dividing strategy by the CalFed decision makers.

Good Science is Key – Good, neutral science must be at the heart of all of the decisions that drive the CalFed process and programs. The 1996 Principles Document spoke to the need for a scientifically based program of ecosystem improvements and protection. It also endorsed the use of adaptive management, where new information generated from monitoring and analysis of past actions taken, is used in future decision making. The 2000 Actions Document takes this a step further. In it a scientific review panel is called for that would provide scientific oversight of future Endangered Species Act, Ecosystem Restoration Program, Environmental Water Account actions and other CalFed implementation programs. At a minimum, CalFed agency decision-makers need to be publicly responsive to the views of this unbiased scientific review panel.

Partnerships with Local Interests – The need to partner with local interests in the development of CalFed projects and programs has always been part of the vision for CalFed by the water user community. Certainly much of what has been embraced in terms of improved water management and conservation requires active involvement and participation of the local water management agencies. The history of CalFed, until relatively recently, has been a process of much collaboration and consensus. Thus, it was assumed that the implementation of CalFed projects and programs as

well would similarly involve all of the stakeholders. CalFed has openly supported, as an assurance, the need to obtain local support for their programs. Unfortunately, the implementation of some of CalFed's programs has not fully lived up to this assurance. Thus, in the 2000 Actions Document the water users make specific reference to the involvement of certain water management agencies, as a minimum, in the implementation of the list of water management projects described in the document. An example of the kind of CalFed action that generates concern about the lack of local involvement was CalFed's involvement in contemplating the purchase of the Madera Ranch property in Madera County for a groundwater water banking project. It appeared that this project was moving ahead on a deliberate course with major CalFed (or CalFed agency) funding driving it. Yet, there was major concern from the local interests about the technical feasibility of the project. The local interests only saw the potential for adverse impacts to their groundwater and local economy, without any upside for them. There were no local benefits contemplated from the project at that time. It took the direct involvement of Congressman Radanovich and State Senator Jim Costa to have CalFed drop the purchase of this property as a CalFed project. Even now, there continues to be concern in the area that there will somehow continue to be CalFed involvement and support of this project as it gets recast as a private for profit venture. Until the Madera Ranch groundwater banking project has answered all of the technical questions and provides significant local benefits, it will engender major local opposition. The obvious lesson to be learned here is to involve the local community right from the beginning. Not having local support and involvement from the beginning can easily result in the demise of otherwise good projects or programs.

Reducing Conflicts in the Delta – Ostensibly the original primary purpose of the CalFed long-term planning process was to reduce the water supply, water quality and environmental conflicts in the Delta. Certainly, the recent past, including this past year's operations, are not indicative of state and federal agencies working together to reduce conflicts in the Delta. Further, it would appear that the preferred alternative for a Delta plumbing fix of a Dual Facility is staged for development in such a way that it is effectively precluded from ever being constructed. The "word on the street" is to try and find your water supply and water quality improvements elsewhere, as significant changes in the Delta plumbing are not on the horizon. This relatively new concept of regional water management strategies under consideration by the state/federal negotiators would appear to bear this rumor out. The 1996 Principles Document focused primarily, as CalFed was also doing at the time, on describing what a balanced CalFed solution for the Delta would entail. Ecosystem improvements and protections were linked to actions that would improve water quality, actions that would improve water supply reliability and actions that would improve the overall system reliability with a comprehensive program of Delta levee improvement and maintenance. The 2000 Actions Document focuses on a beginning list of specific programs and projects that will result in near-term and continuous water supply and water quality improvements. Huge investments in ecosystem improvements have already been made. This coupled with the water supplies lent to the environment under the Accord, real improvements in the environment of the Delta are being realized. It is time for commensurate improvements in water supply and water quality to occur.

New Storage is Key – As was indicated earlier, in the Central Valley water users 1996 Principles Document the focus was on the Delta and what projects or programs would reduce the existing conflicts in the Delta. Storage was mentioned as a necessary component to addressing the

problems of the Delta, but doing so in combination with a Delta plumbing fix to optimize the results. Analysis in the intervening years has confirmed the need for additional water storage in northern California, in or adjacent to the Delta, south of the Delta and on the San Joaquin River. Storage cannot replace a Delta plumbing fix, but it is clearer than before that significant new water development is going to be needed to meet the competing demands for water within California. The 2000 Actions Document lists storage projects to be investigated and seeks to moves storage from just being on a list of issues to argue over in the future to a list of definitive actions to be aggressively pursued in the near term. The CalFed solution must provide a clear pathway for new storage development, not just a dead-end listing of potential failed efforts.

"Deal is a Deal" Certainty – What clearly is shaping up as the biggest concern in reaching an acceptable CalFed decision is obtaining certainty as to limiting the potential for additional regulatory actions that would adversely impact water users. Water users cannot deal from a foundation of insecurity. As has been noted earlier, creativity is stifled when water users are constantly worried about the next regulatory action. Frankly, CalFed cannot build projects fast enough to keep up with the current pace at which water is being reallocated away from existing beneficial uses for environmental purposes. This point can not be stated strongly enough. CalFed will quickly fail unless some certainty of future water supplies can be re-established.

There are other important points contained in the two attached documents, including the concepts of affordability/beneficiary pays, the role of conservation and water transfers, and land retirement that are threshold standards which a proposed CalFed solution will be measured by the water community. I would hope that the Subcommittee will adopt all of these standards in their measurement of what a successful CalFed solution would entail.

CalFed Ecosystem Investments

Let me take a few moments to address the amount of investment in and commitment to the ecosystem that has been made by CalFed since its inception as an entity.

With the passage of the Central Valley Project Improvement Act (hereinafter referred to as "CVPIA") in 1992, a new chapter was opened in the manner in which the Central Valley Project is operated. Not only were ecosystem improvement objectives set on a par with or superior to the traditional objectives of the project, a new program for investing in ecosystem improvement came into being.

The creation of CalFed, the passage of State Proposition 204, the passage of the federal authorization for CalFed funding and subsequent appropriations actions by Congress have all contributed to an enormous revenue stream for investment in ecosystem improvements. When combined with CVPIA funds, these programs have been investing over $100 million a year in ecosystem improvements.

There is a continued belief that there is a direct relationship between improving fishery populations and improving the performance and reliability of the water management infrastructure. While the

biologists counsel "patience", there is increasing concern that the relationship between investment in ecosystem improvement and fishery populations is difficult to discern. While we can have a high level of confidence that some site-specific investments (the screening of a previously unscreened diversion for instance) will produce fishery benefits, it is unclear that system-wide benefits are accruing at a rate commensurate with the high rate of investment.

This apparent "disconnect" may be temporary and response may soon be visible, however, it has significantly shifted our focus to the plain fact that scientific uncertainty is the dominant feature of the ecosystem improvement landscape.

Clearly CalFed regulatory agencies routinely take action without the benefit of a complete scientific understanding that benefits will actually accrue (to say nothing of the fact that they routinely ignore the socio-economic consequences of their actions). Three compelling examples illustrate this: the "smelt crisis" of last spring, the "spring run salmon/water quality crisis" of last December, and the scientifically faulty decision of the U.S. Fish and Wildlife Service to list Sacramento split tail as threatened. Each one of these actions has caused great disruptions to California's water management system with little or no demonstrable benefits for the species.

On the other hand, science indicates action needs to be taken in a number of areas, but progress is slow, disjointed or ineffective. Three examples in this area are: the installation of the barrier at the Head of Old River, exotic species, and major unscreened power plant diversions in the western Delta.

It is against this backdrop that these comments on the CalFed ecosystem investment program are made:

1. While the water users have aggressively supported appropriations for the CalFed program, we have been largely disappointed that a balanced program of action has not emerged. Little action has been taken by CalFed to improve the performance of the water system in terms of water supply and quality. In fact, one million acres of CVP served lands has a 40 percent reduction in supply this year and the projects' largest municipal contractor has a 25 percent cutback. This is occurring while all reservoirs are starting the season full and California has been blessed with the wettest six years in a row since record keeping began.

2. The process by which CalFed makes investment decisions has been continually improving and is certainly superior to the process employed by the Department of Interior for CVPIA expenditure decisions. Currently the rate of actual expenditures lags far behind appropriations and should be of concern to Congress and the program managers. For the water community, the slow rate of expenditure translates into a delay in fishery benefits, which equals continued diminished reliability in the water system.

CalFed needs to do a better job of prioritizing expenditure decisions where the greatest benefit can be derived. For instance, while purchasing farmland and easements in the Sacramento Valley for conversion to wildlife habitat may meet the objectives of some program elements, it has little measurable benefit for the Endangered Species Act listed fisheries of concern.

3. The benefits of ecosystem investment need to be better tracked and displayed. Much is made of adaptive management and learning from experience. There is, however, little information available from project monitoring that will inform subsequent investment decisions. The projects funded by CalFed must do a better job of stating up front what the species population benefits will be and subsequently showing the results of the action. If you cannot see the species population benefits, you must question the efficacy of the investment decision.

4. The scientific understanding must be improved. Gone are the days when the simplistic notions of "more flow equals more fish" or "the export pumps are the problem" should rule the management of the system or ecosystem investment.

   After 20 years of spending $15 million per year on the Interagency Ecological Program that focuses on improving our scientific understanding of the Delta, it appears little more is truly understood. Yet, if the Delta is a problem for our fisheries, then why is it that so little of the CalFed and CVPIA financial resources have been dedicated to addressing the issues there? We need to place the burden for improving Delta conditions on the scientific community and demand results.

   There is no disputing the reality that true socio-economic damage results from restricting project operations. This fact must be balanced with the fact that scientific uncertainty limits our ability to help the fisheries. If CalFed is to be balanced, priorities must be equal. Expenditures must be made in a manner that results in balanced benefits for the human and fishery systems.

5. Currently there is inadequate coordination between the management of the CalFed and CVPIA programs. In fact, duplication and competition are obvious in a number of areas. This is needless and wasteful. It is one ecosystem and the approach to addressing its needs must be singular. Just because there are multiple agencies and multiple authorities, it does not follow that there should be multiple programs to address the same needs or issues. California does not need two (or more) fish screening programs, ecosystem improvement plans, water acquisition programs, land acquisition programs, species recovery plans, fish passage programs or duplicate management "super structures" to oversee the Delta ecosytem improvements. I appreciate recent CalFed efforts to address this issue, but more needs to be done and implemented quicker. Congress needs to require a consolidation of duplicate and similar programs and the elimination of parallel management structures.

CalFed Reauthorization

There is much debate as to whether and/or how the current federal authorization should be extended. While common sense (with an eye to the congressional calendar) tells us that the best chance for success would be for a consensus to emerge from California and that a simple "no change" extension of the authority for one year be provided.

However, nothing related to California water is that simple. Many people believe that a requirement that a balanced approach to expenditures, with benefits going to both the human and fishery sectors of the ecosystem, must be established statutorily because of the failure of the CalFed agencies to embrace this goal to date. At the same time, everyone is looking to the federal/state negotiations on the CalFed Record of Decision for a guarantee that CalFed will proceed in a balanced manner.

My view is that the fate of the CalFed reauthorization will be determined directly by the results of the CalFed negotiations currently going on behind closed doors. If a bold, creative and achievable agreement is reached which has clear benefits for all interests and brings containment to the regulatory excesses the water users are now suffering under, then a simple extension of the existing authority may be prudent. Prudent, in that successful negotiations will require that a major piece of authorizing legislation be drafted and introduced in the next Congress. Our collective time and energy would best be invested in that effort.

If, however, the negotiations result in a "lowest common denominator" Record of Decision, which strives to offend no one, puts off critical decisions and fails to radically change the unbalanced "ecosystem only" approach of CalFed to date, then the authority should not be extended and little or no money should be appropriated for the CalFed ecosystem program in Fiscal Year 2001.

CalFed and the San Joaquin River

As I noted earlier, the Friant Water Users Authority in cooperation with a number of environmental groups, including the Natural Resources Defense Council and the Pacific Coast Federation of Fisherman's Associations, is deeply involved in developing alternatives means of restoring the environmental values of the upper mainstem of the San Joaquin River in ways that do not adversely impact the water supply or cost of water to Friant water users.

Again, as noted earlier, CalFed has played a significant role in recognizing the potential of this effort by funding a pilot project in the summer of 1999 that led to a stay in the longstanding litigation. This was very much appreciated by all of the parties to the litigation.

It is anticipated that this fledgling effort will grow into being a major program of CalFed, or at least involve most of the CalFed agencies. It will need significant new investment by the state and federal government in the next few years to support the studies that are currently in the process of going out for contractor proposal and in the development of pilot projects that test our theories of what river restoration may require and how to make water available for restoration purposes. Beyond these early years, implementation of a program of river restoration and water development/acquisition will be very expensive and will need the active support of CalFed and/or many of the CalFed agencies. The integration of this potential program of San Joaquin River restoration with CalFed solutions for such things as increased south Delta inflow and improved water quality for Delta export interests raises some very interesting possibilities. The Friant Water Users Authority hopes to see the ongoing support for San Joaquin River restoration and the potential integration of this effort into the CalFed solution provided for in the CalFed Record of Decision.

Closing

In closing, let me extend my appreciation for the invitation to appear before the Subcommittee today. We are all waiting for the display of decisions being cast as part of the ongoing federal and state negotiations and hope that they provide a balanced array of programs and projects that return some stability to the water user community while laying out scientifically based actions to be taken in improving the ecosystem. Thank you.

Mr. DOOLITTLE. Thank you. Our next witness will be Mr. Tom Bamert, who I am pleased to note is a constituent of mine and serves as the chairman of the Regional Council of Rural Counties.

Mr. Bamert?

STATEMENT OF EDWARD "TOM" BAMERT, CHAIRMAN, REGIONAL COUNCIL OF RURAL COUNTIES [RCRC], JACKSON, CALIFORNIA

Mr. BAMERT. Thank you, Mr. Chairman and members of the subcommittee. I want to thank you for the opportunity to provide testimony on behalf of the Regional Council of Rural Counties to the subcommittee regarding CALFED.

As you said, I am Supervisor Tom Bamert, chairman of the Regional Council of Rural Counties. We are an organization of 28 rural Northern California counties. Our membership encompasses a broad geographic area, which includes all or portions of Congressmen Doolittle, Radanovich, Herger, Pombo, Ose, Farr, Condit, Lewis and Thompson's districts. It is from our membership area that over 80 percent of the water for the Delta comes.

RCRC has participated in the CALFED Bay-Delta Program since early 1996. The CALFED program, when initiated, promised to balance this program within objectives for ecosystem restoration, water supply reliability, water quality and levee system integrity. Based upon our review of the CALFED programmatic draft EIS and EIR, RCRC no longer believes that the CALFED program can be expected to deliver a workable solution for any of those objectives which has any expectation of a success.

Our concerns focus on a domination of the process by the Federal Government to the detriment of the State of California and its local Governments and people. For example, CALFED identifies a number of programs which will adversely affect the land and the people of the CALFED solution area.

This strategy calls for implementation actions which will purchase up to 100,000 acre-feet of PG&E reservoir reoperation water. This water, in many cases, was proposed to be used by our member counties for their own water supplies and not for export to the Delta and beyond. In the upland areas, as you know, without this reoperation water, and in the absence of new on-stream storage, there is no viable water supply for many of the people in Mr. Doolittle's, Mr. Herger's or Mr. Radanovich's districts. Most of these areas have no reliable groundwater sources.

Another proposal in the same document boldly calls for shifting our Sacramento Valley counties' people and farms off of surface water and onto groundwater. This is a clear indication that CALFED and its member agencies are attempting to end-run California law, which provides that counties can regulate groundwater extraction and export.

Both of these programs would use CALFED appropriations to purchase assets away from the people in rural California and our local economies. Federal reauthorization of appropriations for CALFED thus becomes a very real danger to rural California's interests.

A later CALFED implementation strategy is the Madera Ranch groundwater storage project in one of our member counties. This

project is opposed by the Madera County Farm Bureau, the Madera Irrigation District and the Friant Water Users Association. In addition, the Madera County board of supervisors has expressed serious concerns regarding environmental and socioeconomic impacts of the proposal on their land and citizens. Regardless of these expressions of local concern and outright opposition, the CALFED program, working within the Federal budget authorization, lists this project for implementation. Apparently, local opposition or local conditions have no influence on the Federal agencies running the CALFED program.

CALFED's crosscut budget demonstrates that, for the most part, the CALFED appropriation will be used to supplement the budget of its member agencies in ways to harm our member counties. The funds will be used to acquire land and water, study the removal of dams and create river meander zones. The land, once acquired, is taken off the tax roles, and the Federal Government is soon delinquent in its payments. One of Congressman Ose's counties, Colusa, reported last week that the Federal Government is nearly $900,000 in arrears on their Federal lands.

The CALFED program is literally buying the ground out from under our counties, as well as the water that originates there. Even more troubling is that when the water is purchased for environmental use or exports south of the Delta, it is forever lost, with no replacement for our communities.

In summary, the CALFED program is using rural California as offsite mitigation for environmental problems in the Delta. By reauthorizing this program, you folks will be throwing your support against your own constituents back home.

We have been asked by this committee to provide our advice as to what modifications should be made to the CALFED program if reauthorization is warranted. We wish to go on record as stating that we do not believe reauthorization is warranted. The program is, we believe, so far out of line with the intentions of the local populations and their elected leaders that it will face fierce opposition in future implementation.

RCRC has been actively working with other interests from throughout the State to attempt to develop a framework for a solution to the State's water and natural resource problems. We worked with these parties on Prop 13, which will provide nearly $2 billion in funds for projects to be carried out by the State and local interests to produce real projects, to produce real benefits to the people of California.

We have been told by Mr. David Hays of the U.S. Department of the Interior that there will be a CALFED Record of Decision this summer. That action will release an additional $390 million from a previously passed State bond, Prop 204.

The question then is: What will we do without CALFED?

Without CALFED, we will still have nearly $2.3 billion in funds to spend on improving our environment and solving water resources problems in California.

Without CALFED, there will be less money available to convert our counties into Federal land holdings and water projects run by bureaucrats. There will be less money to buy the last remaining water resources in our counties for use elsewhere.

None of our real resource problems will go away, but many of our governance problems and Federal domination problems will be minimized.

Without CALFED, we will need a strong leadership from within our own State to carry this effort forward. We, as representatives of 28 counties, look forward to solving these problems. We are willing to work with State leadership and any others willing to put in the effort back home. We are willing to work with those same Federal regulators, those same CALFED agencies in a new State-led process without CALFED.

Thank you for this opportunity.

[The prepared statement of Mr. Bamert follows:]

United States House of Representatives
Committee on Resources
Subcommittee on Water and Power
The Honorable John T. Doolittle, Chairman

Written Testimony of Tom Bamert
Chair, Regional Council of Rural Counties
March 30, 2000
Washington D.C.

Mr. Chairman and Members of the Subcommittee:

I want to thank you for the opportunity to provide testimony on behalf of the Regional Council of Rural Counties (RCRC) to the Subcommittee on the subject of the CALFED Bay-Delta Program Reauthorization.

I am the Chairman of the Regional Council of Rural Counties, an organization of twenty-eight rural northern California Counties. Our membership encompasses a broad geographic area, which includes all or portions of the Congressional Districts of Mr. Doolittle, Mr. Radanovich, Mr. Herger, Mr. Pombo, Mr. Ose, Mr. Far, Mr. Condit, Mr. Lewis and Mr. Thompson.

Our member counties comprise much of the so-called CALFED Solution Area and include: the San Joaquin, Sacramento and Trinity Watersheds. Collectively, our counties are the "source" areas for the San Francisco Bay-Delta. It is from our membership area, that over eighty percent of the water for the Delta comes.

RCRC has participated in the CALFED Bay-Delta program since early 1996. Through the past four years we have actively supported a CALFED solution and willingly worked to achieve that objective. RCRC is represented in the CALFED process at three levels. County Supervisor Robert Meacher of Plumas County serves on the Bay-Delta Advisory Committee (BDAC). John S. Mills, represents our interests on the Ecosystem Restoration Roundtable. Mr. Meacher, other county Supervisors, Mr. Mills and RCRC staff also participate in numerous BDAC meetings. We review and comment on all relevant CALFED publications.

The CALFED Bay-Delta Program, when initiated promised to balance its Program within objectives for Ecosystem Quality (restoration), Water Supply Reliability, Water Quality and Levee System Integrity. Based upon our review of the CALFED Programmatic Draft Environmental Impact Statement and Report (those comments are included as an Appendix to this testimony) RCRC no longer believes that the CALFED Program can be expected to deliver a workable solution for any of those objectives which has any expectation of success. The CALFED Program will cost many billions of dollars to implement and involve the use of significant portions of California's land area to achieve success. We don't believe it will restore the ecosystem, improve water supply reliability or assure levee system protection.

It is time to get rid of this Program. Our organization does not support the Reauthorization of the CALFED Program within the federal budget.

Our concerns focus on the domination of the process by the Federal Government to the detriment of the State of California and its local governments and people.

For example, CALFED's Water Management Strategy, Preliminary Stage 1 Implementation Framework, dated December 1999 identifies a number of programs, which will adversely affect the land, and the people of the CALFED Solution Area.

One Early Stage 1 (first three years) Water Management Strategy implementation action would be to purchase 30,000 to 100,000 acre feet of Pacific Gas and Electric Company reservoir reoperation water. This water, in many cases was proposed to be used by our member counties for their own water supplies – not for export to the Delta and beyond.

In the upland areas, without this reoperation water, and in the absence of new on-stream dams being constructed, there is no viable water supply for many of the people in Mr. Herger's, Mr. Doolittle's or Mr. Radanovich's districts. Most of these areas have no reliable groundwater sources. Those people's future will be taken away by another example of CALFED taking a good idea and ruining it.

Another proposal in the same document boldly calls for shifting our Sacramento Counties' people and their farms off of surface water and on to groundwater. This could lead to significant water quality, economic and land subsidence impacts to our member Counties. In addition, it is a clear indication that CALFED and its member agencies are attempting to end-run California law, which provides that Counties can regulate groundwater extraction and export. By exporting the surface water and not the groundwater the County ability to protect water resources is nullified.

Both these programs would use CALFED Appropriations to purchase assets away from the people in rural California and our local economies. Federal Reauthorization and Appropriations for CALFED, thus become a very real danger to rural California's future. CALFED is no longer a good idea. Somewhere along the line the federal agencies seized control of this process and it has gotten out of control.

In late Stage 1 Implementation (years 3-7) The Madera Ranch groundwater storage project in one of our member Counties is listed as a CALFED proposal. This project is opposed by the Madera County Farm Bureau, the Madera Irrigation District and the Friant Water Users Association. In addition, the Madera County Board of Supervisors has expressed serious concerns regarding environmental and socio-economic impacts of the proposal on their land and citizens. Regardless of these expressions of local concern and outright opposition, the CALFED Program –working within the Federal Budget Authorization – list this project for implementation. Apparently, local opposition or local conditions have no influence on the Federal Agencies running the CALFED Program. Recall that less than two years ago it was the Bureau of Reclamation clamoring for approval with CALFED funds for the same project. Now the project, in private hands shows up as a CALFED Program.

CALFED's crosscut budget demonstrates that for the most part the CALFED Appropriation will be used to supplement the budgets of its member agencies in ways to harm our member Counties. The funds will be used to acquire land and water, study the removal of dams (with no downstream levee protection), and create river meander zones. The land once acquired is taken off the tax rolls and the federal government is soon delinquent in the payment of PILT

fees. One of Congressman Ose's Counties – Colusa- reported last week that the federal government is nearly $900,000 in default on federal lands.

Even more troubling is that when the water is purchased, for environmental use, or export south of the Delta, it is forever gone with no replacement for our people. Please remember that one of our Counties understands how this works. Mono County and Mono Lake are evidence of the long-term impacts of ill-conceived water grabs, regardless of the motives or credentials of the proponents.

As of the March 16, 2000 CALFED Ecosystem Roundtable Report, approximately 65.5 million dollars in CALFED funds have been approved for land and water acquisitions since the Program's inception. The CALFED Program is literally buying the ground out from under our Counties as well as the water that originates there. By reauthorizing this program you folks will be throwing your support against your own constituents back home.

The CALFED Program is using Rural California as off-site mitigation for environmental problems in the Delta. There has been no attempt at minimizing the impacts from such a policy on our Counties. Rather, by examining the CALFED notion of where measurement of success takes place one can see that our Counties aren't even on their screens. Environmental, water quality and water supply reliability measurements are all taken in the Delta. Thus, redirected impacts on our areas are virtually unnoticed by the Federal Agencies that direct this effort.

We have been asked by this Committee to provide our advice as to what modifications should be made in the CALFED Program if reauthorization is warranted. We wish to go on record as stating that we do not believe reauthorization is warranted. The Program is, we believe, so far out of line with the intentions of the local populations and their elected leaders that it will face fierce opposition in future implementation. To the extent that the federal government will simply shoulder aside local opposition and an unwilling population, the program may still succeed. However, such abuse of power by a federal program would not be our definition of success and we hope it isn't yours.

RCRC has been actively working with other interests from throughout the state to attempt to develop a framework for a solution to the State's water and natural resource problems. I have participated in these discussions and we have supported the proposals of those in Southern California for improving their watersheds in a way that will improve their water quality and water supply reliability. We worked with those same interests to move for the passage of a 1.97 billion dollar state bond this month that should produce approximately 1,000,000 acre feet of new water throughout the state – not just in the Delta.

Proposition 13 will provide nearly two billion dollars in funds for projects to be carried out by state and local interests to produce real projects that produce real benefits to the people of California. We have been told by Mr. David Hays of the U.S. Department of the Interior that there will be a CALFED Record of Decision this summer. That action will release an additional $390,000,000 dollars from a previously passed state bond (proposition 204).

The question then is what will we do without CALFED?

Without CALFED we will still have nearly 2.3 billion dollars in funds to spend on improving our environment and solving water resources problems in California.

Without CALFED we will still have the opportunity to work with interest groups from throughout the state to roll up our sleeves and solve our problems.

Without CALFED we will still have a State Water Resources Control Board Bay-Delta Water Quality Plan hearing process to finish out this year.

Without CALFED we will still have state and federal agencies charged by law with protecting the environment who will need to work with us.

Without CALFED we will still have water supply issues and water quality issues to resolve in a timely way

Without CALFED there will be less money available to convert our Counties into Federal land holdings.

Without CALFED there will be less money to buy the last remaining water resources in our Counties for use elsewhere.

Without CALFED there will be less money to front for locally opposed projects, like Madera Ranch.

Without CALFED none of our real resource problems will go away, but many of our governance problems and federal domination problems will be minimized.

Without CALFED we will need strong leadership from within our own state to carry this effort forward.

We, as the representatives of twenty eight Counties look forward to solving these problems. We are willing to work with state leadership and any others willing to put in the effort back home.

We are willing to work with those same federal regulators, those same CALFED agencies in a new State led process.

We are willing to do all this to the best of our ability.

Without CALFED.

END

Regional Council of Rural Counties

California

Twenty Eight Member Counties

Alpine - Amador - Butte - Calaveras - Colusa - Del Norte - El Dorado - Glenn - Inyo - Lake - Lassen
Madera - Mariposa - Merced - Modoc - Mono - Nevada - Placer - Plumas - San Benito - Shasta - Sierra
Siskiyou - Sutter - Tehama - Trinity - Tuolumne - Yuba

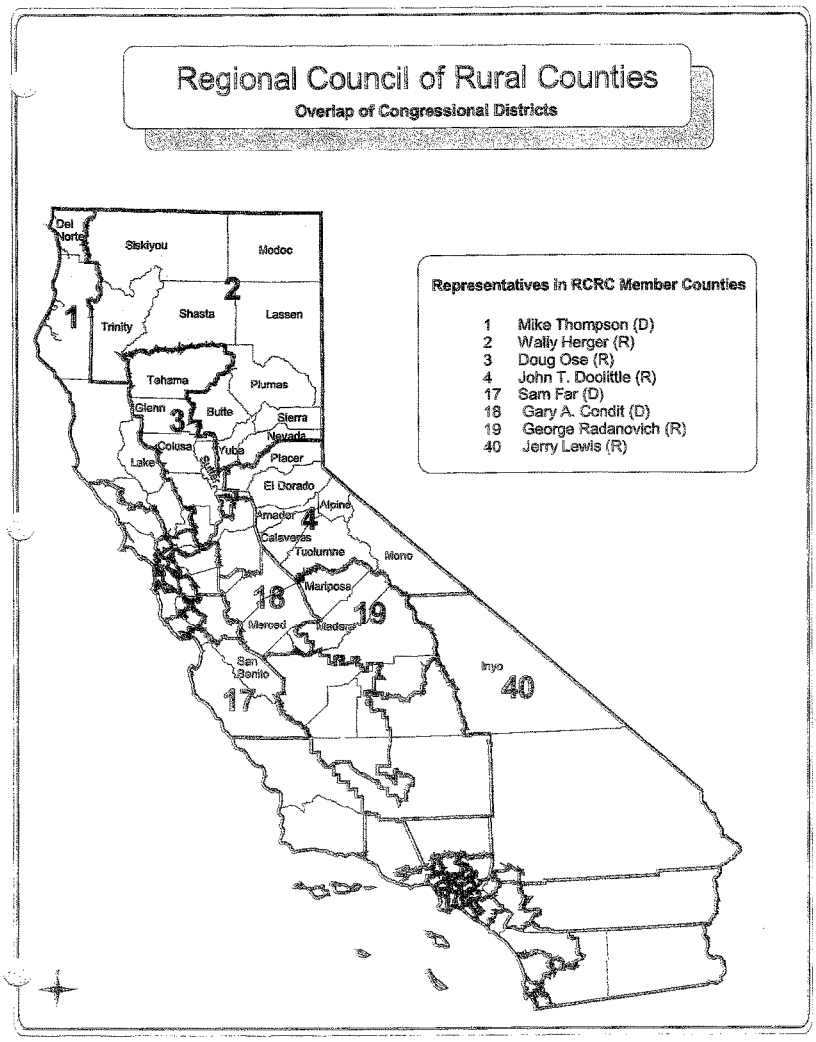
140 Elected County Supervisors - 1.87 million constituents - 65,600 square mile area
80% of the San Francisco Bay Delta's Surface Water Source Originates within the membership area

The Regional Council of Rural Counties (RCRC) has represented its member Counties for over a quarter of a century. RCRC's twenty-eight member counties encompass a broad geographic area which would be directly affected by the CALFED Bay-Delta Program. RCRC's member counties are charged, by California law, with mandatory land use planning and environmental responsibilities for resources within their boundaries on behalf of the State of California. For most land management and natural resource activities within their boundaries, RCRC's member counties are the designated Lead Agencies charged with administering the California Environmental Quality Act (CEQA) (Pub. Resources Code Section 21000 et seq.)

RCRC's membership area encompass much of the land area of the Sacramento, San Joaquin, Klamath and Trinity Watersheds. Some of the RCRC member counties have been targeted for additional public land acquisition as part of the CALFED Program. Existing ownership patterns in some Counties are well over 50% (Inyo County for example is 98.34% public land) and regulations, policies and rules affecting these lands can directly affect the well-being of the population and environment of that county.

Counties are governed by local Boards of Supervisors. Each of RCRC's member counties is represented within the RCRC Board of Directors by Supervisors from each member County. RCRC's position on an issue therefore represents the majority view of its member Counties and implicitly the majority of the population within its membership area.

RCRC's membership area contributes over 80% of the water which flows into the San Francisco Bay Delta. In addition, RCRC member counties have groundwater management regulatory authority (*Baldwin v. County of Tehama, (1994) 31 Cal.App.4th 166.)* RCRC represents its membership within the CALFED Bay-Delta Program as well as with the California State Water Resources Control Board.


Regional Council of Rural Counties
Overlap of Congressional Districts
Del Norte
Siskiyou
Modoc
Trinity
Shasta
Lassen
Tehama
Plumas
Glenn
Butte
Sierra
Nevada
Colusa
Yuba
Placer
Lake
El Dorado
Alpine
Amador
Calaveras
Tuolumne
Mono
Mariposa
Merced
Madera
San Benito
Inyo
1
2
3
4
17
18
19
40
Representatives in RCRC Member Counties
1 Mike Thompson (D)
2 Wally Herger (R)
3 Doug Ose (R)
4 John T. Doolittle (R)
17 Sam Far (D)
18 Gary A. Condit (D)
19 George Radanovich (R)
40 Jerry Lewis (R)

Mr. DOOLITTLE. Thank you.

Our next witness will be Mr. Stan Sprague, general manager of the Orange County Municipal Water District.

Mr. Sprague?

STATEMENT OF STAN SPRAGUE, GENERAL MANAGER, ORANGE COUNTY MUNICIPAL WATER DISTRICT, FOUNTAIN VALLEY, CALIFORNIA

Mr. SPRAGUE. Thank you, Mr. Chairman and members of the committee. I am here today representing the California Urban Water Agencies, which is 12 of the larger urban agencies in California. They represent about 22 million people or at least they provide water to that 22 million people and the economy that is associated with that.

Just to give a little bit of background, what we have seen over the last 4 years is the California voters have said that they want to ensure a healthy environment and a safe, clean, reliable water supply, as evidenced by the passage of Prop 204 and Prop 13. Combined, that is about $3 billion worth of authorization.

To date, the Federal Government has appropriated a little over $200 million for CALFED out of a $400 million-plus authorization. They have spent, to this point, about $109 million toward ecosystem projects and $30 million to nonecosystem projects.

We needed to start with the fish. We need to get recovery going. Recovery has happened. Science is showing that recovery is happening. We need to now move forward in a more planned way and not in a panic mode for the purposes of planning how we continue with recovery, but let us move some of those dollars now and the activities into a more balanced strategy.

The package must contain, as we look to the future, contain regulatory certainty; meaning Federal agencies need to drop the single focus on fish. They need to include water quality and supply reliability improvements in a balanced package with the environment. Right now, we have actions without science and science without actions.

To respond to some of the questions that the chairman sent to me, with regards to the crosscut budget, Congress should be concerned about the slow rate of expenditures and the lag time between appropriations. However, public works projects of this nature do take time. For us in the water community, we are concerned about the lack of projects to address water quality and supply reliability for the water users of the system. We want to see water quality projects and water supply projects funded on a par with the ecosystem projects, which right now your tables don't show that that's the case.

With regards to how effective has CALFED been, scientific data shows that fish are recovering from their low levels of the eighties and nineties. The funding for the ecosystem restoration efforts have been effective. Now we have seen what CALFED has proposed in their draft EIR/EIS that was released last summer, and we have our doubts. I don't know that many people in California that provided a great deal of support for that strategy and that package.

However, currently, the State and Federal negotiators are our last glimmer of hope for CALFED will develop a package that we

can support. Again, scientific data is weak to justify the notion that the pumps are the problem. Single focus of pump restrictions to enhance fishery recovery will not help the agencies who have—and I am talking about the Federal agencies—who have a goal of doubling the fish population. In fact, science shows that they cannot achieve that fish doubling by simply dealing with the pumps.

Modifications to CALFED authorization was your third question. I would rephrase it, should we continue with CALFED, we are hopeful that the State and Federal negotiations will develop a positive package that we can support. So the answer is we are in "wait and see" mode, and we need to see the package. We have heard that State and Federal negotiators are talking about an Environmental Water Account that could cost water users an additional million acre-feet above the amount which the accord took, and we all agreed to.

If the Environmental Water Account tools are used just for the environment, this will squeeze the water users to a point where there will be no flexibility in the system to improve water quality or supply reliability.

Mr. Chairman, I would be happy to answer any questions you have. Thank you very much.

[The prepared statement of Mr. Sprague follows:]

Stanley E. Sprague, General Manager
Municipal Water District of Orange County
Speaking on behalf of
Municipal Water District of Orange County and Bay-Delta Urban Coalition
to
U.S. House of Representatives Committee on Resources
Subcommittee on Water and Power
March 30, 2000

Municipal Water District of Orange County and other members of the Bay-Delta Urban Coalition[1] have been active participants in the CALFED Bay-Delta Program to develop a long-term, broad-based consensus agreement for improving the California Bay-Delta Estuary. Our Coalition, consisting of 12 urban water agencies, collectively supplies water to over 22 million people in urban communities around the State of California; communities that form a cornerstone in the state's thriving economy.

The Voters of California Want A Safe, Clean, Reliable Water Supply

The voters of California have spoken. Since 1996, approximately $3 billion in bonds (Proposition 204 and Proposition 13) have been approved to ensure a safe, clean, and reliable water supply that can meet the needs of the state's growing population and thriving economy and, to ensure a healthy environment now and in the future. In addition, local agencies have invested hundreds of millions of dollars in conservation, recycling, surface and groundwater storage, water treatment upgrades, and other local resource programs to ensure clean and reliable supplies.

Proposition 204 - The Safe, Clean, Reliable Water Supply Act - was approved by California voters in November 1996. The proposition is a $995 million general obligation bond measure. The objectives of the act as declared in the measure voted upon by the people of California are:

- To provide a safe, clean, affordable, and sufficient water supply to meet the needs of California residents, farms, and businesses.
- To develop lasting water solutions that balance the needs of the state's economy and its environment.
- To restore ecological health for native fish and wildlife, and their natural habitats, including wetlands.

[1] Bay-Delta Urban Coalition consists of 12 agencies representing over 22 million people in urban communities throughout California. Coalition agencies include Alameda County Water District, Central Coast Water Authority, City and County of San Francisco Public Utilities Commission, Coachella Valley Water District, East Bay Municipal Utility District, Metropolitan Water District of Southern California, Municipal Water District of Orange County, San Diego County Water Authority, Santa Clara Valley Water District, Solano County Water Agency, Central Basin Municipal Water District, and West Basin Municipal Water District.

- To protect the integrity of the state's water supply system from catastrophic failure due to earthquakes and flooding.
- To protect drinking water quality.
- To protect the quality of life in our communities by ensuring recreational opportunities and maintaining parks, trees, and plants.

This month, the voters of California approved a $1.97 billion general obligation bond to provide Californians much needed resources for safer, cleaner and reliable water supplies. Proposition 13 – The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act will help make California's drinking water safer. Proposition 13 will help meet the growing needs of California by providing clean water through conservation, recycling, underground storage and more efficient use of water infrastructure. Proposition 13 programs are consistent with the objectives of CALFED.

Urban Water Agencies Support the Decision-Making For Expenditures of CALFED Ecosystem Restoration Monies

Since the signing of the 1994 Bay-Delta Accord, California has launched an unprecedented ecosystem restoration program. Over $1.5 billion has been committed to this effort, and more than 250 ecosystem improvement projects throughout the Bay-Delta watershed have been completed or are in various stages of implementation. Urban interests support ecosystem restoration activities and are committed to working through the Ecosystem Restoration Roundtable to establish priorities and identify projects for funding. There has been some criticism over the lack of expenditure of funds appropriated for this effort. However, as the Committee is well aware, public works projects of this magnitude take years to complete. Although the monies for this program may not have been expended from a prior appropriation year, they have been obligated to specific programs/projects.

Having stated our support for environmental restoration, implementation of water quality and supply reliability projects should move forward in an equitable manner with ecosystem restoration projects. The time to carry out water quality improvements and water supply reliability improvements is now. We in the water community have supported implementation of CALFED ecosystem restoration activities with the understanding that there would be balance. Balance, meaning that CALFED water quality improvement programs and water supply reliability projects that are critical to the people and economy of California would progress at an equal pace as ecosystem restoration.

Urban Water Agencies are Encouraged by the State and Federal Discussions

With respect to CALFED's effectiveness, our measure of success will be a CALFED solution that works for urban California. Our member agencies have

become increasingly concerned about the ability of CALFED to provide an adequate response to the basic water quality and supply reliability needs of urban water consumers throughout the state. Our review of the second Draft CALFED Environmental Impact Statement/Environmental Impact Report and the schedule intended to provide final federal and state decisions in mid-2000, leaves many unanswered questions. However, we are encouraged that state and federal agencies are engaged in discussions and are attempting to address our concerns and may bring forth a successful solution.

Federal Reauthorization of CALFED Needs to Include a Balanced/Equitable Commitment

With respect to modifications to CALFED reauthorization, again balance would be our message. Appropriations for CALFED have been predominantly earmarked for ecosystem restoration activities in the past. We would encourage Congress to stipulate in any reauthorization bill advanced this year language that would provide for more equitable funding between ecosystem restoration activities and activities to improve water quality and supply reliability.

CALFED Needs to Focus on and Commit to Regulatory Assurances and Real Water Quality and Supply Reliability Projects Now!

First and foremost, for the CALFED solution to be successful and supported by urban agencies around the state, the solution must include regulatory certainty that will bring water supply reliability for water users of the Bay-Delta system. For clarification, water supply reliability means we need certainty as to both the quantity and quality of water exported from the Bay-Delta. Balancing fisheries needs with those of water users can produce a successful CALFED solution.

Specific Issues and Objectives

Attached is a letter sent by the Bay-Delta Urban Coalition last September to Governor Gray Davis and Secretary Babbitt. This letter specifically addresses procedural and administrative concerns we had at that time and includes a list of basic objectives of urban water consumers. We hope you find this attachment useful when reviewing the needs of urban water users.

Bay-Delta Urban Coalition
September 3, 1999

Governor Gray Davis
Office of the Governor
State Capitol
1st Floor
Sacramento, CA 95814

The Honorable Bruce Babbitt
Secretary of the Interior
Department of the Interior
1849 C Street, N. W.
Room 6151
Washington, DC 20240

Re: CALFED Objectives

Dear Governor Davis, Secretary Babbitt:

We commend you for your recent pledge to accelerate progress on the CALFED Bay-Delta program, and move forward on key elements. It was welcome and timely given the increasing concerns about CALFED which are addressed in this letter. By providing your leadership to seek a balanced solution and pledging your personal commitment to move CALFED forward, you greatly increase the likelihood that CALFED agencies will achieve a series of milestones that will allow them, with our full support, to complete the CALFED final plan by next spring. This urgent communication, from the group of California urban water agencies that have worked together as the Bay-Delta Urban Coalition ("BDUC")[2] during the Bay-Delta Accord negotiations and the current CALFED process, is intended to contribute to the success of CALFED. Our coalition consists of northern and southern

[2] Bay-Delta Urban Coalition consists of 11 agencies representing over 22 million people in urban communities throughout California. Coalition agencies include Alameda County Water District, Central Coast Water Authority, City and County of San Francisco Public Utilities Commission, Coachella Valley Water District, East Bay Municipal Utility District, Metropolitan Water District of Southern California, Municipal Water District of Orange County, San Diego County Water Authority, Santa Clara Valley Water District, Solano County Water Agency and Central/West Basin Municipal Water District.

California public agencies responsible for providing water to over twenty million California residents and the majority of businesses which create the economic product of the State. We have been steadfast in our support for a balanced solution to Bay-Delta conflicts, and to a joint state-federal effort for reaching decisions. At every stage thus far, despite some setbacks, the Bay-Delta Urban Coalition has remained fully engaged and optimistic about the outcome.

However, our member agencies are becoming increasingly concerned about the ability of CALFED to provide an adequate response to the basic water quality and supply reliability needs of urban water consumers throughout the state. Our review of the second Draft CALFED Environmental Impact Statement/Environmental Impact Report and the schedule intended to provide final federal and state decisions in mid-2000, leaves many unanswered questions.

Unless CALFED explicitly outlines an ongoing role for stakeholders, the September 23, 1999 deadline for comments on the revised draft programmatic EIS/EIR will mark the final opportunity for stakeholders to provide formal input to the process. Although final decisions are nearly a year away, we feel that we must immediately communicate our deep concerns about the nature of the CALFED decision making process and ultimate outcome.

During this period, our agencies will have to make important water management and financial decisions on a wide variety of water supply issues, each agency weighing the potential of CALFED to satisfy their basic objectives against the potential of other available alternatives. This will be a difficult decision-making process, as each action an agency takes independently of CALFED could impact the ability of that agency to participate in meeting the objectives of the broader Bay-Delta effort.

All parties to the CALFED process - stakeholders and governmental agencies alike – likely have different assumptions and expectations about what CALFED can and should deliver. If these expectations remain unstated and unresolved, the process may be unrealistically preserved. Should we fail to address these differences and find common ground now, both with respect to the procedure for reaching decisions and the resolution of substantive issues, any decision reached by CALFED will be undermined and perhaps legally challenged.

Attachment A to this letter outlines a series of procedural and administrative issues which we believe must be addressed immediately if the long term prospects of CALFED are to be preserved and enhanced. The issues we raise pose both difficult challenges, but also opportunities for state and federal policy leaders to think through and take action now.

We urge the authoritative state and federal policy leaders on CALFED to focus immediately on the procedural and administrative imperatives which are outlined in Attachment A. CALFED must either confirm the intentions and policies in each case and take the actions to implement each policy, or, tell urban water agencies and other stakeholders where CALFED does not agree with this approach. This will be most effective if CALFED makes such statements and begins actions at least one week prior to the September 23 deadline.

We believe that the actions outlined in Attachment A will lead to an improved process. However, if these matters are not addressed now, it is unlikely that the various parties and government agencies will move past their hidden assumptions about CALFED's purpose to build a sustainable plan.

Attachment B to this letter specifies the highest priority objectives of urban water agencies related to the Bay-Delta. We offer this list of objectives as clear notice of the needs of urban water consumers which our agencies must successfully address, through CALFED if possible, but by whatever means necessary.

Even as we raise these concerns, we continue to pledge our time, resources and constructive participation. But we believe these issues must be addressed now. We are eager to work with you, CALFED and other stakeholders to resolve these issues and make CALFED the success it has the ability to be.

Sincerely,

Bay-Delta Urban Coalition Steering Committee

Maureen A. Stapleton
General Manager
San Diego County Water Authority

Dennis M. Diemer
General Manager
East Bay Municipal Utility District

Stanley E. Sprague
General Manager
Municipal Water District of
Orange County

Anson B. Moran
General Manager
San Francisco Public Utilities
Commission

Timothy H. Quinn
Deputy General Manager
Metropolitan Water District of
Southern California

Walter L. Wadlow
Assistant General Manager
Santa Clara Valley Water District

Cc: Mr. Lester Snow, CALFED Bay-Delta Program
California Delegation
CALFED Policy Group
Bay-Delta Advisory Council

Bay-Delta Urban Coalition
ATTACHMENT A

Procedural and Administrative Imperatives
for a Successful CALFED Decision and Implementation

Introduction

The CALFED process is intended to support a series of state and federal regulatory, resource management and policy decisions. These governmental actions have historically been undertaken by individual agencies (ESA compliance, for example), but instead are coordinated through the ambitious CALFED program to achieve a broad base of support from key stakeholders and the public. Ultimately, however, state and federal governmental agencies make the decisions. If those decisions do not reflect agreement of the parties most affected by them, they will be challenged and the potential of a comprehensive solution will be lost. Also lost will be many of the voluntary efforts, not to mention the contribution of funds, which would be undertaken cooperatively by many of the parties, all to the benefit of the Bay-Delta ecosystem.

Every water user is concerned about adequate assurances of significant regulatory stability. Such stability is one of the basic elements of planning for urban water supply and it is among our greatest incentives to participate in the CALFED process. To address these issues, the Bay Delta Urban Coalition strongly urges CALFED to consider the following five procedural and administrative imperatives.

A. The CALFED decision process must remain open, participative, and responsive until late in the process, at which time the state and federal governments must have the political will to make strong and balanced decisions on all open issues.

At the earliest possible time, state and federal policy leaders responsible for CALFED must articulate the specific decision making process which will follow the submission of comments on the Draft CALFED EIS/EIR in late September. Such a process must promise more openness than stakeholders have seen so far.

Urban water utilities believe it is imperative, if CALFED is to succeed in reaching a sustainable decision, that the specific nature of the decision making process be articulated now. The process must include ongoing and meaningful participation by all stakeholders including an iterative process for producing drafts for comment on the various

issues. Further, there must be a specific process for technical and other assessments of the issues and the release of revised drafts to provide all parties with the ability to "track" the evolution of decision making on various issues. Finally, with respect to decision making, we believe that CALFED must provide a process for the negotiation of differences on all outstanding issues.

The process must remain open, participative and responsive until the latest possible time, at which the state and federal governments must have the political will to make balanced final decisions on all open issues based on the best available information at that time.

B. CALFED should commit now to the goal of enactment of legislation for substantive and administrative elements of the plan, and appropriations authority for its plan, and incorporate the preparation of that proposal in the decision process.

State and federal policy officials overseeing CALFED should confirm at the earliest possible time that the CALFED solution will include a specific commitment to the enactment of federal and state legislation which provides specific new authority for both the substantive and administrative elements of the plan, and authority for appropriations to carry it out fully. Commitment now to CALFED legislation for all CALFED purposes for which it is necessary, including appropriations, will stimulate preparation of such legislation during the course of the decision making process. This, in turn, will go far in establishing the credibility of the process and retaining the enthusiastic participation of the regulated and other stakeholder communities which are involved.

C. The CALFED plan must fully describe all programmatic elements and regulatory and management details along with the authority for each.

The plan, as memorialized in the Record of Decision (ROD), must fully describe all programmatic elements of the Bay-Delta resource management plan, including the details regarding water quality, water supply and environmental improvement. The description must include key conditions, regulatory requirements and resource management prescriptions imposed in connection with the ROD, along with the authority for each.

D. The CALFED plan must include specific details regarding all regulatory and other requirements which are fulfilled by adherence to the plan. These should be accompanied by enforceable assurances of the duration and extent of regulatory stability provided, along with any exceptions.

The plan (ROD) must state specifically all state and federal laws, regulations and procedures which are satisfied, during the plan's term, by the acceptance and execution of the plan's requirements. Equally important, it must specify any state or federal legal, regulatory or procedural requirements which are not satisfied by the plan, and the conditions under which any of these additional requirements might arise during the term of the plan. Assurances with respect to all requirements covered by the plan should be an integral part of the plan, as well as any new state or federal law to authorize and confirm the CALFED plan. To be fully credible, the agreed plan must allow no state or federal agency to harbor regulatory intentions or provisional intentions to regulate beyond the plan, unless such intentions are specified up front. It appears that some flexibility for future changes in regulation or management will be necessary to address changing conditions. However, reserved regulatory flexibility by CALFED agencies is likely to result in proportional decreases in management and financial commitments under CALFED by regulated entities. The certainty of the regulatory and assurances package will be measured against our future commitment to the CALFED program.

E. Plan Implementation and Governance

The plan must set out a complete system for effective state and federal implementation and enforcement of its terms, including an administrative structure and a legislative proposal for necessary new authority and appropriations. The governance proposal must provide, for the defined purposes of the CALFED plan, a single state/federal organization, with authority and staff adequate to fully coordinate all agency actions necessary to implement the plan. This coordination should include authority to provide for centralized (one stop) processing and actions on all project decisions, permits, and other elements of the plan. For purposes of the CALFED Bay Delta plan and within its terms, all state and federal agencies must be subject to the state/federal Bay-Delta organization and must make necessary delegations of individual agency authority to the central agency to insure unified and consistent implementation. We believe this will require a virtual cultural change among regulatory agencies. Regulatory agencies must subordinate their independent authority to the common purposes and centralized implementation of the CALFED plan, or indicate clearly where they do not intend to do so.

Bay-Delta Urban Coalition
ATTACHMENT B

Basic Objectives of Urban Water Consumers: The Parameters by Which Urban Agencies Will Measure the CALFED Plan

Urban water agencies are water supply service providers and resource managers in their respective service areas. As such, each urban agency continually makes business decisions on the best and most cost-effective approaches to provide essential water supply services. Each agency looks to CALFED, as well as other alternatives, to help achieve its mission and goals. The following list of parameters represents the most critical urban needs that can be reasonably expected from a CALFED plan. Urban agencies will evaluate the success or performance of CALFED against this list.

The CALFED plan must provide the following:

- Stage 1 implementation actions in the Record of Decision (ROD) to ensure that CALFED will continuously improve water quality in the Delta, and to achieve long-term source water quality targets for municipal supplies from the Delta of 50 micrograms per liter for bromide and 3.0 milligrams per liter for total organic carbon. The implementation actions may include conveyance changes or a cost-effective combination of alternative source waters, source improvement, and treatment facilities. Water quality improvements must be implemented in a timely manner to allow sufficient time to meet the effective date of the drinking water quality regulations.

- Stage 1 implementation actions listed in the ROD to ensure that the CALFED plan will reduce salinity levels in the Delta and deliver water quality that meets 150 milligrams per liter total dissolved solids in order to enhance water use efficiency and recycling in urban California.

- Stage 1 implementation actions and assurances listed in the ROD to ensure that CALFED will improve the reliability of Delta supplies above the baseline level of the Accord taking into account actions to be taken under the CVPIA and ESA.

- Full disclosure in the ROD the consequences of CALFED not meeting the water quality and supply reliability objectives outlined above. This should include estimated expenditures for enhanced water treatment facilities and alternative water supply sources and an evaluation of the feasibility/effectiveness of these alternatives versus a Delta solution.

- A finding on the approximate amount, type and location of storage included in the ROD and programmatic findings under Section 404 of the Clean Water Act and other provisions of law that the specific amount of groundwater and surface storage

identified through the Integrated Storage Investigation is required as part of the program. This finding must also define practicable limits for conservation, recycling, transfers and groundwater storage.

- A "no-surprises" regulatory policy agreed to by the time of the ROD to eliminate the current regulatory-induced uncertainties and to ensure enhancement of water supply. This "no-surprises" policy must ensure that the regulatory decisions are science-based and provide an appropriate review process to promote informed decision-making.

- State and federal funding and implementation of tools such as the Environmental Water Account to provide regulatory certainty, improve water supply reliability and water quality, and achieve environmental protection.

- A broad based financing plan that includes state and federal funding to finance actions that provide public benefits. The financing plan must demonstrate that Stage 1 and long-term actions provide beneficial value for those who will be asked to pay, commensurate with their proportional cost share.

- An implementation agreement from state and federal agencies that ensures balanced implementation of the CALFED plan and is agreeable to those expected to pay for the plan. The implementation agreement must ensure that urban California will experience benefits commensurate with other stakeholders, including the environment.

- Completion of the EIS/EIR and incorporation of public comments prior to the ROD on the water management strategy, finance plan, details of the Environmental Water Account, long-term governance proposal and an acceptable assurances package.

- A streamlined water transfer approval process and other measures that could encourage the development of an efficient water transfer market. CALFED actions must not hinder the ability of water users to meet their water supply needs through water transfers.

Mr. DOOLITTLE. Thank you.

Our final witness in this panel will be the Honorable Tom Hannigan, with whom I had the pleasure of serving once in the California legislature, and he is now our director of the California Department of Water Resources.

Mr. Hannigan?

STATEMENT OF TOM HANNIGAN, DIRECTOR, CALIFORNIA DEPARTMENT OF WATER RESOURCES

Mr. HANNIGAN. Thank you, Mr. Chairman. And thank you for the opportunity to present information regarding the status of water conditions for the State Water Project and the Central Valley Project, the current discussions with the Department of Interior regarding stabilizing and improving water supply reliability for the near future, and the long term and the extension of the CALFED program.

As you may know, Governor Davis has assigned a State team to work with Interior Secretary Babbitt on developing more specifics for the CALFED program. Meetings began 2 months ago and are scheduled to continue for at least two more meetings between now and the end of April. In addition to resolving ongoing operational issues, the larger goal has been to reach conceptual agreement on some of the specifics for implementation within the permanent CALFED program. We had a productive meeting on Monday of this week, at which we discussed Delta conveyance issues and details of a workable Environmental Water Account.

The EWA is a concept whereby the needs of endangered fish to ultimately reach recovery can be accomplished by the environment acquiring water in a nonregulatory manner. We contemplate that the EWA would develop storage and new water supplies, participate in a water transfers market and use water project operational flexibility tools to provide more stable fishery protection without loss of additional water from urban and agricultural water users.

Topics that we expect to discuss at meetings over the next month include water storage, the ecosystem restoration program, water transfers, water quality, an overall Endangered Species Act assurances package, water use efficiency, financing and governance, and further details on how we can begin to develop the concept of the EWA into a real program. Finally, we need to deal with how science and long-term monitoring fit into the program, since we all want to be sure that expenditure of resources and money is focused on real improvements for the environment and water users.

It is clear from discussions to date that early implementation of meaningful programs is essential. The CALFED Final Programmatic EIR/EIS and the accompanying record of decision this summer will end the 5-year CALFED "planning" program and begin the "doing." The State-Federal discussions are intended to fine-tune what will be in the ROD and provide policy guidance for CALFED implementation. Continuing studies will be necessary in some areas consistent with making sure we implement the program using the best scientific understanding.

The Department, as well as the Governor, supports extending the CALFED funding authorization of $430 million enacted in 1996. We view this as essential to maintaining the momentum of the pro-

gram. The State has $390 million waiting to fund CALFED ecosystem actions upon the certification of the program's environmental documents. In addition, as has been stated, California voters passed Proposition 13 this month that provides $1.97 billion for a variety of key water programs, including $250 million to fund projects identified in the EIS/EIR as CALFED Stage 1 actions. Extension of the Federal authorization for CALFED funding is necessary to maintain the Federal share of support for the program. And as you know, Federal agencies have requested a 3-year extension in the President's budget proposal.

Last year, Secretary Nichols submitted a comprehensive reauthorization plan to this subcommittee. The plan proposes to extend CALFED for an additional year, through fiscal year 2001. The plan also calls for two-thirds of the appropriated funds to be directed toward ecosystem restoration projects, and one-third for other program elements. In addition, the legislative language includes a provision requiring CALFED to provide quarterly reports to Congress that include information as of the list of projects underway, status of each project expressed as a percentage of the whole, estimated date of completion and local participating agencies and lead Federal agencies. Bottom line, our proposal represents a balanced approach to CALFED, and we believe it is a good start.

The 1994 Bay-Delta Accord helped to stabilize the water supply reliability of both of California's largest water projects while we developed a longer term plan through CALFED. As you know, the past 5 years has not proven as stable as we hoped. Implementation of (b)(2) of the 1992 CVPIA reallocated 800,000 acre-feet of water from CVP water uses to environmental purposes. "Take" restrictions due to conflicts between our Delta water diversions and endangered fish species disrupted water project operations in an unpredictable manner resulting in adverse impacts to both water supplies and quality. The bottom line is that we need CALFED to be a success in order for us to restore the level of reliability we once enjoyed in our developed water supplies.

Water conditions in California have improved dramatically since the end of this year. December 1999 was one of the driest on record and prompted all of us to worry about what the future held for our supply. Today I am pleased to report that water contractors for the State water project are to receive 100 percent of their requested deliveries this year. Deliveries to the CVP contractors have also improved. CVP ag contracts in the San Joaquin Valley that are impacted by the implementation of (b)(2) were recently told their deliveries have increased from 50 to 60 percent. This increase was due largely to State water project pumping water for the CVP earlier this year. The Department of Water Resources continues to work closely with the Bureau of Reclamation to coordinate the operation.

I think, due to time, I will conclude at that and look forward to your questions. Thank you.

[The prepared statement of Mr. Hannigan follows:]

TESTIMONY OF
THOMAS M. HANNIGAN
DIRECTOR
DEPARTMENT OF WATER RESOURCES

HOUSE RESOURCES COMMITTEE
SUBCOMMITTEE ON WATER AND POWER

MARCH 30, 2000

Introduction

Governor Gray Davis thanks you for the invitation to testify but, unfortunately, he is unavailable today. The Governor requested that I serve as his designee, and I welcome the opportunity to present information regarding the status of water conditions for the State Water Project and the Central Valley Project, the current discussions with the Department of Interior regarding stabilizing and improving water supply reliability for the near future and the long term, and the extension of the CALFED Program.

State-Federal Discussions

As you may know, Governor Davis has assigned a State team to work with Interior Secretary Babbitt on developing more specifics for the CALFED program. Meetings began two months ago and are scheduled to continue for at least two more meetings between now and the end of April. In addition to resolving ongoing operational issues, the larger goal has been to reach conceptual agreement on some of the specifics for implementation within the permanent CALFED program. We had a productive meeting on Monday of this week, at which we discussed Delta conveyance issues and details of a workable Environmental Water Account. The "EWA" is a concept whereby the needs of endangered fish to ultimately reach "recovery" can be accomplished by the environment acquiring water in a non-regulatory manner. We contemplate that the EWA would develop storage and new water supplies, participate in a water transfers market, and use water project operational flexibility "tools" to provide more stable fishery protection without loss of additional water from urban and agricultural water users.

Topics that we expect to discuss at meetings over the next month include: water storage, the ecosystem restoration program, water transfers, water quality, an overall Endangered Species Act assurances package, water use efficiency, financing and governance, and further details on how we can begin to develop the concept of the EWA into a real program. Finally, we need to deal with how science and long-term monitoring fit into the program, since we all want to be sure that expenditure of resources and money is focused on real improvements for the environment and water users.

It is clear from discussions to date that early implementation of meaningful programs is essential. The CALFED Final Programmatic EIR/EIS and the accompanying Record of Decision this summer will end the five-year CALFED "planning" program and begin the

"doing." The State-Federal discussions are intended to fine-tune what will be in the Record of Decision and provide policy guidance for CALFED implementation. Continuing studies will be necessary in some areas, consistent with making sure we implement the program using the best scientific understanding.

Continued CALFED Authorization and Funding

The Department, as well as the Governor, supports extending the CALFED funding authorization of $430 million enacted in 1996. We view this as essential to maintaining the momentum of the program. The State has $390 million waiting to fund CALFED ecosystem actions upon certification of the program's environmental documents. In addition, California voters passed Proposition 13 this month that provides $1.97 billion for a variety of key water programs, including $250 million to fund projects identified in the CALFED EIS/EIR as CALFED Stage 1 actions. Extension of the federal authorization for CALFED funding is necessary to maintain the federal share of support for the program and, as you may know, federal agencies have requested a three-year extension in the President's budget proposal.

Last fall, Secretary Nichols submitted a comprehensive reauthorization plan to this subcommittee. The plan proposes to extend CALFED for one additional year, through fiscal year 2001. The plan also calls for two-thirds of the appropriated funds to be directed towards ecosystem restoration projects, and one-third for other program elements. In addition, the legislative language includes a provision requiring CALFED to provide quarterly reports to Congress that include the following information: 1) a list of projects underway, 2) status of each project expressed as a percent of total completion, 3) estimated date of completion, 4) local participating agencies, and lead federal agency. Bottom line: our proposal represents a balanced approach to CALFED, and we believe it is a good starting point for discussions within this subcommittee.

Year 2000 Water Conditions

Water conditions in California have improved dramatically since the end of last year. December 1999 was one of the driest on record and prompted all of us to worry about what the future held for our water supply. Today, I am happy to report that water contractors of the State Water Project are to receive 100% of their requested deliveries this year. Deliveries to Central Valley Project contractors have also improved. CVP agricultural contractors in the San Joaquin Valley that are impacted by the implementation of the CVPIA Section 3406 (b)(2) were recently told their deliveries have increased from 50% to 60%. This increase was due largely to the SWP pumping water for the CVP early this year.

The Department of Water Resources continues to work closely with the U.S. Bureau of Reclamation to coordinate the operation of the SWP and CVP. Due to the dry conditions last November and December, two issues arose regarding project operations. We have successfully resolved the first issue and have learned from the second. The first involved the repayment by the USBR of water supply impacts to the SWP caused by fish protection actions implemented in 1999. The USBR and DWR have agreed that repayment of 70,000 acre-feet this year is an equitable solution. The other issue involved a situation in which water quality was degraded for

several weeks due to operational conflicts for the Delta Cross Channel involving fishery, water quality and water supply needs. We have responded to this problem by improving the operations decision-making process. Most significantly, we have established a State-Federal Water Operations Management Team consisting of executives of U.S. Fish and Wildlife Service, California Department of Fish and Game, National Marine Fisheries Service, DWR, and USBR. This Management Team meets weekly to review operational status and make decisions on key operational issues. In addition, the CALFED Ops Group, which includes water user and environmental stakeholders, is developing an improved method for predicting how water quality will respond to operation of the Delta Cross Channel.

With these concerns behind us, we are preparing for this year's operation. Our first, and most significant, fish protection action this year is the implementation of the Vernalis Adaptive Management Plan. This action begins in mid to late-April, lasts for 30 days, and involves maintaining a high, stable flow on the San Joaquin River while the CVP and SWP reduce pumping from the south Delta to a low, stable rate. The VAMP is a 12-year program designed to evaluate the relative impact San Joaquin River flows and water project exports have upon out-migrating salmon. Our operation plan shows that this action, which cannot be taken without State cooperation, can be accomplished and the curtailed exports recovered by the end of the year. To do this requires using most of our remaining operational flexibility this year. An issue currently being discussed between DWR and the USBR is repayment to the SWP if things do not happen according to the plan and the SWP incurs a water supply impact. We would like to have this situation settled prior to the beginning of the VAMP pumping reduction. The 1994 Bay-Delta Accord helped to stabilize the water supply reliability of both of California's largest water projects while we developed a longer-term plan through the CALFED process. As you know the past five years has not proven as stable as we hoped. Implementation of Section 3406(b)(2) of the 1992 Central Valley Project Improvement Act reallocated 800,000 acre-feet of water from CVP water users to environmental purposes. "Take" restrictions due to conflicts between our Delta water diversions and endangered fish species disrupted water project operations in an unpredictable manner, resulting in adverse impacts to both water supplies and quality. The bottom line is that we need CALFED to be a success in order for us to restore the level of reliability we once enjoyed in our developed water supplies.

Thank you. I will be happy to answer any questions you have for me.

Mr. DOOLITTLE. Thank you very much. Mr. Hannigan——

Mr. HANNIGAN. Yes?

Mr. DOOLITTLE. If we were to see next year the beginning of a new 5-year drought like we had in the years 1987 through 1992, and no one knows when that will happen, but what do you think, what would happen to us in California if we entered into another drought like we had? That was I think one of the worst ones in 50 years, but such things have been known to happen. I am just wondering, as the director of Water Resources, with the expertise available to you, the increase in our population that has occurred since then, how do you think our industries would fare and our population in such a circumstance?

Mr. HANNIGAN. Mr. Chairman, first of all, the experts available to me told me that we should not expect a sixth wet year. And when it didn't rain in December, I immediately formed a, I'll use the "D" word, group within the Department to start planning for a drought. And lo and behold, we are now going to enjoy a sixth wet year. But the fact of the matter is there are a couple of things that I think come into play if, in fact, we experience a 5-year drought.

It will be painful because many of the things we are discussing in CALFED can't come on line as quickly as a 5-year drought. I think we benefit from the experience of the last drought. And agencies like Metropolitan in Southern California have led the way in developing alternatives and insurance against a drought. I think we will see that lessen in some degree the impacts of a drought. But there is no question that if we don't have additional resources, the ability to offset a drought would be severely limited.

Mr. DOOLITTLE. I think we all know agriculture would be severely hit because even in these so-called wet years, they have been severely hit.

Mr. HANNIGAN. No question.

Mr. DOOLITTLE. But what would be the impact, say, on Silicon Valley, in your estimation, if we go into another big drought?

Mr. HANNIGAN. Well, Santa Clara Water Agency, who serves the Silicon Valley, as I understand their operation, do have some flexibility. But they rely heavily on water from San Luis, their entitlement in the State Water Project. And as you probably know, in 1999, because of the Delta smelt problem early in the year, San Luis was drawn down to a dangerously low point, which is threatening all of the water users below the pumps, Santa Clara the most. So they would have a hard time dealing with that 5-year drought. I trust their flexibility in their own system would buffer some of the potential impacts, but clearly if we can't keep San Luis at a level that meets their water demand request, they would experience some negative impacts.

Mr. DOOLITTLE. It is my understanding they have to have a certain level of water quality in order to be able to——

Mr. HANNIGAN. That is correct. And as the level of San Luis drops, the water quality diminishes and that is what impacts them.

Mr. DOOLITTLE. Thank you.

Mr. Bamert, I hope, ultimately, if we should reauthorize CALFED, you won't feel that with the conditions that we impose we won't be destroying the rural way of life. That certainly

wouldn't be our intention. But I do observe that I think Mr. Sprague mentioned that $113 million had been obligated. That is true it has been obligated, but out of that, even only the total of, according to our figures, only $35 million has been spent. So you have got millions of dollars out there that even if CALFED went away at the Federal level, there is lots of money out there already that will be spent eventually.

So one of the benefits of a reauthorization, from that standpoint, would be to gain improved use of the money that has already been appropriated, and to get better accountability, and hopefully to accomplish something that we are all seeking. But I appreciate your forthright testimony. I think you conveyed clearly the depth of frustration, the depth of sentiment there is out there with reference to what has or hasn't already happened.

You mentioned storage. Would you just comment, representing many of those counties, which are Upland areas, sources of much of this water, what are your storage needs?

Mr. BAMERT. Well, Mr. Chairman, I am from a small county, Amador County, as you know, and the amount of water we need is only 10,000 acre-feet. That will carry us on almost to the end of this century. But being above the dams, with little groundwater, we do not have the opportunity to participate in the State Water Project or the Central Valley Project to obtain additional water. So we need to retain that water above the dams that are now exporting our water to the East Bay and other areas.

You mentioned the money that is in the CALFED process. Part of the problem is we are not getting that money up in the water shed areas above the dams, which we think will produce additional supplies of water for the rest of the State. But our main concern is maintaining our area of origin rights so that we have water maintained in our counties for the future. That is about it, I guess.

Mr. DOOLITTLE. Mr. Sprague, you represent a major urban area, critical to serve them. Are you concerned about the immediate future in terms of what you are going to be able to produce for your customers in the next year or two?

Mr. SPRAGUE. Yes. But possibly in a different way. If I am looking at it strictly from my own agency in Southern California, a member of the Metropolitan Water District, we have a little advantage. We have the Colorado River system, and assuming that it works, probably through conservation and so on, we have the ability to survive. But I can see where other portions of the urban community don't have that same looped system. Every single local retail water agency is able to get water from a variety of sources, even if they just have a looped pipeline system.

And so it is going to be a challenge to some of the other areas. We are certainly concerned. There has been a lot of effort done, not just in the Metropolitan service area, but throughout urban California in the area of water use efficiency, and that is going to help us, to some degree. But without the certainty, as you continue to add demands on our system and we continue to try to improve water-use efficiency, the elasticity in the system starts to disappear, and that is one of our concerns with the lack of an understanding of what this package is going to be able to deliver over

the long haul, so that we have some certainty to manage or develop our planning strategies.

Mr. DOOLITTLE. Thank you.

Mr. Moss, do you feel a good deal of the elasticity has already disappeared in this system? I mean, by the way, we are going to lose some of that Colorado River water here shortly I understand.

Mr. MOSS. Certainly the elasticity has been taken. You asked about another 5-year drought. The last drought began and CVP supplies on the West side were able to be sustained at 100-percent of deliveries for the first 3 years of the drought. That condition no longer exists, obviously. We are in a wet year. We are not in a drought. They are getting 50, maybe 60, percent of their supplies. And if we had the conditions that we are currently under and faced another drought, those water supplies would drop to zero. So the elasticity is gone. We don't have the flexibility now to find water, to manage water, in ways that allowed us to manage a drought.

Mr. DOOLITTLE. Thank you.

Mr. Dooley is recognized for his questions.

Mr. DOOLEY. Thank you.

Mr. Hannigan, we have been very pleased with the Governor's commitment and participation in the CALFED process. I would just like to clarify is the Governor, in your role, approaching this with the objective that, through this process, that all of the stakeholders can get better, including the environmental interests and municipal, agricultural users?

Mr. HANNIGAN. That is correct.

Mr. DOOLEY. I guess then when we are proceeding with that as our objective and really our commitment, Mr. Sprague mentioned some concerns about the environmental water count, and some of my constituents have also expressed some concerns. They think that there might be some merit in concept of what is happening there. But when we start talking about an additional 400,000 acre-feet or whatever the number is to be put into an environmental water count, where is that water going to come from and how is it not going to have a negative impact on some of the existing users, whether they be Mr. Sprague's constituents or Mr. Moss's or even Westland's irrigation district, which currently, in a very wet year, is receiving 60 percent of their contracted supply? Where does this water from come and how can they have any assurance that this isn't going to be a further reduction in their deliveries?

Mr. HANNIGAN. The concept of the environmental water count is to develop, if you will, a budget for the environment. And earlier, one of the witnesses used the figure 400,000 acre-feet. So let's just use that for a moment because there is some accuracy to that number. There is water that will be acquired by purchase, in large part State and Federal resources purchasing the water and storing, renting initially, ultimately benefiting from additional storage facilities, in part. We envision that if a new storage facility is constructed, that a portion of its capacity would be purchased by the environmental water budget, if you will.

So in the short term, we are trying to figure out how to put together an environmental water count in the range of 400,000 acre-feet of water through purchase and then store, you know, wet year water moved into storage, available in less than wet years, and

then sustain that number over a period of time. In return for that, water users would be given assurances that not any of their supplies would be diminished as a result of environmental actions.

Mr. DOOLEY. And how could you provide those assurances when we still have existing Federal and State environmental laws, be they ESA, Clean Water Act?

Mr. HANNIGAN. Well, there are, and here again that is a topic of these discussions. There are, in law, environmental "takes," if you will. The Delta Accord that was referred to has a water value to it for the environment, the CVPIA, your Federal legislation, has a figure of 800,000 acre-feet per year of water attached to it, and then there are some existing biological opinions, under the ESA, that are in place. And we are recognizing, trying to recognize, those existing environmental water sources and adding to that, but not taking it from the water users. We are trying to give them assurances that they will be able to count on, subject to hydrology, count on a water budget that exists today, and hopefully is improved upon through CALFED over a long period of time.

Mr. DOOLEY. I guess, Mr. Moss, I would like you to perhaps respond. As Mr. Hannigan lays this out, that there appears that this might have some benefit, what are your concerns related to this proposal?

Mr. MOSS. Think of the size, 400,000 acre-feet. Let me give you a little real-time experience. This past summer, as part of a pilot project for the San Joaquin River, I had the task of that project of going out and finding 15,000 acre-feet in the San Joaquin Valley to cover losses that were generated as a result of that project, losses that could not be otherwise returned to Friant water users. It took me all summer.

I am still, right now, trying to get all of that water back, if you will. The thought of 400,000 acre-feet coming out of this same area and trying to meet these environmental needs is outlandish. It is crazy. It will never be found. And so if that is the tenet, from which we begin regulatory certainty, we will not get there. We cannot get there.

Mr. DOOLEY. Mr. Sprague, you have commented in your testimony about some concerns from the municipal side of things on this. I would just like you to respond to the issue.

Mr. SPRAGUE. The difficulty, or at least the way we perceive the moving forward of this Environmental Water Account, and so I am kind of going from rumor, if you will, is that the focus is so much on fish that that water quality is being lost in the calculation. We, in fact, I think it was the urban community that came forward with this original idea because we saw that here is an opportunity to predeliver water in a way that helps you to balance the water quality issues and still protect the fisheries. So at times when you have to shut off the pumps or at times where you have to move water where the water is not as good a quality, that we have the ability to still protect water quality needs.

And so that is our need. If it gets there, fine, but my concern is how this Environmental Water Account is structured. Are all of the tools designed for fisheries or are they designed to meet more than one leg of a stool in a fashion that ultimately the water in the Environmental Water Account probably does go to the environment.

However, how it is managed can help resolve a variety of other issues, and that is what we have not seen. And I am very hopeful that some negotiations can happen to where we have some regulatory certainty so, in fact, that water account can be used in that fashion.

Thank you.

Mr. DOOLEY. Thank you.

Mr. DOOLITTLE. Well, at this point, we have two votes. Do you want to go, Mr. Pombo?

Mr. POMBO. No.

Mr. DOOLITTLE. OK. Mr. Pombo is recognized for his questions.

Mr. POMBO. I thank the chairman for yielding.

Mr. Hannigan, can you tell me what is the estimated shortfall of water for the State of California in the year 2020?

Mr. HANNIGAN. I should know that number, and I am going to try. But as I think I mentioned to one of you who I visited yesterday, maybe you, Mr. Pombo, that the State, every 5 years, produces a document. It is called——

Mr. POMBO. Yes, we talked about it.

Mr. HANNIGAN. —Bulletin 160. And I believe the figure is in excess of 1 million acre-feet of water, but I can't give you a specific number. It is not on my——

Mr. POMBO. Can you provide that, for the record, to the committee?

Mr. HANNIGAN. I certainly can.

Mr. POMBO. How are we going to use the CALFED process to meet California's shortfall in terms of urban, rural, agricultural and environmental needs?

Mr. HANNIGAN. I am sorry. Could you——

Mr. POMBO. How are we going to use the CALFED process to meet that shortfall?

Mr. HANNIGAN. Well, that is part of the way to meet the shortfall. I mean, in addition to the CALFED process, the passage of Proposition 13, the carryover of the money from Proposition 204, the further investment on the part of many water agencies up and down the State, again, I will mention MWD. They just completed a storage facility that will hold 800,000 acre-feet of water. We are hopeful that we will address and meet that need over the next 15 years or so. And that includes conservation, it includes new technologies. Desalinization is one that we sort of look at with askance at the moment, but who knows, in 10 or 15 years, that process might be such that our coastal regions, which are the most populated, could be primarily served by that. And if that were the case, we would have a substantial breakthrough in water supply in this State.

Mr. POMBO. Let me ask you about something you didn't mention. Do you support on-stream storage as an option?

Mr. HANNIGAN. No. I don't see on-stream storage as a viable option in today's environment, except raising Shasta, which is being considered, by 6.5 feet, and the possibility of raising Friant and Los Vacaros. Well, Los Vacaros isn't online, but——

Mr. POMBO. We have a shortfall, and at this time you don't support new on-stream storage. A lot of the proposals that have been put forth, including a number of the ones you have mentioned, cre-

ate no new water. They do give us greater flexibility. They do give us the ability to store water in areas that we currently do not store water. But in terms of capturing new water supplies, in terms of providing that million-plus acre-feet that you talk about, they do not do that. The option of doing new on-stream storage facilities is one of the only ways of creating new water.

Mr. HANNIGAN. Well, it may be one of the ways of creating new water, but if you talk in terms of on time or timely, I do not consider it to be one of the timely options to providing water, even possibly in a 20-year timeframe.

Mr. POMBO. Why?

Mr. HANNIGAN. Finding appropriate locations, facing the difficulty in permitting such a facility and then financing. If you presume that it is going to be financed by those who benefit from the water, it may be difficult to produce that kind of a facility in that timeframe.

Mr. POMBO. So do you propose that we exclude on-stream storage from the possibilities for the future?

Mr. HANNIGAN. I don't propose that we exclude anything. I think when you are looking, you look at every possibility. But when you come to a decision making time, and you have to accept some things and reject others, it is quite possible that on-stream facilities will not make the cut.

Mr. POMBO. I know my time has expired. But it appears to me that you have made up your mind in terms of on-stream storage.

Mr. HANNIGAN. No, I haven't made up my mind. You asked me how I felt about it, and what I see and what I have to deal with, I don't see it as a viable option.

Mr. POMBO. I thank the chairman.

Mr. DOOLITTLE. We will recess, and at the conclusion of the votes resume with Mr. Miller being recognized.

[Recess.]

Mr. DOOLITTLE. The committee will reconvene. Let's assemble ourselves and quiet down as soon as possible here.

In case I didn't mention it, and I don't think I did this time, that when you sit before those mikes, which are live all of the time, you are engaging in a worldwide broadcast on the Internet.

With that, Mr. Miller is recognized for his questions.

Mr. MILLER. Thank you, and thank you, Mr. Chairman, for holding this hearing. I think it is rather timely. I would like to pick up a little bit, where we might have left off, if I might, with Mr. Hannigan, the director.

There is a lot of discussion, Tom, about what do we do when we enter another 5-year drought, and obviously that is a very important question in California. And when we look at what happened in the previous drought, obviously we learned a lot from the seventies in the droughts where there was a conscious decision that everybody was going to get, in the first year of the drought, everybody was going to get full delivery and the second year of the drought everybody got full—and all of a sudden somebody said, "Jesus Christ, you know, Shasta Dam is pretty low here."

And so today, when you are confronted with the prospect of a dry year, you start to think how are you going to start building carryover into this system, as I understand it. Because since then we

have obviously added 15 million additional people to the States, so the concerns are heightened in terms of what happens to urban populations and the rest.

So I appreciate when people run around saying, as you said early on when it looked like maybe this was going to be potentially a dry year, we didn't know we were going to get 21 out of 29 days of rain in February, and snow and all of the rest that, you start to say, well, you better start anticipating 50 percent or what have you, and then those are adjusted. That is because we learned something from the previous regimes that ran us right into the ground, where all of a sudden we found ourselves in years four and five with essentially no flexibility in the system. If you will remember, we were stringing pipes across the San Rafael bridge so we could send water over there because their reservoirs were down because people acted in the first couple of years as if nothing was happening. And now we act in a very cautious fashion. Some would argue, I guess, too cautious.

But the point is that you can't speculate about the drought and then insist that nothing change when you find out that you have got a dry year on your hands or potentially dry years. Those are management tools, it seems to me, that have to be incorporated in these regimes as you start to figure out how would we allocate, what would we do if this has happened. Obviously, again, we sacrificed a lot of people's orchards because we treated all crops the same. And so in the fourth and fifth year all of a sudden people found out that they lost some of the permanent crops.

And I think that that has got to be kept in perspective because I think there is a tendency to somehow suggest that we haven't learned anything, that if there is another drought, it would be treated the same, that we have the same old management tools we had then, which is not true. And yet that becomes the driving force to suggest that, therefore, you know, billions and billions of dollars may have to be spent in one fashion or another. You are at the eye of the storm of sorting this out, and I respect you for staying there.

It seems to me that, and others have mentioned it, I want to commend the Governor and the secretary for being directly involved, and yourself, and Mary Nichols and others, Gary Condit and others, who were involved in that. Because I think CALFED has sort of gone about as far as it can go without policy makers, people with authority, being directly involved. I think CALFED did a hell of a job, but I think that group has taken it about as far—now policy makers have got to start to make some decisions, and that is what makes everybody else in the room nervous.

But I think also, in the characterization of this system, is the struggle here is to bring a system that is back into balance. This, in many instances, certainly the Federal system was run as a single-purpose system. That is why we ended up passing CVPIA was to bring it back into balance. We know you can lament the Trinity water decision, except that you have a constitutional obligation there, and you effectively stole the water in the middle of the night. Good politics at the time, but now you have got to bring it back. I mean, you know, water that was headed rapidly west now runs uphill and east. But what the hell, that is what money can make water do.

And I think that people have got to appreciate that that is what the struggle is here, and what the policy makers are now, when you deal with an environmental water count, you deal with surface storage, you deal with the Delta, with groundwater management, these are all efforts to try to bring this thing back into balance that wasn't in balance for 35 or 40 years. And I just want to make sure that we don't assume that there are not legitimate claims in these meetings by people who, in the past, have not necessarily been represented.

So now I would like to know, to the extent that you are comfortable speaking publicly, because one of the values of these meetings is, to some extent, that they are private. Obviously, one of my concerns is there are a lot of proposals on replumbing the Delta, whether it is a peripheral canal, whether it is a Hood diversion, whether it is gates and barriers and all of the rest, and I just wondered if you have any indication yet of what the time table would be there and how that plays into it because it is obviously key to a number of constituencies in the State.

Mr. HANNIGAN. Well, as somebody pointed out to me sometime in this last whirlwind year of trying to learn the water world, the Delta fundamentally is ebb and flow of tide moving east and west and water moving north and south. And they cross, and they create all kinds of challenges for us, as policymakers, or you as policy makers and us as implementers and stakeholder groups alike.

There is discussion of fixes to the Delta in trying to protect the interest in the Delta from levies to water supply, to the fish, and I guess it came to a head, if you will, last November and December, when the Delta cross channel, which as you know is a facility there now to deal with water quality and fish actions, closed. It allows fish to stay in the mainstem of the Sacramento River and move south and out or I should say move west and out.

When it is open, it provides some water quality benefits to other parts of the Delta. And when it closed in November and December, we were still pumping at Banks and at Tracy, it created a water quality, a water shortage problem in those portions of the Delta, while it was allowing questionably a number of fish to stay in the main stem.

And we finally, through operational conferring and trying to develop better decisions, we finally decided on a course of action that had it open on certain hours of a 24-hour period, allowed us to then pump, it allowed the water quality in those areas of the Delta that were threatened to improve, and it opened our eyes to the need to do something about this mechanical dysfunction of the plumbing.

And so we are talking about Hood, and we are talking about a diversion to be studied at Hood, not to be implemented. And in the first phase, this study will commence, consistent with other fixes to the Delta, and of course it will focus on a number of things, including the level of CFS that might be appropriate if it were to be constructed. What happens to the fish if you put in a diversion at Hood? There are those who would suggest that the fish get trapped, among other things, and can't get out, and it would have a negative impact. So we are going to look at all of those factors in a Hood diversion, as well as further study how we might better operate the Delta cross-channel, and maybe better operation there

would preclude Hood, but we are not making that conclusion in the Phase 1.

Mr. MILLER. Is it fair to say, and then I will stop, is it fair to say that this 4,000 CFS figure that showed up without parenthood in the interim report, you are not locked in on studying just that. You are studying a range of——

Mr. HANNIGAN. That is right. I think that is fair to say.

Mr. MILLER. —in that particular case.

Mr. HANNIGAN. Right.

Mr. MILLER. Thank you.

Mr. DOOLITTLE. Mr. Radanovich is recognized.

Mr. RADANOVICH. Thank you very much and thank you, Mr. Chairman, for putting this hearing together, and I welcome all of the guests on the panel.

I do want to, and appreciate the statements of my former colleagues, I will disagree with the other gentleman from California, the other George from California, in the statement that things have been brought into balance. I think part of the reason why we are having this hearing is that although priorities for California water may have shifted more in areas of your preference, they have been brought out of balance in my areas of the State. And in what I view as in the agricultural and urban areas of the State are right now at an imbalance, and that imbalance can only be corrected by increased water storage. We will never be in a balanced situation between environment, agriculture and urban interests until there is increased water storage in the State. And I believe that that is what really has caused the problems.

The only way to, in my view, alleviate any short-term or, excuse me, any imbalance and, therefore, some water need in agriculture and urban areas, are to, one, alleviate the regulatory constraints on a short-term basis, and No. 2 is to move forward quickly with some long-term storage.

I do have a question, if I may. And, Mr. Hannigan, it was great to meet you yesterday, and I appreciate your being in the office. I wish that you would clarify a little bit something for me on the issue of the short-term or, excuse me, the 400,000 acre-feet and the, what did you call it, the——

Mr. HANNIGAN. EWA, the Environmental Water Account.

Mr. RADANOVICH. Is that in addition to the water that is being taken currently—I believe it is about 1.1 million acre-feet—under ESA and CVPIA or would that effectively cut what is currently being taken and reducing it down to 400,000 acre-feet?

Mr. HANNIGAN. It is not the latter.

Mr. RADANOVICH. Pardon me?

Mr. HANNIGAN. It is not the latter. It is not to replace all of that which is, by regulation or by law, in the case of CVPIA, there. It is not exactly—there is the discussion of a baseline, and the baseline would include CVPIA with possibly some modifications of how that is implemented, the tools that are given under the law to Interior. It is some of the biological opinion that governs the Delta, and it is the, for the moment, the accord, that whatever is in the accord. That is part of the debate. We are trying to define the baseline. And then the 400,000 acre-feet is in addition, and I am just using that number now—I hope we are inclined to land on that,

and that takes on a life of its own—but that is a number that is being discussed, and it is added to whatever the baseline finally becomes and given, with that, assurances that there will be no additional ESA or other "takes" of that nature.

Mr. RADANOVICH. So from what I am understanding, unless this thing is exactly clarified, it could very well be that the 400,000 acre-feet would be a "take" in addition to what is already being taken now under ESA and CVPIA.

Mr. HANNIGAN. I would not describe it as a "take." The concept is to acquire it.

Mr. RADANOVICH. Mr. Moss would describe it as a "take."

Mr. HANNIGAN. Well, we can differ, but——

Mr. RADANOVICH. Mr. Sprague would as well.

Mr. HANNIGAN. The intent is to not harm the water community any more than it has by the existing, however it is defined, base. And the 400,000 acre-feet would be acquired by money and other resources on top of that not from the water users.

Mr. RADANOVICH. Which leads me to another problem that I have with the CALFED process, and I have been one of its biggest proponents and supporters. And that is the lack of clarity or the perceived lack of clarity under what the original agreement said in the first place back in December 1994 when it was signed.

I got, I believe, and after discussions with you, knowing that not only agriculture, but urban users and the environmentalists all walked away with perhaps an unclear idea as to how they, what they signed and how this was going to work out. And after 5 years, it has led to a great deal of disappointment on all sides because everybody thought it was something that it never turned out. And essentially everybody signed on to an agreement that wasn't specific enough. And so at this point, everybody is sorely disappointed in this entire process, which leads me to the concerns of my constituents, which I take to be both urban and agriculture users. And that is that we are at a point now where we are still reviewing this process. We have signed an agreement that was not specific, and so therefore the regulatory agencies have been administering CVPIA and ESA in contrary ways to what the urban and ag users thought would be, and now we are looking to go forward, still trusting that what we are all agreeing to today is going to be administered as fairly as it was these last 5 years or unfairly, as many, many people believed.

So I guess in my view, CALFED gets a big fat "F" in that. And that the agreement was not, everybody came together to work together, the stakeholders, to solve the State's water problem. It was very admirable. They signed a blurry agreement that got screwed up along the way. And my thought is that any future move with CALFED or any future direction in solving the State's water problem should not be conducted in the same way. In fact, we might want to go back and fix what created the problem in the first place, and that is nobody had a clear idea of what their expectations were on the short term, while we were solving all of these long-term problems.

And so I guess this leads me to my next question because I, in my right mind, would never advise urban or agriculture people to pass on any or have any expectation of any future discussions of

CALFED and State Water unless they know exactly what they are getting, and it is in law. Would you support then, assuming that the stakeholders could get together again, get something specific that they can all agree on, would you support bringing that bill to Congress and getting it in the law so that we have the backing of the law, which has been another problem, as you know, of CALFED. Its standing in the law has always been kind of questioned. Would you support codifying any agreement like that and making it into law, so that we all know what our expectations are and we all know that we can operate, at least on the short term, with a certain degree of reliability?

Mr. HANNIGAN. The whole discussion about the—first of all, I agree with what you have said.

Mr. RADANOVICH. Yes, and I realize——

Mr. HANNIGAN. It has been my own experience, when last April we had to drop pumping at Banks from April 15th to May 15th, you know, the staff, the people, the technical people advised me this is what we have to do, and we did it. Then, after May 15th, when we were presumably to ramp back up, we continued to stay at the low levels, and people are saying to me, you know, we have got these smelt around the pumps. We can't go back up because the count has gotten to a threshold where a red light goes on and all hell breaks loose. And so we stayed with the low pumping. I started getting phone calls from the project contractors, and they are saying, "You know, I hope we are covering the lost water as a result of this continued pumping," which is what happens under the accord.

So I tell people, "Give me a copy of the accord." Now, I am not an attorney, but I get it, I read it, and I find there is nothing that enforceable in the accord.

Mr. RADANOVICH. Tom, I don't have a lot of time. I was just wondering if I could get your idea on whether you support a law——

Mr. HANNIGAN. Well, if, in fact, we get an agreement as a result of this CALFED process that does what we are all happy with, I see no reason why it can't be codified.

Mr. RADANOVICH. OK. I appreciate that.

Do I have more time? Can I run on or shall I wait?

Mr. DOOLITTLE. You have run on 4.5 minutes beyond the time.

Mr. HANNIGAN. I apologize for——

Mr. DOOLITTLE. We will come back. We will give you a second shot at it.

Mr. Herger is recognized.

Mr. MILLER. Mr. Chairman?

Mr. DOOLITTLE. Yes, Mr. Miller?

[Mr. Doolittle and Mr. Miller conferred.]

Mr. DOOLITTLE. Well, I suppose that would be appropriate. In that event, it is back to me.

Mr. Hannigan, I feel very strongly, It is so interesting to me, when CALFED was conceived, they took on-stream storage out of the equation to begin with, and that made it immediately suspect in my mind. And now to hear you say that you do not think that is viable, and then you cited, what do we call this thing down there that used to be Domenigoni [ph.], is it Diamond Reservoir? Is that what they call it now?

Mr. HANNIGAN. Right.

Mr. DOOLITTLE. Where they bought a valley and put dams at both ends, a need I believe when the dust has settled, that is going to cost right around $3 billion or so——

Mr. HANNIGAN. That is right.

Mr. DOOLITTLE. —for the capacity to store 800,000 acre-feet of existing water, not new water, simply moving it around so that it is there.

Now the State is talking about coming up with 400,000 acre-feet. I am just wondering, I mean, that is a lot of acre-feet. Where are you going to put all of that?

Mr. HANNIGAN. Let me just respond first to the Diamond whatever they called it. It was East Side—well, it is Diamond something now. Diamond Valley. Diamond Valley. Thank you.

That water is water that is otherwise not used by MWD in any given year. It is a combination of Colorado and State Water Project so it creates a yield, and it is like new water. It is water that otherwise would not be used in the system. And I wanted to clarify that from the earlier discussion with Congressman Pombo. It is not a zero sum game. That is water that in the case of the Colorado would flow on down and probably flow into Mexico.

Mr. DOOLITTLE. But things are so bad and so unstable in this State that the Met decided they would impose on their ratepayers a $3 billion charge to gain the certainty of having the water there if they needed it. That is a pretty sad commentary on the state of affairs.

Mr. HANNIGAN. Well, I agree with you. I think that is a debate that ought to occur amongst the constituencies of MWD. They had a project. I don't know what its original estimate was, but it ran over that, and it's now where it is.

Mr. DOOLITTLE. I think it was supposed to be around a billion, so, you know, just a couple of extra.

Mr. HANNIGAN. Well, as somebody said, it is only money.

Mr. DOOLITTLE. But I make this point: I mean, they did all of that to store water they already had a right to. It is not like building a dam and creating new water in that sense. And I just find amazing, and frankly I think a majority of this committee strongly supports adding on-stream storage, and there is the most obvious side of all at Auburn, and you people act like that is talking about building some 22nd Century transportation system or something.

Mr. HANNIGAN. No, but——

Mr. DOOLITTLE. Something that is so costly and out of the realm of reality that that is just a pipedream. Why do you have that feeling?

Mr. HANNIGAN. I don't have that feeling. But I would argue that is the best case for why on-stream new constructed storage is not a viable alternative. How long has it been since Congress authorized Auburn?

Mr. DOOLITTLE. Well, let me just ask you this.

Mr. HANNIGAN. I don't know. When was it—in the late seventies?

Mr. DOOLITTLE. It was 1965.

Mr. HANNIGAN. 1965.

Mr. DOOLITTLE. Even George wasn't here when that happened. [Laughter.]

Mr. HANNIGAN. He came right after. But any rate, no, Mr. Chairman, that is my point. It is not whether or not whether or not for me, whether or not it is a viable project. As I look into the year 2000 at how to deal with California's water problems, that doesn't look like a viable alternative.

Mr. DOOLITTLE. Well, may I just suggest to you a couple of points of why I think you ought to at least reassess it.

Mr. HANNIGAN. OK.

Mr. DOOLITTLE. Yes, our friends who proclaim themselves environmentalists definitely are opposed to the dam, even though it adds new sources of water and does a great deal for water quality and water quantity. But you have the entire foundation of the dam there for approximately a billion dollars. You would get not 800,000 acre-feet of storage, but 2.3 million acre-feet of storage. Most of the land has already been acquired and sits there.

The permits you were talking about have been acquired. I am sure they will be fought over again in court. But the point is a lot has been done. The city of Sacramento gets the flood protection it needs to stop the flood that the experts predict will occur. That qualifies it for Federal flood control money. I mean, there is a whole bunch of advantages to this site, plus it makes the water available for Mr. Bamert, well, indirectly. He wouldn't directly get it from there, but I mean it adds to the supply. It certainly helps El Dorado and Placer Counties, the local people, Sacramento County, and first and foremost San Joaquin County, which is the greatest probably single beneficiary of building an Auburn Dam in terms of water supply.

So when you look at the figure, I mean, Met spent $3 billion to get 800,000 acre-feet of moving its water around, you could spend about a billion and get 2.3 million acre-feet, plus protect all of the money the State has at risk in the flood plain down in Sacramento. Will you assess these criteria and perhaps reevaluate?

Mr. HANNIGAN. We will review, reassess and perhaps reevaluate. But, you know, the truth of the matter is I don't think that is where California is going. They are not going to the Auburn Dam.

Mr. DOOLITTLE. Well, California will go where we tell it to go, won't it, as the policymakers?

Mr. HANNIGAN. Well, I don't know. I don't have any control over who goes into court and files a suit——

Mr. DOOLITTLE. No, but we can fight those suits.

Mr. HANNIGAN. I don't have any control over a court who rules in favor of those who file. I mean——

Mr. DOOLITTLE. I mean, anything we do that is a new project is probably going to be subject to a suit. I mean, so Auburn is not unique in that sense.

Mr. HANNIGAN. Well, we are trying to find projects that are viable, that are timely and that provide a solution. If Auburn does that, we will certainly consider it.

Mr. DOOLITTLE. Well, Auburn does that. A majority of this subcommittee supports that. So I would urge you to consider and will constantly be looking to encourage that as a solution because it is the most obvious solution. Why would you spend so much more money someplace else to get less? And that is not going to be easy, as you well know. You are still going to have your lawsuits coming

up there, and you probably need to do everything that has been mentioned and Auburn and will be lucky to stay ahead of it.

All right. Mr. Miller gets his second round.

Mr. MILLER. Mr. Dooley.

Mr. DOOLITTLE. Oh, Mr. Dooley. All right. OK.

Mr. DOOLEY. No, thank you.

Mr. MILLER. Thank you.

Mr. Moss, in your testimony in the beginning you talked quite a bit about certainty, and I would like to return to a point here; that it is very hard, I mean, obviously we are in a transitional period here, where we had a water system that was conceived and run by rules according to 1950, and we have a much different State today in the year 2000 than our anticipated growth to the year 2030/2020. And so as I said, we are trying to bring this system into some equilibrium, and yes, equilibrium means that water will flow out of some areas into other areas and those changes will be made. But it is hard for me to see how you bring the system into equilibrium until you measure out what all the requirements are to do that.

And obviously ESA is a huge part of that component, a huge part of that component. I mean, CALFED exists because we are trying to put off ESA coming down full force and effect. The Environmental Water Account is something people are thinking about trying to put off so they can get the full 404 protections and all of the rest of that. Trinity River, you can keep putting off the decision, but everybody knows that that water, some amount of water is going to be put back into that river as a matter of treaty, a matter of rights there.

Colorado River is changing. The questions of what happens with groundwater, what management yields can be done, the things we see going on in terms of water reuse and management down in Orange County and in L.A. So I don't know quite how you get that certainty. If people want to continue to pretend, as if somehow if we could just get these players out of the room, we could solve this problem. Because those players aren't going to leave the room. As Mr. Hannigan pointed out, they will just end up in the courtroom because they have very strong standing in the law. So I don't get where people think by throwing out CALFED or something that this is going to lead to some level of certainty.

Mr. MOSS. Well, the water users always will move in the direction of certainty. And that is kind of an axiom that I think you will find very consistent. So if they find more certainty in the courts, they will move in that direction. If they find more certainty in working through CALFED, they will move in that direction.

Let me more directly answer your question in terms of, in terms of this regulatory baseline and the concepts therein. When the Accord was signed, people thought they had attained a certain level of stability. The biological opinions as a result of the Accord said that they were nonjeopardy, that we had attained a level of stability with the Endangered Species. While it didn't say it was in a recovery path, it was a level of stability that would keep them from going extinct.

And I think what we are talking about now is moving into the realm of recovery of these endangered species. And so we start with

a level of stability for the species. And now the question is will the Federal Government exercise its discretion that exists within the law to have recovery at this angle, that quickly, or will it be at this angle, that quickly? There is a lot of discretion in how quickly the species will recover. And I think what we are asking for, as water users, is to take a reasonable level of—use that discretion to get a reasonable level of recovery when balanced against the obvious impacts that are occurring to water users, both in terms of water quality and water supply.

So we think there is a tremendous amount of discretion within the way the laws are being applied. And that is the balance that we are seeking at this point. Let me also clarify my previous remarks.

Mr. MILLER. Let me just point out, you know, that is an interesting argument because the suggestion is there is only water in building dams. You suggested there is water in discretion.

Mr. MOSS. Absolutely.

Mr. MILLER. One is a hell of a lot cheaper than the other.

Mr. MOSS. Absolutely. I mean, if you can manipulate, for example, the export/import ratio in terms of how much can be pumped out of the Delta at various times, you can generate huge amounts of water.

Mr. MILLER. Again, going back to your argument——

Mr. MOSS. Again, that is a discretionary point that is under the control of primarily the Fish and Wildlife Service.

Mr. MILLER. Back to your argument about certainty, I mean, it seems to me that some people want to condemn, and I guess they are condemning the process by which a group of policymakers are trying to arrive at that. And some people may get some bad news and other people may get good news, and some people get no news. But you have these competing claims that are now well-recognized, that were never recognized. We didn't even know about them, in some cases, when we designed these systems. And I think that is the struggle that is going on here.

Mr. MOSS. Absolutely.

Mr. MILLER. And I think what I hear Director Hannigan saying is we are looking at a range of tools here to see how we can better manage this very complex system. And to the extent that we can, diminish what may view as losers when it is all put together. And yet we see people come in and blasting because we have to, in that consideration, we have to meet treaty obligations, we have to meet ESA, we have to meet Delta protections, we have to do all of these other things. I appreciate people don't like that. And discretion will play a role in that. There are determinations that the secretary can make about various aspects of that.

Mr. MOSS. Absolutely.

Mr. MILLER. But somehow blowing up this process, as Mr. Bamert suggests, Bamert suggested that we would all be better off with this. I would like to know how. He may think he's—he is better off, but in terms of a State of 30 million people, does anybody really believe that this would be a step forward, just to walk away from CALFED or the follow-on policy considerations that are now being made by the Governor and the Secretary of the Interior?

Where would you then get them reengaged in this process? Start out in the courts?

Mr. MOSS. As I stated in my remarks, CALFED has to be a success. We have no choice. Again we have watched with great angst, as you noted, the deliberations between the State and the Federal Government, and quite frankly view this process here today as an opportunity to provide the negotiators with some standards that we think need to be the outcome of CALFED.

Let me clarify my remarks relative to the Environmental Water Account. The Environmental Water Account is a good idea. We support it. We think there is a lot of merit there. I guess what I am real concerned about at this point, and I heard Mr. Hannigan say it again a short while ago, that without having a threshold of 400,000 acre-feet in this Environmental Water Account that we are not going to get any kind of regulatory certainty. We have to have a threshold of an additional 400,000 acre-feet in this account, otherwise we are not going to get certainty. And that, because of the volume, because of the size, is not realistic. So if that is the threshold, then the environmental water account will fail, and then we are back to pure regulatory regime which, for the water users in the CVP, is one of additional shortages.

We support the idea of an Environmental Water Account. We think it's a great idea and look forward to helping——

Mr. MOSS. I would just respond I appreciate that. And it may be that if people really want the full regulatory relief that they think they can envision with an environmental water account, there clearly, just, you know, when you match it against the wall, it is going to have to be very real. It can't be a phony account. It can't be paper water, it can't be this, it can't be that. That is why Mr. Hannigan is going to go out and others are going to go out and scour the State to see whether or not it can be assembled. And that is not necessarily good news for everybody in the State. But the fact of the matter is that is what they have to create, a real account. Whether it can rise to 400,000, whether that is sufficient or insufficient or what have you will obviously clearly be tested. But the hope is that that removes both of these systems from the kind of piecemeal, regulatory impact lawsuits that you can get into that so far we have been able to avoid because we have had agreement about moving this process forward. And now the process is stalled out at one level and now the Governor and others are trying to move it forward. It is a high-risk thing for them to do. I admire that they are doing it. But it is very high risk. But if they didn't do that, we would be stalled here, and we would get a record of decision that nobody supports, and then we would be back in all of our old problems, and at some point, somebody is going to go ask EPA to do their job.

Mr. MILLER. I would suggest to you the place to find the water is going to be in new storage, and that is the conclusion that I have come to and my constituents have.

Mr. MILLER. But understand, if I just might, Mr. Secretary, I mean, Mr. Chairman——

[Laughter.]

Mr. MILLER. George Bush wouldn't make you secretary, would he?

[Laughter.]

Mr. MILLER. Rumor, rumor, rumor.

[Laughter.]

Mr. MILLER. We just had a discussion here about what Metropolitan Water District did. They now are spending what looks like $3 billion because somebody there made a decision. And at one point people agreed, and I don't know if everybody agrees now, but this was a way that they could provide some operational flexibility to their system.

Contra Costa Water District did the same thing to provide operational flexibility, not in terms of yield, but just in terms of water quality. Now we are talking about surface storage, and you talk about surface storage for multiple reasons: A community believes they are going to get yield out of that. Most economists and others that look at that say nobody could buy that water if you were going to get yield. Some people say, well, this storage is really about the environmental account because it gives us flexibility in moving water through the Delta and elsewhere, that there are some components of that.

So when we talk about surface storage, there is something in the eye of the beholder here, depending where they reside in the State, and some of it may be affordable and some of it isn't again affordable. I mean, we have an agriculture community that very soon or currently is engaged in negotiations and is going to have to figure out how they amortize the remaining cost of the CVP between now and 2030. That is a lot of money. That is a lot of price and water. And now you want to take on the additional burden of storage?

Well, what I have heard from the agriculture community is that they are not going to pay for that. Well, we started out operating here the beneficiary pays. Now, I appreciate we can make more and more look like flood control and more and more look like environmental water, but at some point if somebody has expectations of yield, they have got to belly up to the bar and pay the money. And that turns out to be real expensive water.

Mr. MOSS. I think a lot of this goes back to the definition of baseline, and that is one of the reasons why it makes it so important as to know where it is we are building from. Because you are absolutely right.

Mr. MILLER. Where you are building from is you want relief from the regulatory operations. And so the baseline is interesting and the running out the 1994 Accord is interesting, it is just not relevant very much to what the burdens of the system are.

Mr. MOSS. Well, it is relative to who shares the cost. Because if we are getting back the water to the CVP that was leant for environmental restoration and stabilization of endangered species, then that cost of developing that water should be a broad spread cost that goes to the community——

Mr. MILLER. Well, then the cheapest way to do that would be in contract negotiations, just act like a banker and say, "Here's the new terms and conditions." Because that water belongs to the Federal taxpayer, and before we ask them to put up a couple of billion dollars, many billions of dollars, maybe we ought to just renegotiate the contracts and they can put the water that way.

Mr. MOSS. Well, we are in the middle of that right now. And certainly water costs are something that we are all very cognizant of as part of those negotiations and are on track to meet the demands of Congress of having the CVP fully repaid by the year 2030. I mean, that is something that everyone has accepted.

Mr. DOOLITTLE. Mr. Pombo is recognized.

Mr. POMBO. Mr. Hannigan, I think it is important that I clarify—and I intended on going into a different line of questioning, but I think it is important that I clarify what my concerns are in terms of offstream, onstream groundwater storage. Every project that has come along in the time that I have been here, there has been opposition to it, regardless of what it was. I had a very small groundwater recharge project in my district that the environmental community opposed, and one of my state senators opposed doing that, and it had severe environmental concerns because of the saltwater intrusion into my district.

It does not matter what we propose, there is going to be opposition to it. And as we have gone through all the billions and billions of dollars that we have talked about and spent, there is always this promise that we are going to do this stuff now, but we are going to take care of storage in the future. We are not ruling out storage, offstream, onstream, groundwater recharge, we are not ruling it out, but we are going to do it in the future. But every time we bring up a storage project, there is opposition to it. "Well, you can't do it. You can't do it now. It is too tough. You can't do it now." But when you talk to a lot of people—and I am not going to put you in this basket, but a lot of people say, "Well, we just need to do more conservation." We have got our farmers operating on about half the amount of water they had before. How much more conservation are you going to get out of them?

We have got, at least in the northern part of the state, every time there is a reduction in water, our city has gone to water rationing. I had the good fortune of sitting on a city counsel when we had to tell people that they can only use half as much water, and at the same time that other parts of the state didn't know what water rationing was.

But if we are going to solve this problem, storage is going to have to be part of it, and at some point somebody is going to have to stand up and say, "Yeah, we are going to have to do storage." And it just seems like every time it is brought up, there is a reason why we can't do it, and that is a big concern to me.

But the question I wanted to ask you had to do with accountability of spending money. I think that Congress is abdicating its responsibility in oversight of how US taxpayer money is being funded when it comes to CALFED, because we have no control, no say-so over how that money is being spent, and we are putting up tens of millions of dollars a year into the CALFED process, and as of yet, I have been unable to receive any kind of a list of projects that say this is what—we want money, and this is what we are going to spend it on. When I ask for a list of projects that this money is going to be spent on, I get a list from 2 years ago, "This is what we spent the money on", and I get a list of potential projects. And when I ask, "Will the projects that we are going to spend money on come from this list?" And the answer is, "No, not

necessarily. It may come from another list, but these are the ones that we have got right now."

And my question for you is would you with the Governor support a reauthorization proposal that actually puts it back on the policymakers in terms of these are the lists of projects that we are requesting and this is the amount of Federal money we want to fund those projects?

Mr. HANNIGAN. Yes.

Mr. POMBO. Because I believe that if CALFED is reauthorized, at least in my mind, it would have to have that component within it.

Mr. HANNIGAN. I outlined in my initial statement that Secretary Nichols presented a proposal with the extension of the CALFED authorization that would include a process that gave Congress, the legislature, who would have and does have the same interest, a method, an ability to measure the accountability of those resources. Let me——

Mr. POMBO. Let me stop you there. It is my understanding that the proposal that was put forth was a quarterly report on it.

Mr. HANNIGAN. Correct.

Mr. POMBO. And that is better than what we are getting. I will grant you that is better than what we are getting, but I can't think of any other projects where a state comes to Congress and says, "Give us this money, and trust us, we will spend it right." And there has to be a list of projects when you are asking for the appropriation.

Mr. HANNIGAN. I don't see any problem with Congress having as much review, accountability type review of what CALFED does. That's up to you to decide in the course of your work here on the subcommittee.

Let me just touch base on the storage, because when we had this conversation earlier, I failed to mention the number of short-term—we consider short-term to be the 5, 7 years, the first phase of CALFED's record of decision, and we're discussing storage possibilities, storage projects that would come online in the short-term, things like Los Vacaros, things like groundwater storage in a variety of locations, things like—I don't know if Shasta would come online in 5 to 7 years, but raising the Shasta 6 and a half feet, or Friant, and those are not going to be without opposition, they're not going to be without the possibility of lawsuits. It's not like we're measuring those projects on whether or not there's going to be opposition. I don't want to leave you with that impression. We recognize that everybody is not going to be happy. In fact, my personal opinion is, is that the first 4 to 5 years of CALFED's existence has depended on everybody being too happy to really get any hard decisions.

Mr. POMBO. As you are well aware, there is no project that is not going to be with opposition, and none of the ones that you have mentioned so far is opposition free, but I think that the chairman's point in regards to Auburn Dam, was if you are looking at cost and return, it is his opinion and my opinion that for the cost, we get a greater return from Auburn than all of these other projects that we are talking about doing, and that is why it doesn't make sense to put all of these others in front of what may be a better return

on the cost. And because there is opposition, organized opposition to Auburn, it does not mean that we shouldn't do it, because there are—every one of these projects there is opposition to and there will be lawsuits to, and just as there was with Los Vacaros.

Thank you, Mr. Chairman.

Mr. DOOLITTLE. Thank you. Mr. Radanovich is recognized.

Mr. RADANOVICH. Thank you. Before I get into my comments, the only thing that I would say is that I agree with the two previous speakers, that in all the best, I think, most efficient water solutions to California's water problems like, I believe to be Auburn Dam and also the Peripheral Canal—I know that is words that we shouldn't mention—are both cost effective and are really the best solutions to California's water problems. But the problem is that they are not politically expedient, and that is what—maybe we need some leadership in facing up to these realities.

But I guess my main comments that I wanted to make were though that I believe—and I think a lot of people would—was that the new shift, the relatively new shift in priorities for California water away from urban and ag. and beginning to include environmental uses, I believe, and again, most people believe, should never have been into effect or taken their form in the CVPIA and increased regulatory aspects of the ESA until there was increased water storage online. And I think because that did not happen at the same time, it has caused us a lot of short-term problems and has created this issue and this need for regulatory relief.

What somewhat concerns me about this process, where it is right now, is that I think, or I would caution the decisionmakers not to do this, to try to think that the promise of specifically identifying increased storage sites is going to alleviate the problem of short-term relief, because that is an issue that needs to be dealt with separately, and I think I can speak for urban and ag. users by saying that the promise of quickly arriving at new storage sites is not going to solve the problem. And so I hope that those that are making these decisions are not intending that to be—the solution for that problem without specifically addressing the urgent need for short-term relief. I think it should be widely accepted that those administrators that are administrating the current law, can't be trusted with this wide discretion of legal implementation of this thing. And so I guess it goes back to my—the main statement that I believe, and that is that this project would not—will not and should not go forward until there is specific agreement on what we can expect from now for the next 5 to 7 years when Shasta is raised or Friant's raised or something else, unless it is specific, it is in law, and everybody has an expectation as to what it would be.

And I don't really need a response. I just wanted to make sure that you all knew where I was coming from. And I used less time.

Mr. DOOLITTLE. Thank you.

Mr. RADANOVICH. You are welcome.

[Laughter.]

Mr. DOOLITTLE. Do you reserve or yield back the balance of your time?

Mr. RADANOVICH. I will yield it to the chair.

Mr. DOOLITTLE. Thank you. I will keep it in reserve.

Mr. Herger is recognized.

Mr. HERGER. Thank you, Mr. Chairman, and I would like to begin with requesting consent of the committee to have a statement put into the record.

Mr. DOOLITTLE. Yes, that has already been approved, so your full statement will be included.

STATEMENT OF HON. WALLY HERGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. HERGER. Thank you very much, and I thank you, Mr. Chairman, and members for allowing me to sit on the panel today. And it is good to see you again, Mr. Hannigan from our former life back in the State Assembly some years back. Thank you very much for working with us on this issue, which is so incredibly important, and I say that. So often as I hear what seems to be taking place with CALFED, it seems like—which we need to be doing, spending a tremendous amount of time on the environment, which we have to do. But my concern is we seem to be overlooking the fact that we have live people, families, men, women and children that are involved in this as well, in this process, and I am speaking as an individual who was born and raised in Northern California in a ranching background, grew up where my father grew up and where my grandfather lived.

And my memories of growing up, No. 1, when I was 5-years-old, of having our area flooded, our home flooded. Five years later, 1955, I have seen all of Yuba City, the town of Yuba City flooded; 37 people drowned. All the area from Yuba City all the way to Sacramento basically, Feather River at that time, all flooded, just flooded just below where I lived at that time. Again, just a couple of years ago in 1997, a levy break again there. Three people drowned, lost their lives again here.

And we seen to have feasts or famines in our area as far as water is concerned. It is either too much or not enough. I also recall on our ranch, going through the drought times, the times before our onstream storages, thank goodness, that we were able to put in, when we would sink our wells down every year. It is, you know, which farmer would have his well the deepest? Because the ones who didn't would be the ones that would run out of water. We have, for the most part, water until we get into the 4 and 5-year droughts which we have seen also here just in the last decade, so it is incredibly crucial, life-taking type of issues that we are talking about in addition to the economy that we are talking about.

And as undoubtedly you sense here, is that there is a tremendous amount of frustration from those of us who live in this area. We had high hopes to begin with. CALFED was something we were going to come together and work something out to say—we put men on the moon; we can surely take care of these problems, but yet again, it seems that the extremists within the environmental movement seem to have one way of doing things, and that is, just take our water, those of us in the north, remove it from the farmers, and, you know, it doesn't matter if three people drown or so on—I hate to put it that way, but I don't know any other way how you can look at it than that way, from those of us who live there.

[The prepared statement of Mr. Herger follows:]

STATEMENT OF HON. WALLY HERGER FROM THE STATE OF CALIFORNIA

In November of 1998 the California Department of Water Resources issued a Water Plan Update known as Bulletin 160–98. I would like to begin my comments by citing a passage from the executive summary of this document.

"Bulletin 160–98 estimates that California's water shortages at a 1995 level of development are 1.6 million acre feet in *average* water years, and 5.1 million acre feet in *drought* years . . . Bulletin 16098 forecasts increased shortages by 2020—2.4 million acre feet in an average water year and 6.2 million acre feet in drought years." (Executive Summary, California Water Plan Update, Bulletin 160–98 at ES 1–2.)

California's increasing population is the driving force behind these increasing water demands. Projections indicate that an additional 15 million people will move to California by the year 2020—equivalent to the populations of 8 western states: Arizona, Nevada, Oregon, Idaho, Montana, Wyoming, New Mexico *and* Utah.

These figures are cause for grave concern. While CALFED is primarily tasked with addressing the critical needs of the Bay-Delta, it is clear that when it comes to water, everything is connected to everything else. We cannot address the very real and critical environmental needs of the Bay-Delta without taking a comprehensive approach.

CALFED representatives have often stated that there is no single "magic bullet solution" to California's water woes. I agree with this assessment. The problems are complex, and the solutions will be varied and complex. However, CALFED also maintains that it is "Premature" to make any hard and firm plans for storage. I profoundly disagree. Given the scope of the projected water shortages, it is glaringly obvious that we must put more water into the system if we are going to have any hope of avoiding chronic and potentially debilitating water shortages. Issues of "process" should not be used to paper over the extremely obvious reality that California needs additional water now, and that this water deficit will only be exacerbated as the state gains a projected 15 million new residents by 2020.

Bulletin 160–98 notes that "water management options identified as likely to be implemented could reduce those shortages to 200,000 acre feet in average water years and 2.7 million acre feet in drought years." (Executive Summary at ES 1–2.)

But the questions remain, how and when, exactly?

DWR states that "new storage facilities are an important part of the mix of options needed to meet California's future needs." (Executive Summary at ES5–13.) But where will this storage come from if CALFED is going to wait until the effect of stage I actions is determined? In fact, Bulletin 160–98 states, "Given the long lead time required for implementing large storage projects, no CALFED facilities may be in service within the Bulletin's 2020 planning horizon." (Executive Summary at ES5–9.)

This storage will not materialize out of thin air. Are we to presume that private parties or local agencies are going to somehow create this body of stored water? How can this phantom storage be counted as "likely" for planning purposes? This is akin to a college student presuming it is "likely" that he will win the lottery to finance his education. Misplaced optimism is no virtue.

While CALFED representatives have consistently stated that increased storage must be part of the equation, I have seen no meaningful evidence that storage is being vigorously and actively pursued as a pressing and urgent goal. Indeed, Bulletin 160–98 leads me to believe that, rather than the "likely" development of storage, CALFED's current direction virtually guarantees that storage is highly *unlikely* for another two decades.

I am frankly exasperated by this continuous foot-dragging, dithering, and paralysis. As a native of Northern California, I know the question is not a matter of *if* we are going to have another drought, but *when*.

While I support prudent water conservation, we must face the fact that we are quickly reaching the practical limits of water conservation strategies, many of which have been in effect for decades. Looking to conservation as the solution to each of our legitimate water needs—as is often the mantra of the extreme environmental community—is shortsighted and irresponsible. And we cannot just "take the water from agriculture." Unfortunately, there is no way to grow food without water. As such, taking water from agriculture would severely impact California's $30 billion agriculture economy. Destroying California's agriculture industry, which provides nearly one out of every ten jobs in our state, is not a reasonable solution to our water problems.

Further dividing the already inadequate water supply is a non-solution. We must have additional water storage in order to meet our needs in a responsible, realistic, and comprehensive fashion. This Congress should be extremely reluctant to continue supporting CALFED unless we see an unambiguous and immediate commitment to

significant water storage—in the millions of acre-feet. Indeed, precisely because DWR is correct in identifying the "long lead time required for implementing large storage projects," the time to act is *now*, not some year in the distant future.

It is my understanding that negotiations are ongoing between the Secretary of the Interior and the Governor of California to develop a solution for long-term implementation of the CALFED program. Given the shortages that face us, however, any proposed CALFED Agreement that does not provide for genuine increases in total water storage for the future will not be acceptable. Moreover, any Agreement that does not improve water supplies in the short term, and that does not provide regulatory certainty, is also not acceptable.

Mr. HERGER. And so just looking, some of the frustration with this CALFED process, if I could ask you to begin with, Mr. Bamert, someone who is representing the counties in our area, could you tell me, on this CALFED project, which as Mr. Pombo pointed out, we are not just spending tens of millions; we are spending potentially hundreds of millions of dollars, and we have a right as taxpayers, as representatives, to demand a little result, I would guess. That is our fundamental responsibility. And if I could ask you, to what extent has there been input from our local governments there in our northern areas on our Bay-Delta programs that we have come up, just in general?

Mr. BAMERT. Well, we have had some input on the BDAC Committee. Robert Meacher from Plumas County has been on that committee for a number of years. We have had input from John Mills, our consultant for RCRC on the Ecosystem Restoration Round Table. And we've been feeling pretty good about the input from our counties for quite a while, but in recent months, it seems like the decisions and the discussions have gone out of the public eye, and we're sitting out here wondering what's going on, so that does concern us quite a bit.

Mr. HERGER. And you are being very kind. I mean, talking to these same counties that I represent, what I hear is tremendous frustration.

Mr. BAMERT. Yes.

Mr. HERGER. Input being put in, but now that we are beginning to come down with the plan, it seems like this input has virtually been ignored to a very major extent. Tremendous amount of concern in that area.

Now, Mr. Hannigan, if I could, from this, the California Water Plan Update, which is the latest, came out in 1998 by the California Department of Water Resources, Bulletin 160–98. In it they talk about the water shortages that are coming up.

Mr. HANNIGAN. Right.

Mr. HERGER. As a matter of fact, quoting from it, it mentioned that they are predicting the equivalent population growth over the next couple decades. They mention the equivalent of eight western States, and they mention Arizona, Nevada, Oregon, Idaho, Montana, Wyoming, New Mexico and Utah, the equivalent of the populations of those states moving into California over the next 20 years by 2020. So think about the water problems we are having now, what we are going to have in 2020.

Mr. HANNIGAN. Or being born there. I don't think they were all coming in from other states, but you're right.

Mr. HERGER. I didn't word that properly. The increase in the population in the State of California, being born there or however.

Mr. HANNIGAN. Right.

Mr. HERGER. And they went on to mention in your agency's report, that they were predicting, your——

Mr. HANNIGAN. We are.

Mr. HERGER. Is predicting a 2.4 million acre-feet average deficit on an average year, water year, and a shortfall that could mushroom to 6.2 million acre-feet in a drought year, incredibly huge numbers.

Mr. HANNIGAN. Right.

Mr. HERGER. That your department is projecting. And I would like to ask, is that under the full implementation of this CALFED preferred alternative, what would be the magnitude of these shortfalls under an average year and under a dry-year condition with these hundreds of millions of dollars that we are currently projecting to put into this program.

Mr. HANNIGAN. Right. Thank you for answering my question, the question that was asked of me by Mr. Pombo, about how much was the shortage. It's in that range of up to—I think it's 2 to 4 million, depending on the hydrology. That document, that report does not reflect a CALFED decision. So anything that occurs as a result of the record of decision and implementation will lessen the impact of that shortage.

Mr. HERGER. And my question is: how much will it lessen? That is my question.

Mr. HANNIGAN. Well, in excess of a million acre-feet of new water will be produced, developed as a result of a record of decision.

Mr. HERGER. So we are spending in the hundreds of millions of dollars, I think right now about half a billion dollars right now. They are projecting on an average water year, we are going to be short 2.4 million—that is not a drought year, that is an average year. So you are saying then minus 1, minus 2.4, we are still going to be almost 1–1.2 million acre-feet short even on an average year by what we are doing?

Mr. HANNIGAN. Well, that—I don't think you can quantify it——

Mr. HERGER. These are the numbers in your report.

Mr. HANNIGAN. I understand, I understand, but I don't think you can quantify it given a CALFED decision by those numbers, because in addition to the new water supply, there will be new methods of better using the water that we already have. So that further lessens the gap between what we have and what we need. So I don't—you know, unfortunately, that document does not reflect what a CALFED decision——

Mr. HERGER. Right. Well, with everything that has been proposed then, and I believe there is a limit—and as a matter of fact, let me quote another part, read from here on page EF5–13. Clearly, conservation—I think you are alluding to other things such as conservation, another thing we can do——

Mr. HANNIGAN. Well, conservation and better management——

Mr. HERGER. Recycling.

Mr. HANNIGAN. —of existing flows and——

Mr. HERGER. Right. But reading from your document here, "Clearly, conservation and recycling alone are not sufficient to meet California's future needs. New storage facilities are an important

part of the mix and options needed to meet California future needs."

Mr. HANNIGAN. Right.

Mr. HERGER. Specifically, what are these new projects, and how much will they hold and——

Mr. HANNIGAN. I can cite—you know, the department is in the process of undergoing a study as part of CALFED called the Integrated Storage Investigation, ISI, and we are charged with a significant portion of that study. CALFED itself is doing some of the work. But for example, we're expending a significant amount of money up in your area studying sites. And we are looking at in-delta potential. We are looking at below the pumps, below the delta ground storage, conjunctive use kind of storage. I think in total it's a process that started with about 50 or more possibilities, if you will, and it's winnowed down now to less than a dozen.

Mr. HERGER. And you did mention the raising of Shasta.

Mr. HANNIGAN. Shasta, that's correct.

Mr. HERGER. Which is in my district, and sites is in our area, but in Mr. Ose's district. I hope we are not also forgetting about the—and these are multiple use too. It helps us on flooding, Oroville raising perhaps——

Mr. HANNIGAN. Right.

Mr. HERGER. —and also Bullage Bar [ph].

Mr. HANNIGAN. Right.

Mr. HERGER. Which are also in a hurry.

Thank you very much.

Mr. DOOLITTLE. Thank you. Mr. Condit is recognized.

STATEMENT OF HON. GARY A. CONDIT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. CONDIT. Thank you, Mr. Chairman. I will be brief. I know we have a time problem, but I do want to thank you, Mr. Chairman, for allowing us to sit in on the hearing today. That was very kind of you, and for the committee members to share their time with us.

I also want to just speak up—which he needs no one to speak up for him, but Mr. Hannigan, who has a distinguished career in the California legislature, has been a strong advocate for developing a fair and balanced approach to a total water policy for California, and he is absolutely correct. I believe that the state team that the Governor has put together has been productive, and has helped clarify some of the issues that we need to resolve, so I think there is some hope there that we can come together.

All of us share frustration with the CALFED process, and coming up with a water policy, a total policy for California. It is an under statement to say that we are not a bit stressed by doing that, but any of us who have served any time in Congress knows any time that you develop comprehensive policy, along with that comes frustration.

But the way you get there is stick to the task, and the only thing that I would say is that we ought to stick to the task of CALFED no matter how frustrated we are, because if we don't, there is a road map to nowhere if we let CALFED crumble, and we will have no water policy. What we will end up having is finger pointing and

blaming, and everyone staking out a position that they know ultimately won't work.

What I think we need to do is stick to the task, understand in the end we probably aren't going to get everything that we want, but we will get is a good deal for the total of the State of California.

So that is really all I have to say. I am committed to do that. I am committed to work with the state and the feds to see that that happens, and my colleagues sitting here, and once again, Mr. Chairman, I thank you and Mr. Dooley for allowing me to be here today.

Mr. DOOLITTLE. Thank you. Mr. Ose is recognized.

STATEMENT BY HON. DOUG OSE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. OSE. Thank you, Mr. Chairman. I also want to recognize the time constraints that we are working under, and express my appreciation to you for including us from off the committee in this hearing. I feel a little bit like the guy at the end of the canal here, with time being the equivalent of water, I guess.

I want to reiterate my understanding that we are here to talk about CALFED. We are in a situation, as we talked, that the issues of water go beyond just CALFED and its immediate charge, and that is probably what you hear reflected in many of the comments up here.

If I could, Mr. Chairman, I would prefer, given the time constraints, to submit whatever questions I have in writing, for a response by the witnesses, and with that, I yield back.

Mr. DOOLITTLE. Thank you. And, please, submit whatever you would like to in writing, and I am sure that we will get an expeditious response.

Mr. DOOLITTLE. Well, the first panel has taken about 2 hours and 45 minutes. At this rate it will be nearly 6 o'clock before we are done, which is after our flights leave, so we are going to have to—we have done it to ourselves, but it has been an important, a very important issue. Many of our members have had extensive questions to ask, great interest in this, and so we appreciate the members of this panel, and you will not be excused and asked to reply expeditiously to the supplementary question that we tender to you in writing. Thank you very much.

Mr. DOOLITTLE. We will continue going until the votes interrupt us, and with that, I would encourage the members of panel No. 2 to come forward, if you would remain standing for the oath. Raise your right hands, please.

Do you solemnly swear or affirm under the penalty of perjury that the statements made and responses given will be the whole truth and nothing but the truth?

Mr. NOMELLINI. I do.

Mr. YARDAS. I do.

Ms. SOUTHWICK. I do.

Mr. HAYES. I do.

Mr. DOOLITTLE. Thank you. Let the record reflect that each answered in the affirmative.

Ladies and gentlemen, please have a seat. This is the second time that Mr. Hayes has had to rearrange his personal plans because of the committee's schedule, for which I apologize. Out of accommodation to him, at least of some small measure, we are going to go with you first, Mr. Hayes.

STATEMENT OF DAVID HAYES, DEPUTY SECRETARY, DEPARTMENT OF THE INTERIOR, WASHINGTON, D.C.; DANTE JOHN NOMELLINI, MANAGER AND CO-COUNSEL, CENTRAL DELTA WATER AGENCY, STOCKTON, CALIFORNIA; DAVID YARDAS, SENIOR SCIENTIST, ENVIRONMENTAL DEFENSE FUND, OAKLAND, CALIFORNIA; AND BRENDA SOUTHWICK, ASSOCIATE COUNSEL, CALIFORNIA FARM BUREAU FEDERATION, SACRAMENTO, CALIFORNIA

STATEMENT OF DAVID HAYES

Mr. HAYES. Thank you, Mr. Chairman.

Mr. DOOLITTLE. Mr. Hayes is obviously our Deputy Secretary of the Department of the Interior.

Mr. HAYES. Thank you. My wife will be sending a note, Mr. Chairman.

[Laughter.]

Mr. HAYES. I have submitted written testimony for the record and I ask that it be admitted.

Mr. DOOLITTLE. Yes, it will be.

Mr. HAYES. Thank you. With that, I will be brief. I would like to just make a few points about the CALFED process that I hope are responsive to the committee's interest.

First of all, the Secretary, Secretary Babbitt, and I are very engaged in CALFED. This is certainly among the Department's top three priorities at this time. We are putting an extraordinary amount of time into it. It is a signature project, I think, for water management for the country in terms of stakeholder involvement. The incredible effort that has gone into this process over the last 5 years is truly remarkable. There has been an enormous progress made, we think, under the accord in terms of studying the water future for California, evaluating the need for environmental restoration, in fact, kicking off in a very meaningful way some of those restoration activities.

And in that respect, the environmental restoration project aspect of the CALFED process is remarkable in that stakeholders have had the key decisionmaking authority, essentially, to steer money toward appropriate projects, and, in fact, the great bulk of money that has been authorized has already been committed to specific projects that have come through the stakeholder process. That money is being put to use productively. It is not being spent willy-nilly. Many of the projects are long-term projects, which is why the dollars are not all out the door yet, but the vast majority of them are committed, as discussed in my testimony.

We are entering a very critical stage in CALFED, Mr. Chairman and members of the committee. As has been referenced before, Secretary Babbitt and I are meeting with members of the State team to see if the two major water purveyors, if you will, in the State involved in CALFED can reach some common understandings. We

understand that nothing we do can happen without the full involvement of stakeholders and we are committed to have stakeholder involvement.

I can report to you, Mr. Chairman, I have heard no surprises here today. We are meeting with all these stakeholders on a regular basis. We are aware of all of these issues and we recognize the importance of taking into account stakeholder concerns in any solution that is proposed.

What Secretary Babbitt and I want and what I think the Governor wants is not a record of decision that is not going to be a meaningful record of decision. We could go that way. We could have a programmatic EIS and a record of decision that talks in broad, unspecific terms that really do not come to grips with the problems of California that they are faced. We are not inclined to do that. We want to make some of the hard decisions, and that is why we are engaged in the discussions with the Governor and his people now and why we hope to soon go forward and talk to more stakeholders about concepts that are being discussed now with the Governor.

We think that we are on a schedule to work toward a record of decision this summer and a final environmental impact statement that will accompany the record of decision. We look forward to a solution that will provide long-term stability for the environment and for water users, both urban and ag. We understand the importance of solving all of those issues as part of any comprehensive solution.

In that regard, we are requesting and recommending and hopeful that Congress will look toward continued authorization of CALFED, not for authorizing new money—we have got an appropriate amount of money already authorized—but to continue the funding beyond the current fiscal year.

I will close there, Mr. Chairman, in view of the time. Thank you.

Mr. DOOLITTLE. Thank you.

[The prepared statement of Mr. Hayes follows:]

David J. Hayes
Deputy Secretary
Department of the Interior

Statement on
Central Valley Project Operations and the CALFED Program

before the
House Subcommittee on Water and Power

March 30, 2000

Thank you for the opportunity to appear before the Subcommittee to discuss the CALFED Bay-Delta Program and Central Valley Project (CVP) operations. My testimony today summarizes recent advances and activities in both these areas, which are integrally linked.

Since December, I have become personally involved with the CALFED Bay-Delta Program and much more involved in California and Central Valley Project (CVP) water operations. It's an exciting time as we work with a variety of stakeholders and many Federal and State agencies on these issues. We are at a historic point in California water policy and management. We are working with the State on developing a long-term plan for California water that involves the CVP and State Water Project as well as improving management of the existing facilities. Fortunately, rain and snow began falling in January and have continued well into March. This has enabled the Bureau of Reclamation (Reclamation) to significantly increase water deliveries this year from early projections in January.

CALFED

Secretary Babbitt also continues to be personally involved in the CALFED program and is working with Governor Davis and other state officials to develop a package of specific policies, programs and projects that meet the CALFED objectives. Given the importance of California water to the nation's economy and environment, CALFED must succeed.

When State and Federal agencies and stakeholders signed the historic Bay-Delta Accord in 1994, no one realized how long it would take to develop the long-term plan for management of the California water system. Since then, CALFED staff has been working diligently to develop a plan between State and Federal agencies for restoring the ecosystem, and improving system supply and reliability for water users. CALFED has played a critical role in improving water management in Northern and Central California. While we have not yet agreed on a long-term plan, we are closer now than we have ever been.

Extension of the Bay-Delta Act is Needed: When Congress passed the California Bay-Delta Environmental Enhancement Act (Bay-Delta Act) in 1996, it provided funding for restoring the Bay-Delta ecosystem. To date, Congress has appropriated $190 million for the CALFED Ecosystem Restoration Program. CALFED agencies have used these funds to screen water diversions for the benefit of fish and farmers, restore degraded aquatic habitat, and acquire lands for conservation purposes.

Congress has asked about the expenditure rate for these funds. As of the end of February 2000, CALFED has allocated $190 million of the ecosystem restoration money for programs and projects, of which $113 million has been obligated and $41 million has been expended.

Congress appropriated $85 million in Fiscal Year 1998, $75 million in Fiscal Year 1999, and $30 million in Fiscal Year 2000 for ecosystem restoration authorized by the Bay -Delta Act. Starting in Fiscal Year 1998, CALFED has worked to select specific projects, and then set aside full funding for them -- even though full implementation of a particular project takes several years. CALFED believes full funding is the most efficient way to manage its commitments -- to make sure that, once it signs on to a project, it can provide its share of the funding promptly when the money is needed. For example, in Fiscal Year 1999 CALFED allocated $28 million to restore anadromous fish runs on Battle Creek, a tributary of the Sacramento River. This is a cooperative venture with Pacific Gas and Electric (PG&E), the Fish and Wildlife Service,

Reclamation, and California Department of Fish and Game that involves removing old hydroelectric dams and rerouting water through new pipes and turbines. PG&E will maintain its generating capacity and salmon will have access to 42 miles of spawning streams that are currently blocked. It will take 5 to 7 years to do all of the engineering and construction work on Battle Creek. Reclamation, as project manager, will expend the funds promptly when it receives invoices received for work completed. The lag in actual expenditure of allocated money is a normal part of the funding cycle and to be expected. The Administration sincerely hopes that Congress will not be mislead by the outlay effects of a full funding approach, but rather will continue the authorization and appropriations necessary to fund CALFED and its long-term solution. The extension of the Bay-Delta Act authority will allow these efforts to come to fruition.

Last year, the Administration sent to Congress a draft bill seeking reauthorization of Public Law 104-333 for an additional three years – through fiscal year 2003. The proposed extension would allow for continued Federal participation in CALFED, specifically implementation of actions called for in the long-term plan, and ultimately in the development and initial implementation of a comprehensive long-term solution for the San Francisco Bay/San Joaquin Delta. I urge Congress to extend this authorization for three years without raising the overall funding cap of $430 million in the 1996 Bay-Delta Act.

Long-Term Plan and EIS: The Department of the Interior, specifically the Bureau of Reclamation and Fish and Wildlife Service, serve as Federal leads for the CALFED Programmatic Environmental Impact Statement /Environmental Impact Report (EIS/EIR). The EIS/EIR addresses both environmental and water management problems associated with the Bay-Delta system. We anticipate the distribution of the Final EIS/EIR and a Record of Decision on the CALFED Bay-Delta Program this summer. The Department is committed to working in cooperation with CALFED entities to implement the Long-Term Plan following completion of the NEPA process. We believe the cooperative efforts demonstrated by the CALFED agencies and stakeholders have produced creative answers to challenging issues.

Central Valley Project Operations

CALFED Operations Group: Reclamation is working closely with other Federal agencies (Fish and Wildlife Service, Army Corps of Engineers, National Marine Fisheries Service, Natural Resources Conservation Service, Western Area Power Administration and the Environmental Protection Agency) and State agencies (the Department of Water Resources, California Department of Fish and Game, and the State Water Resources Control Board) to manage the CVP, particularly Tracy Pumping Plant, in ways that meet the needs of urban and agricultural water users while also complying with environmental standards. At times, balancing these competing demands presents challenges to the system.

State and Federal officials have agreed to revise procedures by which we elevate potential resource conflicts before they become crises. Essentially, project operators follow the guidelines and procedures prescribed by operations plans. Operators know pumping capacities and when and under what conditions pumps are to operate. For instance, when pumps begin entraining large numbers of Delta smelt or other endangered species, operators reduce pumping. Under the new procedures, operators are to consider fishery, water quality and water supply implications of pumping at various levels. When conflicts arise, they consult with appropriate agencies and stakeholders participating in the CALFED Operations Group. The Operations Group resolves most operational conflicts. On those rare occasions when the Operations Group cannot agree, the new process calls for quickly elevating the issue to higher levels of State and Federal agencies. This new system assures that senior agency officials are fully apprised of project operations.

Water Year 2000: The Department, through CALFED, is pursuing ways to increase water supply reliability. One tool for doing this is the "joint point of diversion." The "joint point of diversion" refers to having the State cooperate with Reclamation to fill San Luis Reservoir (which is jointly owned by the State and Federal governments), once the State has filled its storage space. Using State Water Project pumping capacity to help fill the Federal

storage capacity in San Luis Reservoir greatly benefits Federal contractors. On February 14, 2000, the State Water Resources Control Board approved Reclamation's application for "joint point of diversion." Through the use of the "joint point of diversion," Reclamation has announced an increase in its allocation to agricultural and urban contractors south of the Delta. As of midnight, March 22, the Federal share of San Luis Reservoir was filled to capacity. Federal export pumps are now able to meet current delivery demands and maintain a full San Luis Reservoir until the seasonal draw down of the reservoir begins, about April 15. Assuming even the driest conditions for the balance of the water year Reclamation projects there will be sufficient water stored in the San Luis Reservoir to protect water quality to urban contractors.

Reclamation also is seeking opportunities to acquire ground and surface water, mainly south of the Delta. These purchases could provide up to 75,000 acre-feet of additional water supply during the summer depending on hydrologic conditions. This provides a flexible source of water that can allow the CVP to sustain water supplies to users, address any water quality concerns caused by low summer storage levels in San Luis Reservoir or resolve fishery issues that may arise.

As a result of these cooperative efforts under the aegis of CALFED, Reclamation updated the CVP allocation. Based on March 1, 2000, water conditions, Reclamation's March 20 water allocations reflect the following:

- CVP contractors north of the Delta will receive 100 percent of contract amounts;
- Sacramento water rights contractors and San Joaquin exchange contractors will receive 100 percent of their contract amounts;
- Wildlife refuges both north and south of the Delta will receive a 100 percent supply, in accordance with the Central Valley Project Improvement Act;
- Contractors relying on supplies from Millerton Lake will receive 100 percent of their Class 1 supplies and as much as 20 percent of their Class 2 supplies;
- Contractors along the Stanislaus River will receive a 58 percent supply, consistent with the New Melones interim plan of operations;

- Agricultural contractors south of the Delta will receive a 60 percent allocation; and
- Urban contractors south of the Delta will receive 85 percent allocations.

Reclamation will update all allocations in April based on April 1 hydrology.

The Department and the National Marine Fisheries Service, together with the State Departments of Water Resources and Fish and Game, have also developed a Water Year 2000 (b)(2) plan, consistent with the requirements in Section 3406(b)(2) of the Central Valley Project Improvement Act (CVPIA). The plan emphasizes providing necessary in-stream flows upstream of the Delta to assist fish movement and to provide better temperature conditions for juvenile fish. Within the Delta, we are seeking sufficient protections for fish passing through the Delta, especially endangered species. In doing so, the CVP operations are closely coordinated with the State to avoid any undue impacts to State Water Project contractors. The effects of the CVPIA 3406(b)(2) actions are included in the March 20 allocations discussed above.

Reclamation will continue to operate the CVP in accordance with the provisions of the State's Water Quality Control Plan, CVPIA, the Endangered Species Act, and other applicable statutes. Reclamation is aware of the importance to the water users of an adequate supply and quality of water each year. For that reason, the Department has been working through the CALFED process to improve water supply and quality.

Mr. DOOLITTLE. Our next witness will be Mr. Dante John Nomellini, Manager and Co-Counsel of Central Delta Water Agency from Stockton. I would just observe parenthetically, years ago, on a cold, foggy morning in the early 1980's, Mr. Nomellini gave me my first tour of the delta. Mr. Nomellini?

STATEMENT OF DANTE JOHN NOMELLINI

Mr. NOMELLINI. Unfortunately, Mr. Chairman, too many years have passed with this involvement in water and I have been accused of being very clear in my positions on the subject and there is no misunderstanding.

In any event, for those of you that do not know me, I am an attorney for the Central Delta Water Agency. Our agency has 120,000 acres of primarily agricultural land in San Joaquin County in the central part of the delta. We were not part of the stakeholder process on the delta accord. We have serious structural concerns with CALFED, the most important of which is the involvement of the State Water Resource Control Board, which is our judge in water rights. We think there has been a serious violation of fair play and due process by including a judge-type agency as a part of a negotiating body that negotiates in many cases in private.

We also see a problem—in our view, the State of California and the Bureau of Reclamation are carrying the hod for exporters from the delta. They run the projects that export from the delta. So when we have a confrontation, we are fighting our own government, both State and Federal. Along with that comes a certain amount of conflict of interest, because people who propose things tend to defend them and support them.

The basic underpinnings for both the Central Valley Project and the State Water Project are, in our opinion, clearly set forth in law, and that is that only surplus water should be exported. These projects are not supposed to take water away from the people in Northern California. They were supposed to take extra water. Now, there have been a lot of changes that have occurred, even since Mr. Doolittle and I went out in the boat. There is a great deal of environmental concern that was not there before. We have endangered species. Some, I would argue, are based on flaky facts, but there are numerous endangered species that have to be contended with.

We think the principle of protecting the areas of origin and coming up with a plan to develop the supplies for all of California is the right way to go. The current thrust of CALFED is the same as it was back at the time of the accord, and that is to try and say, OK, there is no net loss to exporters. That is the deal. We are going to get the water for the environment somewhere else. Where are you going to get it? You get it out of the watersheds of origin. That burden does not go away. The regulatory burdens stay and they fall on the areas of origin and we think that is wrong.

We hear figures that we have given up, from the water contractors, we have given up a million acre-feet. In our view, that million acre-feet was not theirs. It is not theirs. The pecking order had been established. There is an attempt to overturn that pecking order, and in the case of the delta accord, they actually made a deal that the water would be taken out of the watershed, and, in fact, we have got water that was taken away from Stockton East

and Central San Joaquin and San Joaquin County for fish flow purposes on the San Joaquin and we are many, many years away from knowing what the impacts are on fish in order to set some kind of a threshold of no surprises. There is not an adequate evidentiary base.

So we are eager to help. We are not negative, but we think we are going in the wrong direction. We think we have to figure out how to protect the future of Northern California and at the same time meet the supplies.

We like what Metropolitan has done. We think the future of getting the water supply that we need—now, I think six million acre-feet is what we are talking about. You build a dam like Auburn, which our people support, it does not have a firm yield during a drought of more than a couple hundred thousand acre-feet. So if you are looking at dry year water, we have got to come up with some better ideas in addition.

We think the thrust ought to be to get the urban importing areas with their gray water systems, their inner connections that were talked about, a lot of which had been done by people in Southern California voluntarily, desalt brackish water, if we have to, we desalt ocean water, but we have to get the redundancy in the system and our focus to think that a peripheral canal or some greater development in the Sacramento-San Joaquin watershed is going to solve this problem is just not consistent with the facts. You could take all the water directly across, and instead of being six million acre-feet short we are going to be 5,250,000 acre-feet short. We have got to change direction.

Thank you for the time. I submitted my written comments. I would be happy to answer questions.

Mr. DOOLITTLE. Thank you.

[The prepared statement of Mr. Nomellini follows:]

SUBCOMMITTEE ON WATER AND POWER
U. S. HOUSE OF REPRESENTATIVES

MARCH 30, 2000
Time: 10:00 a.m.

I am Dante John Nomellini, co-counsel for the Central Delta Water Agency. The Central Delta Water Agency encompasses approximately 120,000 acres of primarily agricultural land in the central portion of the Sacramento/San Joaquin Delta. The agency area is in the western portion of San Joaquin County, California.

The United States Government as operator of the California Central Valley Project and the State of California as operator of the State Water Project have been taking water from our area and other areas in Northern California and exporting it to other areas of California, primarily to the west side of the San Joaquin Valley and Southern California.

Although at the time of project formulation and approval the plans and promises were clear that only water which was 'surplus" to the needs of the "areas of origin" would be exported, both the United States and State of California have been coordinating their operations to circumvent those commitments and maximize exports. CALFED is yet another export contractor dominated effort designed to export more water from Northern California.

While we have no objection to the export of water which is truly surplus to the needs of our area and the other areas of origin, we believe it is bad policy to destroy one area to foster the development of another. It is particularly unfair to have our own government formulating and executing the wrongdoing.

State and Federal actions have caused tremendous damage to the Sacramento-San Joaquin River watersheds which has not yet been mitigated. The USBR dewatered the San Joaquin River from Friant to Mendota with the Friant Unit. The exchange of Delta water for San Joaquin River water added salts to the river and to the lands in the exchange contractor area. The USBR committed over one million acre feet of San Luis Unit water to the west side of the San Joaquin Valley without compliance with the Congressional prerequisite that construction of a valley drain be assured. The State of California abandoned its plans to develop water supplies from multiple north coast watersheds to meet export demands and instead has increased the burden on the Sacramento and San Joaquin River watersheds. The State and United States have eliminated the natural water supply for and isolated the vast natural tidal marshes along Suisun Bay. Export pumping by both the SWP and CVP has reversed the flows in much of the Delta, created null zones, killed endangered and threatened fish and has resulted in increasing periods when portions of the river channels are dewatered to the point that irrigation of adjoining lands and navigation are precluded.

The Sacramento and San Joaquin River watersheds have been suffering from the current

level of exports and increased exports are totally unjustifiable.

The unrelenting direction of CALFED planning has been 1) to export the good quality water entering the Delta before it mixes in the Common Pool, thereby leaving the Delta with degraded water quality, and 2) to convert thousands of acres of agricultural land to reservoirs or tidal wetlands which in turn will result in seepage and other damage to thousands of additional acres of Delta land.

Unless substantial changes are made, CALFED will destroy the Delta and much of Northern California with it.

New Direction

We need a new direction focused on real protection for the areas of origin and regional self sufficiency in areas importing water. The primary emphasis should be placed on the development of additional water supply in water importing areas by increased investment in: 1) water conservation; 2) water reclamation, including desalting brackish and if necessary sea water; 3) higher levels of treatment of sewage effluent to allow for safe use of effluent for irrigation of golf courses and landscaping, industrial use, and in suitable cases human consumption; 4) installation of dual water systems particularly in new developments and areas where infrastructure is being replaced; 5) installation of brine lines; and 6) improvements to water treatment facilities (including better filtration and desalting) so that water from less desirable sources can be beneficially used. To assure real reclamation change of use of wastewater to avoid increased levels of treatment should not be allowed. The objective should be to develop the infra-structure within each region so that dependence upon imported water will be reduced and eventually eliminated.

If, for example, the area south of the Tehachapi Mountains could meet its water needs with local supplies supplemented by desalting of brackish or ocean waters, the portion of the State Water Project supply otherwise allocated for such area could be used to meet environmental, agricultural and other needs in the north. The avoided energy costs and water losses otherwise resulting from hundreds of miles of conveyance and conveyance-related storage would offset some of the costs of conservation, desalting and other measures. Similarly, other coastal areas and bay areas could greatly expand their local supplies with desalting plants and improved reclamation of wastewater. Regional independence would add significant redundance for dealing with natural disasters and long-term climate changes.

A summary of our water plan to address the water needs of the State of California is attached to this statement.

The CALFED Structure Is Flawed

We do not support the continuation of CALFED as presently structured. The combination of regulatory agencies with the exporting water agencies they are supposed to

regulate in a process based on secret deliberations is not good government. The basic conflict of interest created by having the United States and State of California in the business of exporting water is exacerbated by further reduction of the arms-length regulation by other government agencies. The inclusion of the State Water Resources Control Board which adjudicates matters pertaining to California water rights undermines its ability to rule on matters based on the evidentiary record and deprives the parties of a fair opportunity to confront the evidence upon which its decisions are based.

Because of its adjudicatory responsibility, the State Water Resources Control Board must be eliminated from the process.

The regulatory agencies should not be involved in project planning and implementation but should retain arms-length from the process to provide meaningful objective review.

Project planning and operation should proceed on a regional basis and require the approval of the affected local governmental agencies. Good faith cooperation in problem solving should be the goal.

Cooperative efforts of the State and United States should continue within the traditional government framework with its identifiable accountability. Ongoing programs should not be assimilated into the CALFED process but rather should be supplemented by the restructured CALFED process.

Existing programs for water treatment and reclamation should be upgraded and improved with the objective to achieve regional self sufficiency.

Environmental restoration should continue through the ongoing mechanisms including the CVPIA and should be supplemented but not assimilated by CALFED.

Federal funding should be provided to match State funding in the very successful State Levee Subvention and Special Project Levee Programs for the Delta.

Even With the Modifications Suggested Above It Is Premature To Consider Supporting An Extension

CALFED has not yet produced its Record of Decision and without knowing what it is that CALFED proposes, we cannot offer support.

Attachment "A"

PLAN TO ADDRESS THE WATER NEEDS OF THE STATE OF CALIFORNIA

February 23, 2000

POLICY

Exports of water from the Delta must be limited to water which is truly surplus to the needs within the Delta and the other areas of origin. There must be a clear and unequivocal commitment to provide SWP and CVP water on a first priority basis for Delta salinity control, an adequate in-channel water supply in the Delta and to meet the present and future needs within the Delta and other areas of origin. The promises by the State and United States to areas from which water was to be exported should be honored.

Aside from requiring our governmental agencies to act credibly, it is sound policy to meet all the environmental and consumptive use needs within the regions where the water originates before exporting water from such areas. It is bad policy to destroy one area to foster the development of another. When surplus water is available, it can be exported. It should be crystal clear that in times of shortage the exports may have to be reduced or eliminated entirely.

WATER SUPPLY

Regional Self Sufficiency

The primary emphasis should be placed on the development of additional water supply in water importing areas by increased investment in: 1) water conservation; 2) water reclamation, including desalting brackish and if necessary sea water; 3) higher levels of treatment of sewage effluent to allow for safe use of effluent for irrigation of golf courses and landscaping, industrial use, and in suitable cases human consumption; 4) installation of dual water systems particularly in new developments and areas where infrastructure is being replaced; 5) installation of brine lines; and 6) improvements to water treatment facilities (including better filtration and desalting) so that water from less desirable sources can be beneficially used. To assure real reclamation change of use of wastewater to avoid increased levels of treatment should not be allowed.

The objective should be to develop the infra-structure within each region so that dependence upon imported water will be reduced and eventually eliminated.

If, for example, the area south of the Tehachapi Mountains could meet its water needs with local supplies supplemented by desalting of brackish or ocean waters, the portion of the State

Water Project supply otherwise allocated for such area could be used to meet environmental, agricultural and other needs in the north. The avoided energy costs and water losses otherwise resulting from hundreds of miles of conveyance and conveyance-related storage would offset some of the costs of conservation, desalting and other measures.

Similarly, other coastal areas and bay areas could greatly expand their local supplies with desalting plants and improved reclamation of wastewater.

Regional independence would add significant redundancy for dealing with natural disasters and long-term climate changes.

Storage

Many of the groundwater basins in the State have been depleted by groundwater pumping, thereby making large amounts of underground storage space available. The conjunctive use of ground and surface water can in many cases be used to increase water supply. Conjunctive use can take place in a variety of ways; however, one of the most effective is to have farmers use surface water in wet years and groundwater in dry years. This requires maintenance of dual water delivery systems and some regulatory surface storage which can be used to capture flood flows. During wet periods, the surface deliveries allow for the groundwater to be naturally replenished.

With the advent of drip irrigation, many farmers have opted for groundwater because of reduced requirements for filtration. With appropriate incentives, additional filtration and other improvements can be provided to allow for use of surface water. This is not a "one size fits all" opportunity but rather a matter of addressing local opportunities on a case-by-case basis.

Surface Storage

There are some opportunities where increased surface storage could be used to improve both the environment and the supply of water for other beneficial uses. Development of additional on or off stream storage upstream of Friant Dam for the purpose of restoring San Joaquin River flows is one such opportunity.

The concept of developing large water storage projects (surface or otherwise) for the purpose of increasing exports from the Sacramento-San Joaquin Delta watersheds is, however, ill conceived. The number of endangered fish species coupled with increased salinity intrusion, reduced flushing flows and increased concern for contaminants leads to the conclusion that too much water is already being exported or otherwise removed from the natural flows.

The many uncertainties associated with correcting environmental damage and restoring an increasing list of endangered species will demand countless years of adaptive management and experimentation. It is our view that Northern California water supplies will be increasingly needed to repair environmental damage and to meet the growing needs of Northern California.

The planning upon which the State's Water Resources Development System was based included sequential construction of on-stream storage facilities on north coast rivers, thereby capturing surplus waters from other basins to increase the water supply available in a "common pool" in the Delta for both in-basin and export uses. Such planning is no longer viewed as an acceptable approach and the current effort is directed at increasing extractions from the already highly developed watersheds tributary to the Delta. The heavy emphasis on water transfers, Delta conveyance and increased Delta exports will aggravate rather than resolve the already identified problems.

RESTORATION OF THE SAN JOAQUIN RIVER

The USBR has delivered large quantities of water to the west side of the San Joaquin Valley without first providing a drain as required by the San Luis Act of June 3, 1960, PL 86-488, 74 Stat. 156. Continued delivery of San Luis Unit water should not be allowed unless it is clear that the damage caused by such delivery will be completely corrected. The USBR should be required to develop a plan for restoration of the San Joaquin River including meeting the 1995 Water Quality Control Plan flow and water quality objectives. The plan should incorporate the following interim measures:

1) releases to the San Joaquin River from the Delta Mendota Canal and/or San Luis Reservoir. Such flows can be recirculated to the extent compatible with fishery needs.

2) temporary storage of saline waters from the CVP contract service areas along the west side of the San Joaquin Valley so that releases can be made during periods of high flow

Longer term, the USBR should be directed to restore the San Joaquin River upstream to Friant Dam and to pursue construction of a solution to the drainage problem in the Valley caused by the delivery of CVP water. Construction of an out-of-valley drain which after concentration discharges the drainage water into the Pacific Ocean at a point sufficiently off-shore to easily assimilate the drainage water into the ocean waters should be considered. There should be no further consideration of a drainage route which discharges the drainage water into San Francisco Bay, Monterey Bay or into the Sacramento/San Joaquin Bay-Delta Estuary system.

DELTA FACILITIES

The present level of export pumping from the Delta is at times dewatering the channels and causing significant damage to fish and water quality. Export pumping rates should be carefully regulated so that adverse impacts are avoided.

The permanent operable South Delta barriers at Middle River, Grantline Canal, and Tracy Old River should be constructed and shallow channels downstream of such barriers dredged as needed to provide for agricultural water supply and navigation.

Operation of the barriers must be on an as needed basis to (i) maintain adequate water levels, circulation and quality in the South Delta channels, (ii) address the dissolved oxygen problem on the main stem of the San Joaquin River near the City of Stockton, and (iii) assist in out-migration of salmon smolts and other fish species. Operational decisions must be made with the agreement of all affected parties including the South and Central Delta Water Agencies, the Contra Costa Water District, and the City of Stockton provided that disagreements will be determined by an independent arbitrator.

Other channels can be improved to facilitate through Delta conveyance provided maintenance of the common pool concept is not jeopardized. There should be no peripheral canal or other such facility which isolates the tributary flows from the Delta pool.

Conversion or destruction of agricultural lands in the Delta should be minimized. Delta Islands should not be used as reservoirs because of the seepage and flood-related impacts and large losses of agricultural lands.

Maintenance and rehabilitation of the Delta levee system essentially as it now exists should be continued with enhanced funding. Limited levee setbacks in selected areas can be considered provided the direct and indirect impacts on agricultural lands are minimized.

All flood related improvements should be designed to pass flood waters through the Delta and into the bays without adverse impacts to downstream areas.

AGRICULTURAL WATER CONSERVATION AND TRANSFERS

For the Delta and watersheds tributary to the Delta extra water application typically results in groundwater replenishment or returns to surface flow for downstream uses including instream uses and Delta exports. Care must be taken to make sure that transfers of conserved water are limited to true reduction in consumptive uses. Because of the inter-relationship of ground and surface water, the switch from surface diversion to groundwater extraction does not add to the supply.

SWP AND CVP OPERATING ENTITY

The involvement of the State and Federal government in the operation of the SWP and CVP which serves only a segment of the public interest has created a conflict of interest tainting the ability of State and Federal regulatory agencies to regulate project operations in an unbiased manner. Control of the export pumping facilities, the Delta Cross Channel Gates, any other in-Delta facilities and Reservoirs releasing water to the Delta should be placed with an independent authority governed by a board composed of non-state or federal government representatives. The State and Federal government could then protect the general public interest without undue constraint. Such a board should be comprised as follows:

2 SWP contractor representatives,
2 CVP contractor representatives,
1 representative of the South Delta Water Agency,
1 representative of the Central Delta Water Agency,
1 representative of Contra Costa County,
1 representative of the North Delta Water Agency,
2 representatives elected by the boards of duly recognized environmental groups, and
2 representatives elected by the boards of non-governmental fishery organizations.

The authority would be specifically directed to operate the projects so as to allow the export of only that water which is surplus to the needs of the environment (including the fisheries) and consumptive uses in the Delta and other watersheds of origin.

Submitted by:

/s/_____
DANTE JOHN NOMELLINI
Manager and Co-Counsel

Mr. DOOLITTLE. Our next witness will be Mr. David Yardas, Senior Scientist with Environmental Defense. Mr. Yardas?

STATEMENT OF DAVID YARDAS

Mr. YARDAS. Thank you, Mr. Chairman and members of the subcommittee. I appreciate the opportunity to testify today. I will briefly try and touch on a few key points from my prepared statement and then leave the rest for questions.

I want to start by thanking the chairman, in particular, for the request that he made of the Department of the Interior that finally elicited a cross-cut budget that began to shed light on the magnitude of the more comprehensive context in which the CALFED discussion takes place. In my statement I have provided some highlights of an analysis that is ongoing at Environmental Defense, which may be helpful in answering your initial question about the accuracy and the comprehensiveness of the DOI budget. Our analysis does this by expanding the geographic range of interest (to include a greater share of the Colorado River, Southern California Colorado River service area), by incorporating the funds enacted under the recent state water bond, and by taking a multi-year dimension, specifically looking at the time since enactment of the CVPIA in 1992.

The conclusions from our analysis are many and can be stated in many ways, but the overwhelming impression goes to the issue of "balance" that we have been talking about today. We tend to focus on the ecosystem authorization under the Bay-Delta Act that is now expired and the subject of your third question, but, in fact, there are a great number of expenditures for a lot of the things that we have been talking about—virtually for every area that CALFED is involved in—where, in fact, the majority of expenditures, however you count it, however you slice it, have gone for those other non-ecosystem areas.

That has not all been under the formal CALFED decisionmaking process as it has evolved, of course, but as we reach the point of a programmatic conclusion and the launching of the long-term program, I think it is critical to take a broader view, to roll in the Army Corps of Engineers, to look at the upstream hydro system and really to look at all of these things as they interrelated to one another, and our budgetary analysis attempts to do just that.

With regard to effectiveness, as I told Mr. Faber, there are probably about a jillion things one could say about that in a variety of different topic areas. My comments in the prepared statement focus on the area I know best, which is the appropriation and oversight and allocation of ecosystem funding, as it is called, and the financial issues associated with the program's so-called financial strategy.

I am also a member of the Ecosystem Roundtable, which CALFED appointed in order to provide stakeholder oversight, one of many such members. And while I have been a strong critic where appropriate of that [the roundtable] process as it has unfolded, I think there have been dramatic and very important improvements as we have gone and I think there are a great number of accomplishments to show for what has been done in the short space of 3 years, while a massive planning process goes forward,

significantly resulting in benefits that go well beyond the ecosystem.

By our calculations, roughly half of the funds expended under the combined CVPIA and CALFED programs have gone into projects that involve benefits for everyone, be they fish screens or temperature control devices or mitigation responsibilities for project development and so on. So we believe that, yes, that has been quite effective.

On the finance side, the program still has some work to do. The so-called financial strategy does not yet exist as far as I know. It is largely a number of questions about what ought to happen, rather than a well-articulated plan after 5 years of work for a program that has a "stage one" projected capital cost of something in excess of $5 billion. There is no way we will have accountability in what happens without hammering out some of those details and soon.

Finally, with regard to extension of the Bay Delta Act authorization, for a variety of reasons—most important, perhaps, the pendency of the record of decision as well as the joint benefits that result from the program—we believe that a *clean* extension of the Bay-Delta Act for the purposes originally authorized makes sense. There is ample funding in other areas to proceed in virtually all of the areas. What is potentially at risk is the problem solving collaborative stakeholder initiatives under the Ecosystem Roundtable process and so that is where we believe the appropriate incremental funding authorization should.

I will stop there. There is lots more to say, but I will leave the rest for questions. Thank you.

Mr. DOOLITTLE. Thank you.

[The prepared statement of Mr. Yardas follows:]

United States House of Representatives
Committee on Resources
Subcommittee on Water and Power Resources
The Honorable John Doolittle, Chairman

THE CALIFORNIA BAY-DELTA:
BUDGETING, EFFECTIVENESS, AND AUTHORITY

Prepared Statement of David Yardas
Environmental Defense

Washington, D.C.
March 30, 2000

Mr. Chairman and Members of the Subcommittee:

On behalf of the nationwide membership of Environmental Defense, I would like to thank you for the invitation to testify today. I will address the questions posed by the Subcommittee in order, as paraphrased below.

Please comment on the accuracy and comprehensiveness of the September 16, 1999 crosscut budget prepared by the Department of the Interior and the State of California.

The September 1999 interagency crosscut budget represents an important step forward in efforts to ensure both fiscal integrity and budgetary accountability in the provision and management of public funds for a wide variety of Bay-Delta water management and watershed reinvestment initiatives. Totaling more than $370 million for FY00 alone, the crosscut begins to put into perspective the $284 million in state, federal, and stakeholder funds that have been committed to Bay-Delta ecosystem purposes since the signing of the Bay-Delta Accord in December 1994.

The September 1999 crosscut should, however, be improved in at least three ways:

- It needs to be updated. The federal amounts in particular reflect the sums originally requested by the Administration in February 1999, not the sums finally appropriated by Congress in October. (In the case of ecosystem funds provided under authority of the 1996 Bay-Delta Act, for example, the difference -- $75 million requested vs. $30 million appropriated – amounts to a loss of $45 million in ecosystem recovery funds.)

- The crosscut should be expanded to cover at least the five most recent fiscal years in addition to the current-year request (or appropriation). It is perhaps worth noting that section 103 of the 1996 Bay-Delta Act directed OMB to prepare a crosscut budget "that displays Federal spending for fiscal years 1993 through 1998 on ecosystem restoration and other purposes in the Bay-Delta region." Such a dynamic, expanded crosscut budget (including state, federal, and relevant stakeholder funds) should become a regular feature of the annual budget process.

- The crosscut should include ecosystem, water management, and other water resources funding throughout the Bay-Delta region and associated regions of influence (i.e., what CALFED calls the Bay-Delta "solution area," and then some). This will involve an expanded accounting for water-related investments in southern California in particular, inclusion of funds provided for flood-risk management purposes through the U.S. Army Corps of Engineers, and other important additions.

These, at least, have been the major points of focus in Environmental Defense's efforts to understand and document the more comprehensive context in which Bay-Delta ecosystem funding has taken place to date. Figures 1 and 2 (attached herewith) summarize our findings for the period 1992-2000, i.e., since enactment of the CVP Improvement Act in November 1992. Several results are noteworthy:

- While combined ecosystem expenditures under the much-scrutinized CVPIA and CALFED programs amounted to approximately $625 million between 1992 and 1999 (Figure 1, Bar 2), the total for all public water expenditure categories over the same time period was approximately $4.4 billion (Figure 1, Bar 4) – an average of approximately $625 million *each year*.

- No matter how the data are compiled – based on outlays, obligations, appropriations, or authorized sums, and whether or not "offsetting receipts" are accounted for (i.e., user surcharges, loan repayments, stakeholder commitments, etc.) – the ecosystem totals represent but a fraction of water-related public funding as a whole (i.e., between 23 and 36 percent).

- Considering all sources and types, the grand total committed to Bay-Delta water-related purposes since 1992 is approximately $7.8 billion.

Figures 3 and 4 provide an additional breakdown of the 1992-2000 data for the Bay-Delta ecosystem, water management/development, and combined funding categories by source (i.e., federal, state, and user paid/reimbursed). Note that federal funds in particular can be seen to represent the majority (68%), and the plurality (44%), of allocated and committed funds, respectively.

How effective has the CALFED program been since its inception?

In many respects, the CALFED program has been remarkably effective. For example, the program's early implementation efforts grew from overseeing an initial $30 million commitment of Category III funds late in 1994 to managing a predominantly publicly-funded ecosystem recovery program approaching $300 million in size through FY00 – all with a handful of dedicated staff. Working in collaboration with stakeholder members of the FACA-chartered Ecosystem Roundtable, the program is currently overseeing more than 240 individual restoration projects and has just issued a Proposal Solicitation Package for FY01 -- the 4th in a series of competitive public requests for ecosystem-based projects and programs, and the first to be issued in an effort to catch up with the federal appropriations timeline. (The package assumes, of course, that Bay-Delta Act funds will be forthcoming in FY01 -- more on that below.)

Effectiveness can also be measured in terms of the kinds of problems being addressed. To this end, we note that public funding for "ecosystem" purposes includes mitigation funding for the direct impacts of water project development, a broad array of "joint-benefit" problem solving expenditures, and repair of the basic foundation upon which water supply stability will ultimately depend. (We estimate that more than half of the combined CVPIA-CALFED ecosystem total to-date – some $360 million -- involves direct joint-benefit projects like fish screens, temperature control devices, mitigation hatcheries, spawning gravel replacement programs, and voluntary land and water sales.)

Of course, CALFED's early implementation efforts have not been without controversy or criticism, including from the Ecosystem Roundtable itself (of which I am a member). For example, much has been made of the mismatch between appropriated funds and actual (recorded) outlays, and for several years there was indeed a tremendous problem in executing contracts once funding awards had been made. Similarly, regular, consistent, and timely information on the status of individual projects was for too long difficult to obtain. And the crucial role of science in the expenditure vetting process has always been the focus of much discussion and debate.

In each of these areas, and in others as well, ongoing reforms have dramatically improved the overall process by which ecosystem funds are prioritized, allocated, and expended. To be sure, important work remains – particularly in assuring overall coordination between programs as well as critical progress with regard to voluntary water acquisitions, long-term flow improvements, and the development of indicators of ecological success – but on balance the record is both positive and improving.

Of greater concern to Environmental Defense is the program's failure, after 5 years of work, to develop and adhere to a rigorous financial plan for the more comprehensive "Stage 1" program, whose projected 7-10 year price tag already exceeds $5 billion in capital costs alone. Perhaps the early and near-exclusive focus on public ecosystem funds supplanted the critical focus that the program's finance framework should have had. In any event, the results today include a growing emphasis on expanded state and federal taxpayer funding for an increasingly unlimited array of quasi-public purposes, as well as increased reliance on vague or ambiguous payment responsibility criteria and cost-sharing

requirements (if any). Significant erosion of many historic limitations on public taxpayer financing at both the state and federal levels would also appear to be well underway. It is in these areas in particular that financial accountability is missing, and sorely needed.

What modifications to the CALFED authorization (i.e., the 1996 Bay-Delta Act) are necessary, for the constituency you represent, to support an extension of that legislation?

In a word, none. As noted above, the ecosystem authorization, and the funding provided thereunder, has already brought significant direct and indirect benefits to non-ecosystem interests, and will continue to do so if and when a "clean extension" is enacted.

Moreover, as the FY00 appropriation process demonstrates – and as the results of our funding analysis highlight further – there is already ample authority to provide federal funds for a wide variety of non-ecosystem purposes which are "in accord with the CALFED Bay-Delta program" (Bureau of Reclamation's FY01 budget request, page 485) but which do not require a pre-mature expansion of purpose of the Bay-Delta Act itself. Finally, if a more "balanced" appropriation is at issue – certainly some have suggested it is – our analysis suggests that achieving a better balance will require substantially more ecosystem funding, not more of everything else.

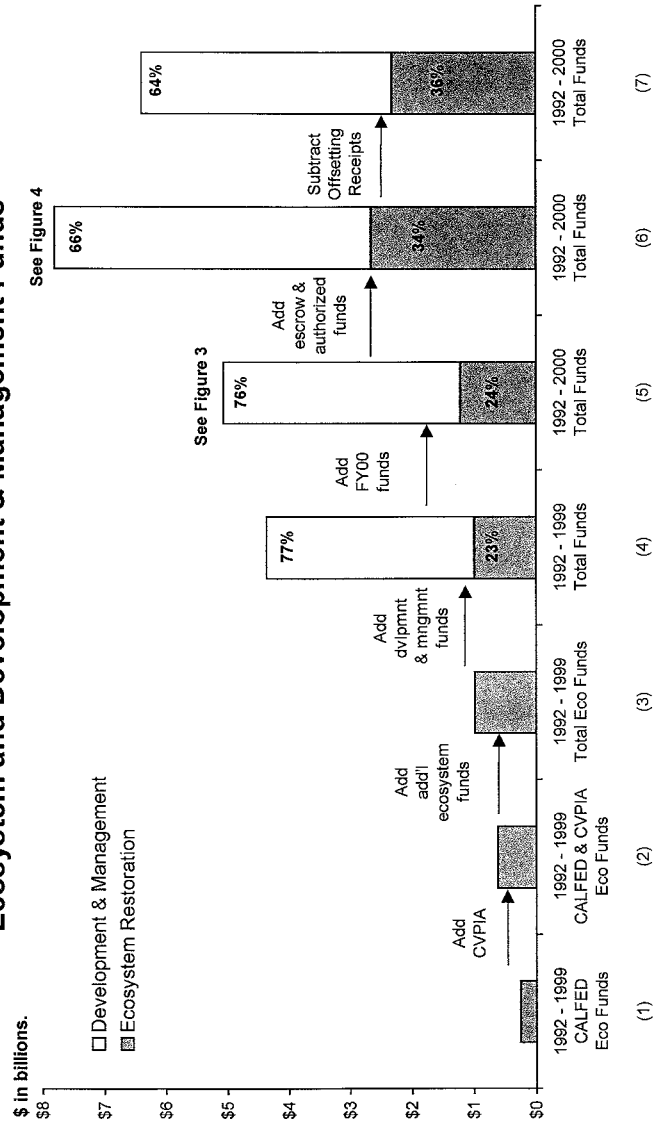
With a programmatic Record of Decision now imminent – and with many critical components of that decision yet to be clearly defined, let alone embraced (or rejected) by any constituency group – Environmental Defense believes that an appropriate set of current-year funding-related objectives includes a clean Bay-Delta Act extension, more comprehensive crosscut budgeting, and improved budgetary and on-the-ground coordination between and among all relevant funding sources and agencies.

Thank you again for the opportunity to provide these comments. I will do my best to answer any questions.

Figure 1:
Categorization of Bay-Delta Watershed Funds

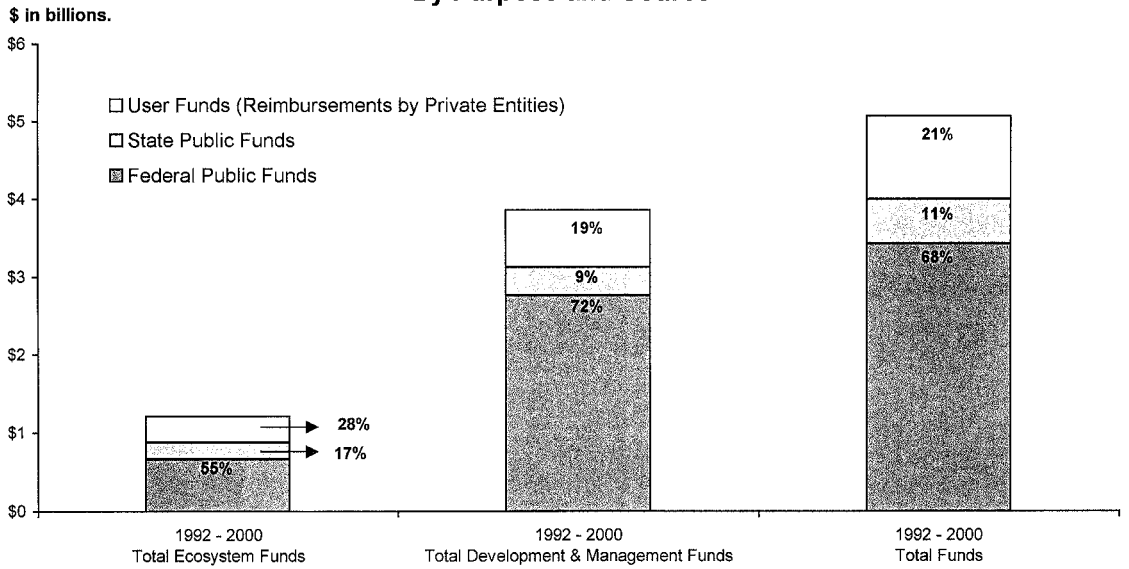
	Categories Used in Analysis	
	Ecosystem	**Water Management & Development**
Definition	Investments in species and species' habitat	Investments in water development, management, and use
Examples of Category Content	* Habitat restoration; * Water quality other than for drinking purposes; * Water and land acquisitions; * Fish and watershed management; * Fish screens/passages; * Control of invasive species; * Anadromous fish restoration; * Temperature control devices; * Spawning gravel; * Waterfowl incentive program; * All other investments clearly marked for species; * All other categories with ambiguous purposes, allocated to Ecosystem to keep analysis conservative	* Water storage; * Drinking water quality; * Flood risk/management; * Conveyance; * Water supply reliability; * Conveyance; * Water recycling; * Water conservation; * All other investments clearly marked for development, management, and use
Conservative Categorization: **Analysis Does Not Underestimate Funds to Ecosystem/ Overestimate Funds to Water Development & Management?**	Yes, does not underestimate.	Yes, does not overestimate.
Joint Benefits: **Benefits Overlapping Categories?**	Yes	Possible
Type of Joint Benefits	Direct mitigation/financial benefits to water developers and users	Indirect, possible benefits to the environment
Example of Joint Benefits Project	Fish screens	Water recycling/conservation

Figure 2:
Bay-Delta Watershed
Ecosystem and Development & Management Funds



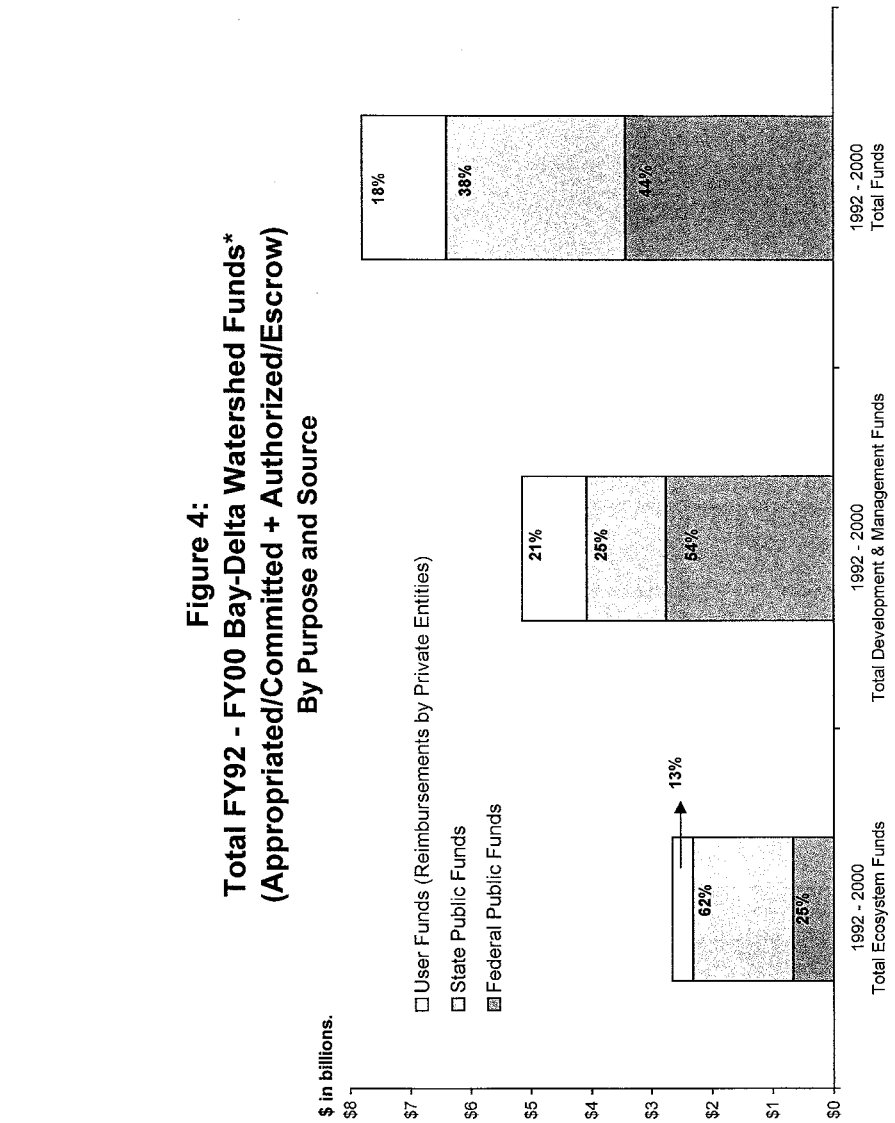
DRAFT

Figure 3:
Total FY92 - FY00 Bay-Delta Watershed Funds*
(Appropriated/Committed)
By Purpose and Source



* See Figure 2, Bar 5.

Figure 4:
Total FY92 - FY00 Bay-Delta Watershed Funds*
(Appropriated/Committed + Authorized/Escrow)
By Purpose and Source



* See Figure 2, Bar 6.

DRAFT

Mr. DOOLITTLE. Our final witness on this panel will be Ms. Brenda Southwick, Associate Counsel of the California State Farm Bureau Federation. Ms. Southwick?

STATEMENT OF BRENDA SOUTHWICK

Ms. SOUTHWICK. Thank you, Mr. Chairman and members. Thank you very much for inviting us here today. We have an extensive written statement that we have submitted for the record and we would like that incorporated.

I will be very brief. First, let me say by way of background that I have represented the California Farm Bureau for just over a year now, and before that, long before that, I spent 4 years at the Interior Department's Solicitor's Office here in Washington, DC., and 5 years with the Bureau of Reclamation. So in representing the Farm Bureau, we have some understanding of how bureaucracies work and we are very pleased that Governor Davis and Secretary Babbitt are trying to make some of the hard decisions that need to be made before CALFED can be seen by our membership as something that is actually going to work in the implementation stage of the thing.

So far, we have seen a lot of process and a lot of public meetings all over the place, and for the most part, our membership is very skeptical of what the practical results of the CALFED process are going to be. The jury is still out, but if you asked most of our members today if reauthorizing CALFED was a good idea and giving CALFED additional money was a good idea, probably the answer would be a resounding no, and the reason for that is because while it is all well and good to talk about bringing balance back into the process, and we can all agree that certainly the environment has to be taken care of, there is a strong feeling among our members who are the people out there on the ground, they are the farmers and the farm workers and they are the ones with the land and the water is at stake, to the extent that CALFED has made acquisitions of land and water, those acquisitions have been made in the communities and among people who are members of the Farm Bureau.

When we talk about accountability, we are talking about knowing that there is somebody that we can call in one of these government agencies that represents CALFED and say, this is what is happening. This is what I am being asked to do. I cannot bring a crop to market unless something is worked out as a practical matter to be able to do this. Who do I talk to? How do we work this out?

That is the level of accountability we are talking about, in addition to knowing what is the basis of undertaking some of these actions that CALFED wants to undertake on behalf of the environment. Is it good credible science? Does it make sense when you look at some of the other things that are being done? Does it have other consequences if you do it this way, and has that been thought out?

You have people among our members who want to see that that is the case. We are not seeing that right now. There is not that level of confidence in the decisionmaking. There is not that level of confidence in the CALFED participating agencies' understanding

of what is needed. We hope to see some of that come out of the discussions with Secretary Babbitt and Governor Davis.

Congressman Miller asked earlier as far as the—I mean, not Congressman Miller, Congressman Dooley asked with respect to the environmental water account, where is that water coming from? There is strong feeling among our members that the water is going to come from the farmers and when we talk about developing storage and the means of conveying that storage where it needs to go, in addition to conjunctive use and surface storage, however that is configured, that all has consequences for the people who own the land where those projects go in, who own the land where the groundwater sits underneath, and who have the water rights that will be affected.

And what they are asking is that CALFED get grassroots level buy-in into these decisions about where these projects are going to go and how they are going to work, because nobody likes to feel like their life is out of control and people are going to come in and change their communities and take things from them that are critical to their existence. You cannot farm without the land and the water. They want to be a part of that decisionmaking process. We do not hear that from CALFED when they talk about governance. It is a big concern of ours.

I see I am running out of time, so I will leave things at that and be open to questions.

Mr. DOOLITTLE. Thank you.

[The prepared statement of Ms. Southwick follows:]

TESTIMONY OF BRENDA JAHNS SOUTHWICK, ASSOCIATE COUNSEL, CALIFORNIA FARM BUREAU FEDERATION TO THE U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON RESOURCES, SUBCOMMITTEE ON WATER AND POWER
March 30, 2000

Good morning, Mr. Chair, and members. I am Brenda Southwick, representing the California Farm Bureau Federation. The Farm Bureau appreciates the opportunity to provide comments on the above-captioned matter. We represent more than 40,000 farming and ranching families, and more than 45,000 people who, although not directly involved in commercial agriculture, are very concerned about the continuing health of farming and ranching as the backbone of their communities.

ECONOMIC IMPACTS

By the year 2020, California expects to have to provide for a population of about 50 million people. We are currently working with a $971 billion economy. To maintain this robust economy and ensure future prosperity we will need jobs and opportunities that can only be provided by meeting basic infrastructure needs. Water is a critical part of this infrastructure, particularly in a high technology-driven economy. Water also is critical to our quality of life. To be successful, a comprehensive Bay-Delta solution must treat the concerns of people as equally important to those of fish and wildlife.

ACCOUNTABILITY

We feel the Subcommittee is exactly on track specifically in asking about CALFED budgetary issues, particularly while you grapple with CALFED reauthorization and further financing. The Farm Bureau has spent a great deal of time with CALFED staff trying to decipher its use of past funding. Our primary focus has been to determine what steps specifically CALFED is taking to ensure that:

(a) in a timely manner it reaches specific milestones in its efforts to produce a comprehensive Bay-Delta solution;
(b) it is able to explain how these milestones will improve the Bay-Delta water supply and water quality concerns for all stakeholders; and
(c) the funding CALFED receives has been obligated and expended in a cost-effective manner relative to these milestones.

The Farm Bureau has made a number of inquiries of CALFED, both oral and written, to try to gain an understanding of CALFED's financing, expenditures, and relevance/productive value of programs funded. To date, responses from CALFED have been less than satisfactory. We do believe, however, there will be a turning point in CALFED's responses based on a recent audit report.

Recently, the Department of Water Resources Internal Audit Office presented a report entitled, *Review of the Accounting Practices and Procedures Used to Account for the $60 Million in Proposition 204 Category III Funding Audit Report No. 343*. As we understand it, Category III projects include non-flow ecosystem restoration projects such as fish screens, habitat acquisition and pollution controls. We will have copies of the Audit Report made available for distribution to the Subcommittee if requested.

Rather than recite the numerous observations of the auditor and the recommendations for improving CALFED's accounting procedures, we want to focus on one particular item at this time. This item is covered in Observation Number 9 of the Internal Audit Report. Briefly, with respect to Category III projects funded by CALFED, the observation states, "it is unclear which government agency is taking the lead on fiscal responsibility or management of the project, which would include review of project costs." A chief concern expressed by the auditor was the lack of source documents to support progress reports and aid in the monitoring of large projects. Further, CALFED had not developed final site inspections or project acceptance procedures. These things are critical to a determination of whether the project has been effective and the money has been well spent.

Specific recommendations presented by the auditor to rectify this concern are listed as follows:

RECOMMENDATION

9. We recommend that CALFED define their project management responsibilities for each project specifically identifying their fiscal monitoring responsibilities and their production procedures for project closure. Each contract will need to be evaluated to determine which fiscal procedures are applicable and which are not. For contracts with other government agencies where fiscal responsibilities are shared, we recommend that each contract document certain aspects of the project and who has fiscal management responsibility. **The purpose of formally documenting who has specific financial responsibility is to identify any deficit areas, avoid or eliminate overlapping and duplication of Government effort, and to provide more consistent treatment and requirements of contractors. Examples of the type of information that might be documented are below:** (emphasis added)

- Names of Project Managers or persons involved in site inspections and typically what they are expected to do.
- Copies of site survey forms.
- Names of Contract Managers and what areas they are involved in.
- Contract review procedures.
- Preaudit of contractor cost structure.
- Plan for post audit.
- Invoice review procedures.
- Source documentation requirements.
- Invoice format.
- Indirect cost allowance.
- Other cost disallowance.
- Deliverables, milestones, documentation requirements.
- Review of contractor compensation structure.
- Correspondence of interest to other project partners (for example, notes of discussions at site meetings and notes during post award conferences, etc.)

After we reviewed reams of documents made available by CALFED late last year, our accountants concluded that reporting on CALFED expenditures was neither uniform nor readily accessible. There is a great need for standard procedures and a means of presenting information in a format that any stakeholder, whether accountant or lay person, can understand. As a start to reaching this level of accountability, we have the following list of things CALFED should do to reach the objective of transparency. The list is general, and we consider it a work-in-progress. We think these items should form a minimum requirements list for CALFED reauthorization and/or further funding. Briefly, the items are as follows:

(1) A list of all sources of funding for the CALFED Bay-Delta Programs (state/federal/in-kind);

(2) A list of all federal and state organizational entities that are involved in contracting and accounting for all transactions involving the CALFED Bay-Delta Program;

(3) A list of all organizational entities that are assigned fiscal responsibilities and duties and the accounting systems maintained by those entities for all accounting cycles within the CALFED Bay-Delta Program (state and federal);

(4) A list of the written accounting procedures used to account for the CALFED expenditures (i.e., standard accounting methods). If they are not in place, what is the timeline for putting them in place?

(5) An accounting for discrepancies in reporting use of funds to various members of Congress and the California Legislature, e.g., the Senate Select Committee on CALFED.

(6) A list of verification procedures for contractor/subcontractor credibility (i.e., bonding requirements) and follow-up on contract implementation (i.e., site inspection and project acceptance criteria and procedures, 10 percent withholding).

(7) Steps taken to arrange for an independent audit (per CALFED's response to Internal Auditor's recommendations) and a timeline for completion.

TRANSPARENCY

Our second primary concern is the steps CALFED must take to rectify faulty record-keeping procedures. Based on oral and written inquiries, we have become aware of a database problem with CALFED's ability to both describe in any detail ecosystem restoration projects that have been undertaken, and the consequences for water supply in undertaking the various projects. In the spirit of cooperation, we presented CALFED with a list of questions we thought the project applicants should be able to answer both prior to receiving CALFED funding and as a means of explaining how the project will further the objective of a comprehensive Bay-Delta solution. CALFED's latest Project Solicitation Proposal ("PSP") contains both good and bad news on this account. The good news is CALFED took steps to remedy some of our concerns on the following items:

Local Government/Community Notification:
All applicants must provide a copy of the letters they sent to the local land use planning agencies. Also, they must develop a community outreach plan. They must identify when, and how, they will notify neighboring landowners, regarding their projects.

Environmental Compliance:
All applicants must identify whether they have to comply with either of the environmental review statutes (NEPA/CEQA), who is the lead agency, how and when they will comply. They must provide a copy of the completed environmental documentation. If they do not have to comply with either of the environmental review statutes, they must state why the project is not covered.

Access to Private Property:
If an applicant is undertaking activities on land owned by third parties, the applicant must have written permission from the landowner before the application is deemed complete.

Location of the Project:
The applicant must provide a marked USGS Quad map, specifying longitude and latitude, digital location information, and photos of the project site. However, they are not required to provide an assessor's parcel number up-front. (The package states in strong language the applicants are waiving privacy rights, so the exact parcel numbers should be no secret.)

Budget:
All applicants must provide a detailed budget. The PSP sets forth standard contract terms. There are terms specific to the granting of Prop 204 funds. (Any other funding sources also should be specifically identified.)

Regions:
The PSP has a map of all of the regions. The applicants must state their project's region.

Release of Study Data:
All data will be released. The applicants specifically waive confidentiality. Even some preliminary data will be released.

Agricultural Lands Identification:
If there is a physical change to the land, the applicant must answer the following questions (physical change in land is defined as "grading, breaching levees, and planting vegetation").

1. Is the parcel enrolled in a Williamson Act contract?
2. Current zoning?
3. Current land use?
4. Current General Plan designation?
5. Is the land prime farmland, unique, of statewide importance, etc, (there is a place to check "Don't Know")?
6. Acres subject to land use change?
7. Is the parcel currently farmed or grazed? (*The only problem with this inquiry is land that is being fallowed as a common agricultural management practice or was recently farmed is not covered. The PSP only addresses "current" use, not recently ceased or historic use.*)
8. Is the parcel being purchased "in-fee" or through an "easement?"
9. If, yes -- How many farm employees are employed; also farm employees per acre?
10. Who will hold title?
11. Will existing water rights be acquired?
12. Will applicant change the water right or modify the delivery?

That was the good news. The bad news is the bias displayed in the Project Solicitation Proposal against balancing the needs of all water interests. Examples of this bias are briefly described below:

The PSP has certain goals that all applicants must further, to wit:

1. CALFED notes the following project objectives that affect control of water supply and availability:
   a. Applicants are to focus attention on species that are "most affected" by the water projects. (PSP, p.17)
   b. CALFED targets all of the bypasses for government ownership. (PSP, p.34.) The Yolo Bypass is specifically mentioned. (PSP, p.34.)
   c. CALFED states restoring flow regimes (timing of water releases) is a priority. (PSP, p. 18)
   d. Applicants are asked to investigate how fish are trapped by diversions. CALFED asks for specific evidence to support their conclusion that diversions are hurting fish. (PSP, p.27.)
   e. The PSP mentions urban areas may contribute to water contamination, but farming is really the focus. (PSP, p.21) CALFED specifically mentions the San Joaquin River as the focus on dissolved oxygen, which is the focus of TMDLs for that river. (PSP, p. 36.) Applicants are asked to find the link between agricultural activity and water quality. (PSP, pp. 37 and 44) CALFED focuses on agriculture's impacts on the central valley as a specific study topic. (PSP, p. 36)
   f. The floodplains are the focus of CALFED's land purchases. CALFED says it may not buy the entire floodplain but it might get close. CALFED notes creating flood meanders as a specific goal. (PSP, pp.32-33.)
   g. The PSP identifies many problems with dams and levees. (PSP, pp.30-33, 39)

2. CALFED identifies the impacts associated with losing agriculture as a study issue.
   a. CALFED seeks studies of the impacts of the loss of agriculture on communities, etc. (PSP, p.45,38)
   b. CALFED also is looking for wildlife friendly farming programs. (PSP, p 45.)

AGENCY CREDIBILITY AND SCIENCE

Any biological initiatives undertaken by CALFED must be (a) supported by valid and relevant scientific evidence produced by credible sources; (b) subject to unbiased scientific peer review; and (c) concurred in by all agencies with permitting/enforcement authority both with regard to objectives and means of implementation. To aid in accomplishing these goals, biological data, analyses and models must be completely accessible to all interested persons. Published data sources should be used whenever possible. Unpublished data must be adequately referenced for assurances of credibility. Moreover, the agencies with permitting/enforcement authority must agree on (1) existing habitat conditions and (2) the affected populations of species. The agencies also must concur on pursuit of common biological conclusions using the same biological baselines, databases and models. The present heavy-handed regulatory approach is unacceptable and unsupportable in this regard. It is extortion, plain and simple.

FARMLAND AND WATER CONVERSIONS

Apart from specific PSP considerations, CALFED has set goals for habitat acquisition. As part of CALFED's Ecosystem Restoration Program, the program that will have the most devastating impacts on farmland and water resources under CALFED's current plan, CALFED states the following:

> The general priorities for restoration activities will be first on existing public lands as appropriate, second to work with landowners in voluntary efforts to achieve habitat goals including the acquisition of easements, third a combination of fee and easement acquisition, and fourth an acquisition of fee title as necessary to achieve Program objectives. Acquisition will be on a willing seller basis and with emphasis on local coordination and partnership and include appropriate mitigation for agricultural resource impacts. The intent is to maximize habitat benefits while minimizing land use impacts. (Revised Phase II Report at p. 119.)

CALFED already has funded the conversion of at least 33,877 acres of farmland to habitat. Of this total, only 6,019 acres has been identified as involving existing habitat or restoration of public lands or existing degraded habitat. It appears CALFED intends to honor its commitments to farmers and ranchers more in the breach.

Even more disturbing than CALFED's intended conversion of farmland to habitat, which we conservatively calculate at up to 1,056,178 acres, is the intended conversion of farm water resources. It appears the amount of water that will be removed from farmland use and devoted to habitat and fisheries uses ranges from 186,905 acre-feet to 402,891 acre-feet. These estimates, however, do not include all in-stream flows because they have not been quantified by CALFED, and do not adequately account for increased use in acre-feet per acre of wetlands habitat developed.

The mitigation of the loss of farmland and water environment as required by law thus far has been lightly set aside by CALFED as a matter for future, indeterminate levels of consideration. Farmers and ranchers find it difficult to believe in CALFED's sincerity and commitment to both the continued viability of farming and the need to avoid or mitigate losses of farmland when we find CALFED already, prior to publishing any Record of Decision, has funded, approved or acquired farmland and water rights for conversion on at least 41 ecosystem restoration projects. These projects are proceeding with minimal public notice and the inadequate environmental review that has been a hallmark of the CALFED-funded farmland acquisitions.

We see nothing in the current PSP that will rectify this situation by pointing project applicants in the direction of existing public lands or partnerships with local landowners as the focus for habitat development.

Our third primary concern is grassroots participation in any comprehensive CALFED Bay-Delta solution. We have stressed repeatedly, both in public forums and private meetings with CALFED, the need for local participation by landowners in particular as well as active engagement of local governmental representatives in the solution-finding process. It is not acceptable for CALFED to consult with these communities as mere commentators or to simply order them to implement CALFED's decisions.

As representatives of farming and ranching families with a stake in a vibrant rural community, the Farm Bureau supports the CALFED mission as described most recently in the June 1999 Revised Phase II Report and SB 900 (1996). Adherence to these objectives and principles requires that CALFED treat all "stakeholder interests" as equally important to a comprehensive resolution of Bay-Delta problems. We are deeply concerned and growing increasingly distrustful, as well as disappointed, because of CALFED's seeming inability to communicate at any level, whether policy or technical, internal or public, the importance of ongoing farming and ranching viability, including the preservation of the land and water resources farmers and their communities need.

The CALFED Bay-Delta Program Mission Statement, Objectives and Solution Principles are stated in the June 1999 Revised Phase II Report as follows:

> *The mission of the CALFED Bay-Delta Program is to develop a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay-Delta system.*
>
> CALFED developed the following objectives for a solution:
>
> - Provide good water quality for all beneficial uses.
> - Improve and increase aquatic and terrestrial habitats and improve ecological functions in the Bay-Delta to support sustainable populations of diverse and valuable plant and animal species.
> - Reduce the mismatch between Bay-Delta water supplies and current and projected beneficial uses dependent on the Bay-Delta system.
> - Reduce the risk to land use and associated economic activities, water supply, infrastructure and the ecosystem from catastrophic breaching of Delta levees.
>
> In addition, any CALFED solution must satisfy the following **solution principles**:
>
> - **Reduce Conflicts in the System.** Solutions will reduce major conflicts among beneficial uses of water.
> - **Be Equitable.** Solutions will focus on solving problems in all problem areas. Improvements for some problems will not be made without corresponding improvements for other problems.
> - **Be Affordable.** Solutions will be implementable and maintainable within the foreseeable resources of the Program and stakeholders.
> - **Be Durable.** Solutions will have political and economic staying power and will sustain the resources they were designed to protect and enhance.
> - **Be Implementable.** Solutions will have broad public acceptance and legal feasibility, and will be timely and relatively simple to implement compared with other alternatives.
> - **Have No Significant Redirected Impacts.** Solutions will not solve problems in the Bay-Delta system by redirecting significant negative impacts, when viewed in their entirety, within the Bay-Delta or to other regions of California.

The Farm Bureau's assessment of CALFED's activities to date compels us to conclude CALFED is failing to adhere to its mission and conform to these stated objectives and solution principles.

Specifically, the Farm Bureau has insisted CALFED prepare for public scrutiny and agency decision-making the following documents:

1. An agricultural resources mitigation protocol to address any redirection of land or water to non-agricultural uses; [1]

2. A cumulative impacts analysis protocol to address the practices and procedures that (a) will ensure maximum collaboration and coordination among CALFED member agencies and stakeholders; and (b) will spell out performance milestones by which CALFED will measure how projects and programs are contributing to meeting the Mission Statement, Objectives and Solution Principles as reiterated above.

3. An assurances package (see Exhibit F), that can be incorporated into the Record of Decision for implementation of the Ecosystem Restoration Program Plan and the Multispecies Conservation Strategy in reference to their effects on agricultural resources.

In closing, the Farm Bureau would like to thank the Subcommittee for providing us with the opportunity to express our views. We cannot overstate the need for Congressional oversight in this process to ensure (1) CALFED accountability; (2) transparency of information so that we have accurate reporting and a means of understanding the information that is being provided; (3) agency credibility and peer-reviewed scientific bases for programs and projects; and (4) specific milestones and timelines for determining whether tasks undertaken are effective in meeting the needs of competing water users in a balanced manner and bringing us closer to resolving these complex problems. Without these things, we cannot support reauthorization of CALFED or its further funding.

---

[1] **Protocol**: *a)* a signed document containing a record of the points on which agreement has been reached by negotiating parties preliminary to a final treaty or compact . . . (Webster's New World Dictionary, Second College Ed., (1970), David Guralnik, Editor.)

Mr. DOOLITTLE. Mr. Hayes, we have heard it suggested that Interior is thinking of issuing a record of decision prior to completion of the environmental documentation, which I believe would be very troublesome. Can you commit that Interior would not pursue that course of action?

Mr. HAYES. I can, Mr. Chairman. That is not a correct assumption. We think the environmental impact statement should have, obviously, a close relationship with the record of decision.

Mr. DOOLITTLE. Thank you. You have heard the discussion about the environmental water account. Where do you think the 400,000 acre-feet of water would come from?

Mr. HAYES. Well, I would like to start, if I can, Mr. Chairman, with expressing a bit of caution about numbers being bandied about, but let me talk about the concept, as Mr. Hannigan did.

The concept is to build a long-term solution for the Central Valley, in particular, that takes the uncertainty out of the process for all parties, for the environmental interests, for the water users, ag and urban, north and south, and the concept of an environmental water account, which has been studied extensively in the CALFED process and been the subject of a lot of discussions, is viewed as a tool to do that.

The concept of an environmental water account is not a static one. The notion is that water be acquired through any number of means, potentially through new storage, surface and/or groundwater, potentially through new water transfers, potentially through water purchases, and the concept is to get an additional amount of water that will not come out of the hide of current water users but that will be available for environmental purposes and that will hopefully settle the issues of the conflicts that we are now seeing with a water system that is much more tightly wound.

Mr. DOOLITTLE. Well, you say it would not come out of the hide of existing water users, and I guess this gets to the question of baseline, but in my opinion, in a wet year when the people south of the delta are only getting 60 percent of what they are entitled to by contract, I would not want to talk about establishing an environmental water account until they were at 100 percent and then that water account would be used, rather than making them give up 40 percent of their water in a wet year. That is how I would understand that it could make sense. Is that how you would understand it?

Mr. HAYES. Well, not necessarily, Mr. Chairman. The issue of water delivery south of the delta is a serious issue that we are very interested in working through. Part of the problem is that the water districts, some of them, at least, south of the delta, are the last in line of the Central Valley Project. So while we are providing 100 percent of water deliveries to other water users throughout the Central Valley Project, the Westlands District, in particular, being last in line, does not get 100 percent. But currently, by far, the great majority of CVP contractors are getting 100 percent of their deliveries.

South of the delta, the issue of 60, 70 percent of deliveries against the contract, that is the historic delivery. It is extremely rare that there is 100 percent deliveries. If you were to look historically at the Westlands Water District's use of water, it is, in terms

of CVP providing water, at 60, 70, 75 percent of the contract amount. The contract amount does not bear a relationship to the amount of water that typically has been delivered.

But we understand the importance of that issue. We are working very closely with Westlands. We are in discussions with them now. They are well represented in the Congress and we want to work through those issues as part of the solution.

Mr. DOOLITTLE. Mr. Hayes, let me go back, though. We are talking about 60 percent in a wet year. If they had ever completed the thing the way it was intended and designed, there is a vast additional amount of water that would have been in the system and I presume they would have gotten their 100 percent historically. But in a wet year, how can we tolerate that they can only get 60 percent?

Mr. HAYES. I think it is likely, Mr. Chairman, that Westlands will get all the water they need this year. These are projections through the spring that the Bureau of Reclamation makes every year. They are conservative projections. They went up 10 percent in the last month alone. It is a wet year. I do not think there are going to be any problems in terms of deliveries to Westlands.

Mr. DOOLITTLE. Well, do I not recall that in the previous wet years that they have suffered with dramatic reductions below what they were supposed to get?

Mr. HAYES. There are difficulties, and that is what CALFED is all about. The problem is, we do not have a good transportation system for getting water through the delta. That is why the northern CVP contractors typically have no delivery problems whatsoever. The problem is getting the water through the delta and doing it in a way that is consistent with the fishery resource, and that is exactly what we are focusing on and the cycle has been focusing on through the CALFED process.

Mr. DOOLITTLE. Well, I do have other questions, but in the interest of staying on track, I am going to go to Mr. Pombo.

Mr. POMBO. Thank you, Mr. Chairman.

Mr. Hayes, I just want to followup on a question the chairman was just asking so that I can understand what your answer is.

Mr. HAYES. Sure.

Mr. POMBO. If in a wet year the south-of-the-delta contractors are being told that they are going to get less than 100 percent, whether it is 50, 60, 70 percent, where is the 400,000 acre-feet going to come from, or whatever the magic number is? Where is that going to come from if it is not going to come out of the hide of the current users?

Mr. HAYES. Congressman Pombo, it will need to come out of some other water supplies, and there are lots of possibilities there.

Mr. POMBO. Give me an idea.

Mr. HAYES. For example, currently, water is being purchased through the CALFED process from the Kern County water bank of up to 75,000 acre-feet of water for operational flexibility that we have the potential to use for an environmental water account, we have the potential to use for Santa Clara Valley Water District if there are problems with water quality this summer. That is an example. The Kern County water bank is a tremendous innovation

that provides potential flexibility to the system. That is one example.

Also, it is no secret that the CALFED process is looking at potential new storage, conjunctive groundwater storage, potential surface storage. If there is new storage as part of the CALFED process, there is a potential that some of that would be used for environmental water.

Mr. POMBO. Let me ask you, do you support looking at new on-stream water storage possibilities as part of this process?

Mr. HAYES. As I am sure you are aware, Congressman, CALFED has done an extensive study of storage that Mr. Hannigan talked about. They looked at, I think, at over 50 sites to try to find sites that are practicable and the number of sites has been narrowed to about ten or 12, I believe. None of them are on-stream storage, with the exception of potential raising of Shasta that has been talked about and also Millerton, I believe is on that list.

But in terms of new storage potential, the process that has been gone through over the last several years has not identified a new on-stream storage as a viable possibility. But, of course, it does not matter if it is on-stream or off-stream or groundwater as long as it is storage and it makes sense, and the CALFED process is identifying potential areas of storage that make sense. The key questions are going to be, how practicable are they and what are they being used for? Are they being used for operational flexibility and water quality or for new yield, et cetera. All that is part of discussions that are going to have to be had with the stakeholders in the coming months.

Mr. POMBO. Mr. Nomellini, Mr. Hayes talked about the stakeholders being involved with the decisionmaking processes to how the money has been spent up to this point. Can you share with the committee what your involvement, the irrigation districts that you represent, San Joaquin County in general, what has their involvement been in this process?

Mr. NOMELLINI. Your constituents in San Joaquin County have not been part of the stakeholder process in formulating the big deals that are always made. We have been left out of that process.

However, we have been able to go to the public meetings of CALFED. We have Alex Hildebrand that is on the advisory committee, and whatever happens to get referred to the advisory committee, he has some input on that. Tom Zuckerman, co-counsel with me, has been on the reviewing the expenditures for the ecosystem restoration work and he reports very similarly to Mr. Yardas that the process has been improved so that that body does have some input. Prior to that time, it was a staff-level decisionmaking process to allocate money, most of which was allocated to their own agencies and those kinds of things, which we were unhappy about. But it has been reported to me that there have been changes in that regard.

Mr. POMBO. If the CALFED process were to be reauthorized, what recommended changes in terms of process would you recommend?

Mr. NOMELLINI. Well, we would ask that the composition of CALFED exclude adjudicatory bodies, such as the State Water Resource Control Board. They have no business being in the planning

and development of projects over which they have to exercise their judgment as independent judges. So we think they have to be eliminated.

The process that has the regulators and the Bureau and the Department of Water Resources, who we view as the exporters, making decisions in secret meetings is something that we do not think is good. Now, if you people take the oversight and approve every project, well, then there is a public forum that does it. But that process is not a healthy one to have, and what happens to us is that the regulatory assurance extends to the exporters but does not extend to the areas of origin, so we get shorted in that process. So structure is not good in our opinion and should be changed.

Mr. POMBO. As you know, going through this process, we do not always make good decisions. We do not always win. But at least it is a public process and those that are elected to have accountability have to stand for whatever decisions are made, and that is one of the reasons, as I have told you before, that I feel like it has to go through some type of Congressional oversight. Thank you, Mr. Chairman.

Mr. DOOLITTLE. Thank you. There are three votes pending, I gather, so we have 15 minutes. I recognize Mr. Herger for his questions. Actually, Mr. Dooley was out when we went. It is Mr. Dooley's right to ask questions.

Mr. DOOLEY. I would just like to maybe go back to this environmental water count. The 400,000 acre-feet, now, is that water that would be in addition to the water that is currently required for B2 plus other regulatory demands?

Mr. HAYES. I want to caution, if I can, Mr. Congressman, the assumption of 400,000.

Mr. DOOLEY. Let us just say whatever amount that is being considered for the environmental water account then.

Mr. HAYES. I hope the hope—the interest—my sense, Mr. Congressman, the interest of all the stakeholders is to have a long-term CALFED solution that identifies a water block, if you will, for the environment and that is it and that provides assurances that that is it, and there is a tolerance level that is being felt here of how much water essentially can come out of the hides, if you will, of current water users. And the accord and B2 process has essentially, I think, or arguably represents that tolerance level.

However, what we are finding is the system has very little operational flexibility and that has been a key part of the problems that we have been having over the last year or two. If we are going to have a long-term solution, we may need some more water for the environment so we do not have these frictions, at the same time, have more operational flexibility and water quality for the urban users and water supply reliability for the ag users. That is what CALFED is all about.

So in that context, yes, the additional water we are talking about for the environmental piece is over and above the accord and the B2 water.

Mr. DOOLEY. So, then, is there a consensus among the stakeholders that all the water that is currently being used, the 800,000 or whatever was dedicated in the accords, is being used in the most

efficient manner in order to achieve the environmental outcome? I guess that is what a little bit of concern is——

Mr. HAYES. Right. Sure.

Mr. DOOLEY. —is that if you go down this path and you designate, let us just say theoretically, 400,000 acre-feet——

Mr. HAYES. Right.

Mr. DOOLEY. —are we basing that on any type of science? Are we then also assuming that the 800,000 that was part of the CVPIA is being used in a manner which is maximizing the environmental benefit in order to minimize obligations or further shortages of contractors?

Mr. HAYES. Well, I think that is a very good question, Congressman. I actually think, perhaps I am a pollyanna here, but I think the experience of the last year has been a plus for the CALFED process. The difficulties that we had with the smelt problem last May, with the problems with the early return of the winter run chinook salmon in November and December, because they have raised in a very visible way the potential conflicts between environment, water quality, and water supply.

What has come out of that process, and Mr. Hannigan's written testimony discusses it, is a new operational process that we think will enhance the ability of the right balance to be met. But that is certainly one of the challenges of the CALFED process and that is going to be part of our, I am sure, the record of decision, is how to make sure the right decisions are made in a real-time basis so that there is good science and there is consideration of all the appropriate factors.

Mr. DOOLEY. Is there a recognition by the, I guess the Department, that when Westlands Irrigation District that on an average year the Bureau of Reclamation is saying, I think everyone is in agreement now, it is 45 percent allocation, give or take maybe a little bit, if anything more on the downside, is there recognition that if you do go out and you create another 400,000 acre-feet in the environmental water count that that most likely further reduces the allocations to Westlands Irrigation District?

Mr. HAYES. No. No, Congressman. I do not think that is the solution.

Mr. DOOLEY. We obviously do not look at it as a solution, but I wonder if that is the effect, I guess, is what we——

Mr. HAYES. No. No. I think if that were the effect, we would not be able to reach a CALFED agreement.

Mr. DOOLEY. So if it is then demonstrated that it is impossible to identify where this 400,000 acre-feet can come without having an adverse impact to the Westlands, then you are not going to go down that path?

Mr. HAYES. Well, I think Congressman Condit said it well. I think that everyone is not going to be as happy if they might be if only their own interests were at stake. We have got lots of interests here and they are not always coincident. We have heard the concerns about in-delta farmers versus exporting to Southern California. We have got issues in the Sacramento Valley that are very different than the issues in the San Joaquin. We have got the urban water districts in the north that are very different from the south.

What we are trying to do, I think, in the record of decision is come up with a package that is going to work adequately for everybody. That is the tremendous challenge of this. But we start with a proposition that if all of this burden is going to end on one water community, like Westlands, for example, that is not going to work. To some extent, we have got to find a solution that works adequately for everybody.

Mr. DOOLEY. Is that the same approach that is being utilized with whatever water might be required to satisfy the Trinity decision?

Mr. HAYES. Certainly. Certainly. I mean, Trinity is a reality that we feel the Secretary has an obligation to do a decision this year, as he has talked about publicly for the last couple of years because of those statutory responsibilities that he has, and all of the CALFED evaluation of the last couple years has assumed a hit for Trinity. So all of the work that is going in in terms of projections are not based on an unreal situation which would not assume a Trinity to the hit, and to the contrary, they are assuming a Trinity hit. OK, given that, how are we going to deal with the water needs of the various water users, urban, ag, and environmental?

Mr. DOOLITTLE. We are going to recess at this point and have the votes and we will—no, Mr. Herger, if you want to ask Mr. Hayes, you had better do it now because he is going to leave at 1. He will not be here after we come back, so you are recognized.

Mr. HERGER. Thank you, Mr. Chairman. I thank you for being here, and I did hear the sad situation that I know you are in a bad position with your wife on where you should be now, but anyway, thank you for being there.

Mr. HAYES. Thank you for those kind words.

[Laughter.]

Mr. HERGER. Having a wife, I can empathize with you, and being in that same position myself on several occasions.

But the magnitude of our problem, as we have been mentioning, and the reason why Ms. Southwick representing the California Farm Bureau and farmers not only in my district but throughout the State, an additional concern we have is that thinking of the history of the Owens Valley, where Los Angeles went in and secured their water rights, bought them, many of us can see that type of scenario perhaps developing in our agricultural area, agriculture being our No. 1 industry, of people coming in, the need. We get into the drought years. Again, right now, we are in an oversupply rainy time, and if we are talking about 45 percent cutbacks on some agriculture now, what do we get with the State growing and what do we get later on?

In light of that, in light of Mr. Nomellini's comments on concern of what we do, if I could ask, and Mr. Hannigan talked about a CALFED list of about a dozen possible storage sites, Mr. Hayes, how long would it take us to realize the benefits from these sites?

Mr. HAYES. Well, I think each site is different, Congressman, but certainly there is some startup time because in the case of, say, raising Shasta Dam, if that decision were made, there would be some construction time, that sort of thing. So it is going to take—there is certainly a period. There would be a ramp-up period for any new storage.

Mr. HERGER. What is your projection on that? Of course, they are talking about the sites in Colusa County or out in that area.

Mr. HAYES. Yes. I am not that close to it in terms of the timeframe. The next CALFED decision is to try to put in place a stable, long-term water plan that the first 7 years or so are the critical years. Hopefully, if there is infrastructure, it could be implemented in that timeframe.

Mr. HERGER. Do you know how much money has been spent to this point on storage and on developing a plan or for potential storage through the CALFED, what the amount is and what percentage that is of the total CALFED that has been spent?

Mr. HAYES. Well, the money that the Congress has authorized has, until last fiscal year, has been exclusively environmental restoration money, and we are in the study process. There has not been construction dollars authorized by the Congress under CALFED. That would follow, presumably, a record of decision.

Mr. HERGER. Right, and I am aware of that, and thank you, but as far as studying or looking into a proposal, how much has been spent?

Mr. HAYES. I do not know that number, but there has been a very active study effort. The integrated storage investigation effort that CALFED undertook was a very significant effort. I would be happy to get the information to you, Congressman.

Mr. HERGER. I appreciate that——

Mr. DOOLITTLE. Let me just interrupt. We have 3 minutes before they close the vote.

Mr. HERGER. Just a last question I will leave for you. Another major concern is once we move beyond the study, what we are going to do. Have you analyzed the issues associated with Section 404 permitting and its requirement?

Mr. HAYES. That is certainly part of our discussions. EPA and the Corps of Engineers are key players in that and they are going to be part of the discussions. Four-oh-four needs to be addressed as part of a CALFED solution.

Mr. HERGER. Thank you very much.

Mr. HAYES. Thank you, Congressman.

Mr. DOOLITTLE. We are going to excuse Mr. Hayes. We will ask the rest of the panel to remain for questions Mr. Ose may have and we will be back when these votes are concluded. We will be in recess.

[Recess.]

Mr. DOOLITTLE. We will reconvene. We are ready for Mr. Ose, but while we are waiting, I am going to ask Mr. Nomellini if he has any ideas as to how to achieve regulatory assurances from the government.

Mr. NOMELLINI. My confidence level in regulatory assurances is very little. However, for those of us in the areas of origin, a clear reaffirmation from the Federal Government of the commitment to deliver water on a priority basis to meet the needs in the area of origin, I think is essential. I think it is just grossly unfair to think of regulatory assurance for exporters without covering the assurance to the areas of origin.

We have been struggling, trying to get the Bureau to recognize that. The Bureau says, all right, if you want your priority, go file

for an appropriated water right and build your own dam, a very impractical commitment to honor the promises of the past that they would not divert water that was needed in Northern California.

The practical reality is, most of those people in our area that have water, I mean, need water have contracts with the Bureau and they should be allocated in priority to the exports, and for those that do not, they should be able to go forward to the Bureau, request that they be given a priority contract to do that. I think that would quiet the waters, you know, quiet a lot of the struggling and apprehension in the areas of origin. That is my guess. But still, actually putting something into practice that is on paper has been extremely difficult.

Mr. DOOLITTLE. Mr. Ose is recognized.

Mr. OSE. Thank you, Mr. Chairman.

Mr. DOOLITTLE. Let me ask, do you have questions you wish to address to the Department of the Interior, because if you do, we have two people that we can swear in and they can answer them.

Mr. OSE. Not to the Department of the Interior.

Mr. DOOLITTLE. OK. Well, then we do not need to. Let us go ahead. I recognize you for your time.

Mr. OSE. Thank you, Mr. Chairman.

I want to explore something, if I may. I see on virtually everybody's resume some capacity of serving within the CALFED process, either on the Ecosystem Roundtable or the Bay-Delta Advisory Council, and I am trying to figure out, as a member who is interested in oversight, exactly who sits on these committees and what decisions get made in these committees. Ms. Southwick, I know that you sit on the Bay-Delta Advisory Council, and Mr. Yardas, you sit on the Ecosystem Roundtable. I do not know if you are left out——

Mr. NOMELLINI. I am sitting in this chair.

Mr. OSE. You lucked out. OK. But I also know that some of the witnesses that are going to appear later are also involved in the process. I am trying to get to whether or not people who have actually been elected by a vote of the people are sitting on these groups making decisions as to how or what CALFED shall do.

Ms. SOUTHWICK. Congressman, I think with the exception of perhaps RCRC, which has a county supervisor, I think, representing them on BDAC, it is pretty much by constituent group. I do not think that there are very many elected officials. There is recognition certainly by the chairs of those committees, and I think most people on the Bay-Delta Advisory Council agree that there have to be accountability to the State legislature for anything that CALFED wants to do, and certainly to Congress because some of the things that CALFED has talked about will require some kind of authorization that does not currently exist.

Supposedly, that is what the whole governance idea is about. Part of our concern with the governance idea is getting at the local and grassroots level in participation, mostly by elected officials and by just your average person who is affected by the decisions that are being made by CALFED.

Mr. OSE. I think you are striking right at the point I am trying to make. I and the members up here, as it relates to the Federal

resources committed to this process, we are the ones who have the statutory responsibility as to how those are used. While I am supportive of the process, I am trying to find a means to introduce greater accountability. So any suggestions either of you have, I appreciate.

Ms. SOUTHWICK. Well, certainly as we stated in our written comments, accountability for us starts at the lowest level, the level where you have implementation, because with all the decisionmaking, wherever it is made, at the Congressional level, at the State level, wherever, sooner or later it comes down to on the ground something has to happen. Something gets built or something gets torn down or something changes and the people who are affected by that are the people who live in those communities and they need to have a firm place in that decisionmaking. Right now, from what we have seen of CALFED's governance proposals, we do not see how that could happen.

Mr. OSE. Within the 15-agency committee——

Ms. SOUTHWICK. That committee would go away, by the way.

Mr. OSE. That would go away?

Ms. SOUTHWICK. Right.

Mr. OSE. OK. So, now how many elected officials currently sit on that 15-agency committee?

Ms. SOUTHWICK. To my knowledge, one.

Mr. OSE. That would be who?

Ms. SOUTHWICK. I think his name is—it is RCRC. I forget his name.

Mr. OSE. So it is a supervisor?

Ms. SOUTHWICK. Right.

Mr. OSE. But there is no Statewide elected official, there is no legislative district official, there is no State Senate district official, there is no Congressional official——

Ms. SOUTHWICK. Not that I am aware of. I do not know if you know.

Mr. YARDAS. No. I think that perhaps the Department of the Interior witnesses would want to address this, as well. The advisory groups that we mentioned, specifically BDAC and its subcomponents like the Roundtable, are strictly advisory, and the governance proposals for going forward, they are constantly changing, but among them are representations of members that are not directly elected officials but which are appointed by the Governor or other elected officials. So there is an evolution to bring that sort of representation directly to bear.

Mr. OSE. Are there any slots in this reserved for elected officials?

Mr. YARDAS. I do not know, but perhaps others could comment more directly.

Mr. OSE. It troubles me, if you will, that I have the responsibility but I do not have the authority over the action.

Mr. YARDAS. We feel the same way from an advisory point of view. We are pointed to as having approved things, but we do not actually decide anything and we cannot really stop things, so we are caught in a different kind of quandary.

I guess I would say two things. One is that the appropriation is specifically to the Secretary of the Interior, who has to approve all of the expenditures with regard to Federal funds, and so that is

where the accountability has to show up, at least under the current statute.

Secondly, I think there was a comment made earlier about this kind of delegation of authority being is unprecedented and I do not believe that is quite accurate. Although the circumstances are different, certainly Clean Water Act delegation of authority to States, block grant programs—I mean, there are various mechanisms that have been used to essentially try and move decisionmaking to the region, to the local area where factors of specific circumstance can be taken into account, and that is fundamentally, at least from the Roundtable point of view, what has been attempted, to try and bring the particulars of what is needed on the ground, as well as to foster competition in terms of the proposal solicitation process, rather than the more conventional Congressional earmark process.

Mr. OSE. Mr. Chairman, I see my time is expired. I thank you for your courtesy.

Mr. DOOLITTLE. Thank you.

We thank the members of this panel for their testimony. We may have further questions to tender and hope that you will respond expeditiously if we do so. With that, the panel is excused.

Mr. OSE. Mr. Chairman, begging the committee's indulgence, I regret to say that I have a plane to catch at 3:30 and I will be departing shortly, so when I leave, it is not because I am not interested. It is because I have a commitment tomorrow morning.

Mr. DOOLITTLE. Believe me, I understand, and I certainly hope to be wrapped up by 3:30. In any event, just please feel free to leave when you need to leave.

Mr. DOOLITTLE. I will invite panel No. 3 to come forward, the members of it, plus Mr. Ritchie and Mr. Cottingham too, so they can be sworn in so that we can get the testimony, please.

If you gentlemen will remain standing and raise your right hand, do you solemnly swear or affirm under the penalty of perjury that the statements made and responses given will be the whole truth and nothing but the truth?

Mr. TENNEY. I do.

Mr. WILSON. I do.

Mr. BRADLEY. I do.

Mr. BISHOP. I do.

Mr. DAVIS. I do.

Mr. RITCHIE. I do.

Mr. COTTINGHAM. I do.

Mr. DOOLITTLE. Thank you. Each answered affirmatively.

We are pleased to have you here and we will begin with Mr. Van Tenney, General Manager of the Glenn-Colusa Irrigation District.

STATEMENT OF O.L. "VAN" TENNEY, GENERAL MANAGER, GLENN-COLUSA IRRIGATION DISTRICT, WILLOWS, CALIFORNIA; LARRY WILSON, BOARD OF DIRECTORS, SANTA CLARA VALLEY WATER DISTRICT, SAN JOSE, CALIFORNIA; JUSTIN BRADLEY, INTERIM ENVIRONMENTAL DIRECTOR, SILICON VALLEY MANUFACTURING GROUP, SAN JOSE, CALIFORNIA; WALLY BISHOP, GENERAL MANAGER, CONTRA COSTA WATER DISTRICT, CONCORD, CALIFORNIA; AND GRANT DAVIS, EXECUTIVE DIRECTOR, THE BAY INSTITUTE, SAN RAFAEL, CALIFORNIA

STATEMENT OF O.L. "VAN" TENNEY

Mr. TENNEY. Mr. Chairman, members of the committee, I appreciate the opportunity to appear before you today. The Glenn-Colusa Irrigation District is located in the heart of the Sacramento Valley and is the largest as well as one of the oldest diverters of water from the Sacramento River. GCID also supplies water to three national wildlife refuges that comprise about 20,000 acres of land within the district. My comments today will also represent the views of the Northern California Water Association and its many members.

Water use within the Sacramento Valley has had an impact on the environment, and as is the case with many of my colleagues here today, that environmental impact has resulted in the imposition of very significant limitation on our systems. In fact, I think, as Deputy Secretary Hayes spoke a while ago, there was at least some confusion in my mind as to whether or not that fact is understood. While much of the dialog in the State goes on around the question of the bay-delta and the restraints that that causes south of the delta, I think people often do not understand that ESA actions and other types of environmental constraints have had very serious impacts on the north State, as well.

And I would point out, using GCID as an example, that our fish screen problems at Hamilton City pumping station for a time caused a complete cessation of pumping, and even today, some 10 years after that initial environmental compliance problem, we still do not have back 100 percent of our pumping capacity.

I am pleased, however, to say, knock on wood, that by this time next year, in fact, probably by fall of this year, we should have completed what will be the largest fish screen facility, flat plate facility, in the entire world. That will be a very significant milestone for GCID for those of you who know the history of the district, as well as for the entire system. In fact, I think it is our experience, certainly my experience with the partnership that caused that to happen, a partnership with many Federal and State agencies that has caused us to choose to focus not so much on the problems but on the question of how could CALFED accomplish its mission of water reliability, water quality, and ecological improvement.

The Sacramento Valley in this regard believes that it can offer a number of ways to assist in addressing problems in the bay-delta watershed. We are willing, for instance, as the first point, to forge partnerships, partnerships that we feel we have learned a lot about through the experience with the fish screen project for the protection and development, perhaps, of upstream habitat, further, as a

means to address ESA problems as well as a means to generally enhance wildlife and fishery habitat.

Secondly, we can assist in reducing increased water supply demand through improved Sacramento Valley Water Management. Sacramento Valley interests have been involved in an intense effort over the last couple of years, in conjunction and in partnership with the Bureau of Reclamation, to develop an overall basin-wide water management program which would allow us to use our existing water supplies to meet not only existing needs but also many of our future demands, as well.

No. 3, we can assist and are willing to assist in maximizing the benefits of additional upstream storage, and we would support the raising of Shasta and perhaps Millerton, but off-stream storage, as well. We are willing to partner with State and Federal agencies in the development of that upstream storage, and the district has as part of its system key conveyance systems to make that possible, as well as with the Tehama-Colusa Canal Authority's facilities.

We are willing also to talk about a combination of direct diversion, of service water, and improved groundwater management to maximize the benefits that can be achieved through any upstream storage project.

We believe that by proceeding forward in CALFED requires the forging of local partnerships with the Sacramento Valley interests as a critical element to both accommodate and achieve these benefits, and it is pleasing to me that in my participation with CALFED, we have seen a strong direction in that particular direction now toward partnerships and interests, it seems, and moving forward with the local areas. I speak partly on behalf of the counties that I work with as Glenn-Colusa Irrigation District and with the larger NOCAWA organization to say that they feel that they need that input, as well. So I think those kind of partnerships is what will move the process forward.

Under these circumstances, GCID and Northern California Water Association would not only support CALFED authorization, but would actively participate in, in cooperation and partnership with CALFED and its member agencies, in pursuing these types of solutions that I have talked about. Thank you. I would be happy to answer any questions.

Mr. DOOLITTLE. Thank you.

[The prepared statement of Mr. Tenney follows:]

United States House of Representatives
Committee on Resources
Subcommittee on Water and Power
The Honorable John T. Doolittle, Chairman

Written Testimony of O.L. "Van" Tenney, General Manager
Glenn-Colusa Irrigation District
March 30, 2000
Washington, D.C.

Mr. Chairman, Members of the Committee, my name is Van Tenney. I am the General Manager of the Glenn-Colusa Irrigation District.

The Glenn-Colusa Irrigation District ("GCID") is located in the heart of the Sacramento Valley and is the largest and one of the oldest diverters of water from the Sacramento River. GCID diverts water from the Sacramento River through a 65-mile long irrigation canal into a complex system of over 430 miles of laterals. The water is delivered to more than 1,200 families who farm approximately 141,000 acres of valuable, productive, agricultural land. Farmers within GCID grow such diverse crops as rice, wheat, tomatoes, cotton, corn, walnuts, almonds and pistachios, which are shipped across the nation and the world. More than $270 million of agricultural products are produced annually on Glenn-Colusa Irrigation District farms, helping to sustain an estimated 12,000 jobs in the region.

GCID is also the sole source of surface water deliveries for three wildlife refuges - the Sacramento, Delevan, and Colusa National Wildlife Refuges - that comprise some 20,000 acres of critical wildlife habitat. Winter water supplied by GCID to thousands of acres of rice land also provides a rich oasis for migrating waterfowl.

My comments today, although based on my experience and understanding of GCID, also represent the views of the Northern California Water Association and the other Sacramento Valley interests it represents.

CALFED was formed in order to address water reliability, water quality, levee improvements, and environmental problems centered around San Francisco Bay and the Sacramento-San Joaquin Delta and Estuary. Historically these issues and problems focused on the operation of the Central Valley Project ("CVP") and the State Water Project ("SWP") with the notion of "contributions" from other water users within the areas of origin north and south of the Delta not often directly discussed and, in any event, a poorly understood element to the larger Bay-Delta picture.

In order to address the question of CALFED authorization, reauthorization or future appropriations, one must be careful to understand the perspective and context in which the question is posed. In recent years, with more significant reductions in supply being experienced by those who rely upon the CVP and SWP, there has been a corresponding and often expressed view that solving the Delta problem must include "contribution of water" from those within the areas of origin, including those within the Sacramento Valley. We disagree with this view.

Water use within the Sacramento Valley does not contribute, in any meaningful way, to the Bay-Delta problem being addressed by CALFED. Because of its location upstream from the Delta, all water not consumptively used within the Sacramento Valley returns to the system for subsequent diversion by others or for Bay-Delta outflow.

This does not mean, however, that water use within the Sacramento Valley has had no adverse impact on the environment. These adverse environmental impacts have, however, been of a local nature and have focused on fish passage problems, not Bay-Delta problems. Moreover, these adverse environmental impacts have caused the imposition of operational limitations at least as significant as those currently posed in the Delta.

Utilizing my district, GCID, as an example, fish screen problems at our Hamilton City pumping facility, for a time, caused the total cessation of our ability to divert any of our water right supply. Even today, some ten years after our diversions were first affected by environmental regulation, we are still precluded from pumping 100% of our supply. We are, however, hopeful that within the next year we will again be able to resume the pumping of our full supply. This, however, has only been made possible through cooperative and partnership efforts involving GCID, the California Department of Fish and Game, the United States Bureau of Reclamation, the United States Army Corps of Engineers, the California Department of Water Resources, the National Marine Fisheries Service, and the United States Fish and Wildlife Service which resulted in the identification and implementation of the construction of a state-of-the-art fish screening facility at GCID's Hamilton City pump station. This facility, when complete, will be the largest fish screen of its kind in the world.

CALFED was envisioned as a means of solving significant and complex problems. In this regard, it seems inappropriate to us to deal with CALFED and CALFED reauthorization as if it were "the problem" or even "a problem." Rather the key, in our view, is to better focus CALFED's efforts toward accomplishing its mission of solving the water reliability, water quality, levee improvement and environmental problems within the Bay-Delta.

The first step in this effort is to understand the regional variations that exist within the system. Not all regions in California should be treated or viewed in the same manner.

In this regard, in addition to recognizing the relative priority of the water rights involved, as well as area-of-origin protections, any CALFED authorization must also direct CALFED not to redirect impacts. CALFED should be directed to undertake actions in a manner which insures that solutions implemented to resolve problems within the Bay-Delta will not redirect negative impacts to other regions of California, including, but not limited to, the Sacramento Valley, mountain counties, and upstream areas within the San Joaquin River watershed.

With this fundamental direction in place, the Sacramento Valley can (with the understanding that it has its own environmental problems to deal with in mind) offer means that might assist in addressing identified problems in the Delta. These efforts, in our view, cannot be instituted on a "top down" basis, but instead involve, at a minimum, cooperation with Sacramento Valley interests and preferably involve true partnerships between state, federal and local entities such as GCID.

By way of example, we offer the following:

1. We are willing to forge partnerships for the protection and development of upstream habitat. Sacramento Valley interests, in partnership with state and federal agencies, have resolved many long-standing endangered species problems by constructing fish screens and siphons and by re-managing water supplies. In addition, several water users have partnered with agencies to deliver water to wildlife refuges, and it has been done at a cost that is far less than what would have been expended without local cooperation. Sacramento Valley interests seek to forge additional partnerships as a means to address ESA problems as well as a means to generally enhance wildlife and fishery habitat.

2. We can assist in reducing increased water supply demand through Sacramento Valley water management. Sacramento Valley interests have been involved in an intense effort to develop an overall water management program which would allow us to use our existing water supplies to meet not only our existing needs but also our projected future needs. If successful, we would reduce substantially the amount of additional water that would need to be committed to this area of origin. In order to fully accomplish this, rules will need to be relaxed to allow for real water management, including the intra-basin transfer of water for these purposes. In addition, water users need the ability to locally manage both surface water and groundwater resources.

3. We can assist in maximizing the benefits of additional upstream storage. We are willing to partner with state and federal agencies in the development of upstream storage. Not only are we willing to discuss the utilization of our facilities to wheel water for off-stream storage, but we are also willing to talk about how a combination of direct diversions of surface water and groundwater management can maximize the benefits that can be achieved through any upstream storage project.

4. We are willing to discuss water management options that would allow the benefits noted above to be achieved. We believe that proceeding forward in CALFED and the related processes requires the forging of local partnerships with Sacramento Valley interests as a critical element to both accommodate and achieve the benefits discussed above.

Specific direction in reauthorization legislation that would be focused on the Sacramento Valley could include the following:

- CALFED and its member agencies shall, in cooperation with affected local interests, develop and implement programs for (1) the intra- and inter-basin transfer of water for both water supply and environmental purposes; (b) voluntary incentive-based acquisition of agricultural lands, which include clear protections for local areas, including provisions, in the case of land acquisition, for in-lieu taxes and in which the water obtained is utilized in local areas to off-set the need for additional Delta diversions; (c) properly funded, incentive-based conservation programs and urban water reclamation and recycling in which the water obtained is utilized in local areas to off-set the need for additional Sacramento River tributary and Delta diversions.

- CALFED and its member agencies shall develop and implement, in partnership with Sacramento Valley interests, a program to enhance the better management of water within the Sacramento Valley. These programs will include conjunctive use (direct diversion, stored water, groundwater) of the respective region's water resources and management resources and the intra-basin transfer of water in order to insure that the existing and future needs of the Sacramento Valley are met while reducing the amount of new water that otherwise would need to be devoted to this purpose and to produce additional supplies of water for south-of-Delta consumptive use and for environmental purposes.

- CALFED and its member agencies shall prepare, in partnership with local interests, the programmatic and site-specific environmental and other related documents associated with the construction of an enlarged Shasta Reservoir and a Sites Reservoir. The preparation authorized herein shall be focused on, among other things, the need to operate this facility to provide water supply, water quality and environmental benefits on a balanced basis. The analysis shall assume the application of Section 404(r) of the Clean Water Act, 33 U.S.C. § 1344(r). "Local interests" shall include entities within the Sacramento Valley and the Glenn-Colusa Irrigation District ("GCID") and Tehama Colusa Canal Authority ("TCCA"), with respect to an evaluation of the utilization of both the GCID Main Canal and the Tehama Colusa Canal as a means to wheel water into that reservoir.

- CALFED and its member agencies, in partnership with Sacramento Valley interests, shall implement integrated fish screen programs for the Sacramento River and study and construct, in partnership with the Tehama Colusa Canal Authority, a fish screen in order to resolve fish screen passage problems created by the Red Bluff diversion dam.

We believe that with the type of assurances and protections set forth above, CALFED can move most effectively in accomplishing its "problem solving" mission. Under these circumstances GCID and the Northern California Water Association would not only support CALFED reauthorization, but would actively participate, in cooperation and partnership with CALFED and its member agencies, in pursuing the types of solutions outlined above.

Mr. DOOLITTLE. Our next witness is Mr. Larry Wilson, who is a member of the Board of Directors of Santa Clara Valley Water District. Mr. Wilson?

STATEMENT OF LARRY WILSON

Mr. WILSON. Thank you, Mr. Chairman, members of the subcommittee. I want to thank you for having us here today. In the interest of full disclosure, I also sit on the board of the San Luis Water Authority, who sometimes seem to be a captive to the agricultural interests of the Central Valley, but actually they are good friends and we work well together.

The Santa Clara Valley Water District is a stream management and wholesale water agency for Santa Clara County. In that capacity, we also serve the high-tech area known as Silicon Valley. The district imports about half of its water. The biggest amount of that comes from the Central Valley Project. In drought years, the amount that we import from State and Federal project could amount to as much as 90 percent of our water supply.

Another participant in the panel, Justin, sitting next to me, will give you the Silicon Valley Manufacturing Group's perspective on how our water supply is important to the community and to the industries in the county.

I'm going to skip a lot of this and cut right to the two basic things we want to talk about. One of these is the flexibility in the system and the other is water quality. You have heard talk about what happened in the delta and also what happened in San Luis. I will give you some specific examples as they relate to us and how they impact us.

The Federal fisheries programs are being implemented in a way that use up all the operational flexibility in both the State and the Federal project, and the best example of that is the so-called low point in the San Luis reservoir. It has become a chronic worry for us. It causes us constant heartburn. In three of the last 4 years, the low point has been projected to be 300,000 acre-feet or less. When they get projections for 300,000 acre-feet, we immediately have to scramble to make arrangements either to cut back our local recharge, hold back our local storage for future use, or find additional sources of water.

In the last year, we find that the projection was for it to be under 300,000 for four consecutive months. This is without any water set aside for any activities that might involve endangered species or breakdowns in the system. It is a lot like driving your car around with four bald tires. Something bad is going to happen, and that is the kind of situation we have been put in.

The district considers any interruption in the Federal deliveries to be a serious increase in the public health and safety risk to the county and the projected loss of Federal supplies either because it cannot be treated or it cannot be pumped causes the district to take immediate contingency actions of some kind. We wake up in the morning wondering what is going to come about today.

If you look at San Luis reservoir, if it gets to the neighborhood of 500,000, 600,000 acre-feet in storage and for some reason the pumps are shut down, the reservoir will drop at a rate of about

20,000 acre-feet a day, 250,000 acre-feet in a week. This is the kind of situation we are faced with.

If interruptions in supplies do actually occur, particularly during the peak-demand summer months, the result for us would be treated water shortages.

The planned operation of the Central Valley Project are putting the urban water supplies of Santa Clara County at great risk. Earlier this year, we saw planned operations forecasts, like I told you, of below 300,000, this for four consecutive months. This has since been changed now. It looks like we are going to be in better shape than we thought we were.

But every time this comes about, we have to reconstruct our water supplies and how we are going to operate. Each time one of these threats have occurred in the past, we have found some way, by a combination of either extraordinary Federal or State actions and cool weather and wet weather, to minimize demands, but we are not always going to be that lucky.

In the short term, the options that we have talked about, above the ones of using the Federal and State funds to get water to offset these losses, have worked, but we cannot rely on those in the long term. We need some long-term investment and some real good short-term options.

Delta water quality, we spoke earlier about the problems with the bypass closing down. Now, this does not affect us in the same way because we also take the water from the California aqueduct. When the bypass was closed, immediately, the water coming to us started to go up in salinity. Inside of 2 weeks, we had reached—our salinity in our water supply had tripled. This continued until they were able to get the bypass back in operation. Now, what this means is that we are turning out water—trying to blend it with other sources to bring those levels down or in some way try to use that water in such a way that it does not impact the high-tech industry.

The district, along with other members of the Bay-Delta Urban Coalition, continue to hope that CALFED will provide opportunities to develop needed programs and facilities and to institutionalize more balance operations decisionmaking. That is the serious problem with us. If we knew what to expect, we could deal with it better, and so often, our problem is that we wake up one morning and all of a sudden there is a problem we had not anticipated.

Our continued support for CALFED will depend in large part on the extent to which the final package expands the system's flexibility and achieves long-term certainty in water supply and quality.

We also attached for your review a recent briefing book entitled "Silicon Valley Supply and Water Quality Challenges." It has a lot of the graphs in it and explains a lot of these issues I have just discussed. I would be happy to answer any of your questions.

Mr. DOOLITTLE. Thank you. I looked that book over. That is pretty interesting, I thought.

[The prepared statement of Mr. Wilson follows:]

U.S. House of Representatives
Committee on Resources

Subcommittee on Water and Power
Oversight Hearing on
Central Valley Project Operations
and CALFED

Statement Presented by

Director Larry Wilson
Santa Clara Valley Water District

March 30, 2000

Mr. Chairman and members of the Subcommittee, thank you for giving me the opportunity to provide this testimony regarding the impacts of Central Valley Project operations on the water supply of Santa Clara County. My association with the Santa Clara Valley Water District started over thirty years ago as an employee in the operation of the District's water utility. In the last five years, I have served as an elected member of the Board of Directors. Through these experiences, I am very familiar with both policy and technical issues affecting the reliability and quality of the County's water supplies.

Santa Clara County relies on responsible operation of the Central Valley Project.

The Santa Clara Valley Water District ("District") is the stream management and wholesale water agency serving Santa Clara County, including the high-technology industrial area known as "Silicon Valley". The largest source of imported water for the County is the federal Central Valley Project. On average, over half of our water supply is imported from the Central Valley Project and State Water Project. In a drought year when local water is very limited, imported water must provide up to 90 percent of the water supply. Another participant on this panel, Mr. Justin Bradley from the Silicon Valley Manufacturer's Group, is here to describe the importance of a clean, reliable, high-quality water supply for the economy and people of Santa Clara County. The District's ability to provide that clean, reliable, high-quality water supply depends in large part on annual decisions made in the operation of the Central Valley Project.

I would like to focus on two areas of concern: operational flexibility and Delta water quality.

1. Operational flexibility must be restored. Federal fishery programs are being implemented in ways that use up all operational flexibility in *both* the State and federal projects. The best example of this is the so-called "lowpoint" problem at San Luis Reservoir, which has become a chronic worry for the District. In three of the last four years, operations forecasts during the spring months have projected that San Luis Reservoir storage levels would drop during the late summer months

to a level that would cause serious water quality problems, and potentially an interruption in federal water service. When San Luis Reservoir drops below 300,000 acre-feet, algae that bloom on the water surface get pumped into our drinking water supplies, causing significant taste and odor problems. Ultimately, algae clog filters and shut down the treatment plants.

The District considers any interruption in federal water deliveries to be a serious increase in public health and safety risk for Santa Clara County. The projection of a loss of federal supply, either because it cannot be treated or it cannot be pumped from San Luis Reservoir, causes the District to take immediate contingency actions that may include shutting down groundwater recharge, keeping local surface water in storage if it is available, and maximizing deliveries from other sources. In other words, even the projection of a problem at San Luis Reservoir can impact the District in terms of lost groundwater recharge, less efficient water management, and additional pumping costs. If the interruption in supply actually occurs, particularly during the peak demand summer months, it could result in treated water shortages.

The planned operations of the Central Valley Project are putting the urban water supplies of Santa Clara County at great risk. Earlier this year, we saw planned operations forecasts which would have dropped San Luis Reservoir below 300,000 for four consecutive months! There is no operational flexibility to handle unforeseen events related to protection of endangered species, or a facility failure. This is like driving a car with bald tires. Sooner or later we can expect a water supply disaster.

So far, each time the threat has occurred we have been saved by a combination of extraordinary federal and State actions, and cool weather that minimized demand. For example, at our urging the Bureau of Reclamation paid State Water Project contractors to reschedule water, and purchased water before the lowpoint to deliver to the wildlife refuges after the lowpoint. In the short-term, these types of options should be developed and expanded. In the long-term, federal investments are needed to restore system flexibility and water supply certainty.

2. Delta water quality should be fully considered in making operational decisions. The District's State Water Project supplies are delivered through the South Bay Aqueduct, rather than through San Luis Reservoir. The close connection of these supplies to the Delta causes another concern. In less than 24 hours, any water quality problems in the Delta show up in source water at the District's treatment plants. This past December, for example, closure of the Cross Channel gates in the Delta resulted in the delivery of salty water to Santa Clara County comparable to that delivered during the last drought. In a matter of two weeks, salinity more than tripled in our State water deliveries, and did not decrease until the cross channel gates were opened. Careful and coordinated decision-making is needed to avoid this kind of water quality impact in the future. Water quality for urban drinking water supplies from the Delta must be considered in making balanced decisions, along with water supply and fisheries protection.

The District, along with other members of the Bay-Delta Urban Coalition, continues to hope that CALFED will provide an opportunity to develop needed programs and facilities, and to institutionalize more balanced operational decision-making. We are encouraged by the earnest negotiations between the Department of the Interior and the State of California. Our continued support for CALFED will depend, in large part, on the extent to which the final package expands system flexibility to achieve long-term certainty in water supply and quality.

Attached for your review is a recent briefing book entitled "Silicon Valley's Water Supply and Water Quality Challenges"which contains additional detail about the impacts of federal regulatory issues. Thank you again for this opportunity to comment on the Santa Clara Valley Water District's concerns about Central Valley Project operations.

Mr. DOOLITTLE. Our next witness will be Mr. Justin Bradley, Interim Environmental Director of the Silicon Valley Manufacturing Group. Mr. Bradley?

STATEMENT OF JUSTIN BRADLEY

Mr. BRADLEY. Mr. Chairman, members of the subcommittee, on behalf of the Silicon Valley Manufacturing Group, we were founded approximately 22 years ago by David Packard and today we represent 160 of the most respected high-tech employers and supporting industries. Collectively, we represent approximately one in four of the private work force in Silicon Valley and we represent those employers in a variety of issues affecting business climate, quality of life for those who live and work there. These companies are part of a $106 billion regional economy. It also represents one-third of the total venture capital expended in the U.S. in that one area, so you can get a sense for the amount of innovation that goes on in a very compact area.

As you may have read in the newspapers lately, it is the home of Cisco Systems, which this week became the most valuable company in the world. We are often referred to as the economic engine of the new economy, I think it is fair to say, for at least the State and many other parts of this country, as well.

Every year, our president meets with the CEOs and representatives of the board of directors to ask some very simple questions to find out what it is they need, and what the question is is what does it take to compete here in Silicon Valley and continue to have the kind of success and growth curves that bring so much benefit to our State and the country.

The answer is pretty consistent over time. What they say is essentially investment in infrastructure, and infrastructure for a whole host of issues has been under-invested in for many years. Transportation is one of those things, and here we are talking about water, another one of those infrastructure issues. We concur with the water district that we are living on the edge, and we have been in good times, and given something that stresses the system just a little bit more and we will find water rationing again.

We are already a very interesting community to live in if you want to buy a house. You can buy a bungalow for $500,000 and then there will be an interesting little caveat to say, oh, by the way, you cannot use the water very well. You can drink it, but we do not want you washing your clothes. It may seem kind of small-minded, but that is the life we are in. There is a lot of value generated in that area and we want to find ways that win for everyone to keep that kind of vitality working.

So maintaining that healthy environment and quality of life requires and depends on a reliable and consistent supply of high-quality water. It is critical to supporting our new economy, and I would say it is even more critical as a perception of what would bring in high-quality people to continue this working.

When I was on the plane coming here, I met with a company that started 2 years ago, a company called Tollbridge. They now have 130 employees and $300 million in sales. They have doubled every quarter for the last several.

Cisco Systems was not a $550 billion company last year, and yet you see the acquisitions and the vitality. It is something that has made the last 9 years possible. So if you are the beneficiary of a lot of that personally or in this area, you can point to Silicon Valley and the resources that the water district provides as being a critical part of that. Unless we invest significantly in infrastructure quickly, then we put this in jeopardy, and that is not even to get into the other ones, like power and transportation.

So operations of the Central Valley Project should support the success of Silicon Valley by providing a reliable, high-quality water supply in Santa Clara County. The Manufacturing Group and our 1.7 million residents rely on that water, especially imported from Central Valley Project, to meet those needs.

A little statistic. Since 1994, employment in our area has gone up by more than 25 percent. During approximately the same period, there has been a 50 percent reduction in water available from the delta. Somehow, there is a dysfunction here that perhaps we ought to address in short order.

We have been part of the CALFED process and we have been hopeful that there would be some short-term solutions to avoid some of the expected pain and suffering. I think we get a little less encouraged as time goes on because we believe that the changes, the adjustments that need to be made should not be incremental given the trends that we see in our valley. They need to be more exponential. So if we are going to have projects, they cannot be of the eyedropper sort but the kind that really get beyond today's needs, beyond 5 years from now to 20 years, 25 years from now and deal with the enormous population gain as well as the vitality of the industry.

So we do support a balanced approach, good science, balancing the needs of all the constituents who are at the table. We really support that. We have been part of that discussion all along. We just want to restate that our theme is that working together works. We are not going to abandon the process. That is why we are here. That is why we are here with the water district and we are grateful for the opportunity to address this group. I will take any questions.

Mr. DOOLITTLE. Thank you.

[The prepared statement of Mr. Bradley follows:]

U.S. House of Representatives
Committee on Resources

Subcommittee on Water and Power
Oversight Hearing on
Central Valley Project Operations
and CALFED

Statement Presented by

Justin Bradley
Interim Environmental Director
Silicon Valley Manufacturing Group

March 30, 2000

Mr. Chairman and members of the Subcommittee, I am here today to represent the interests of a significant part of the economy in Santa Clara County. The Silicon Valley Manufacturing Group ("Manufacturing Group") was founded in 1977 by David Packard, and today represents over 125 businesses with more than 250,000 local employees. Altogether, the Silicon Valley economy generates a gross annual regional product of over $106 billion. As you may have read in the newspapers, it is the home of Cisco Systems, which just this week became the most valuable company in the world. Silicon Valley is called the "economic engine" of the Bay Area, and is certainly vital to the economy of California and the nation.

Operation of the federal Central Valley Project should support the continued success of Silicon Valley by providing a reliable, high quality water supply to Santa Clara County. The Manufacturing Group and the County's 1.7 million residents rely on the Santa Clara Valley Water District ("Water District") to manage water imported from the Central Valley Project and State Water Project. Recent federal decisions have compromised the reliability and quality of these imported supplies, which are needed to meet over half the County's water needs. Mr. Larry Wilson, a director from the Water District, is here to speak to some of the operational impacts, and I would like to provide a business perspective.

The strong, growing economy of Silicon Valley generates its own unique problems, which cumulatively create a significant burden for businesses. For example, since 1994 employment has increased by over 25 percent, and the majority of these workers commute daily into Santa Clara County. The goal of the Manufacturing Group is to work with government to find innovative solutions to issues like transportation, housing, permit streamlining, education, and the environment. For regulatory issues, including those affecting water quality and supply, the Manufacturing Group's objective is to make sure that requirements make technical and economic sense to the regulated community, and are based on sound science.

The Manufacturing Group has worked with the Water District on critical issues affecting water quality and supply in Santa Clara County. The Water District developed an Integrated Water Resources Plan with the involvement of local business and environmental interests, cities and retail water agencies. The Plan focuses on increasing conservation, recycling, water transfers and groundwater banking to meet the County's future water needs. The foundation of this Plan is a level of certainty provided by the 1994 Bay-Delta Accord for existing federal and State water supplies. Federal administrative decisions which reduce the certainty of these supplies put in jeopardy the District's ability to implement the Integrated Water Resources Plan, and to support the continued vitality of the Silicon Valley community and economy.

Water quality is important not only because of public concern about clean, healthful drinking water, but also to meet the needs of industry. The Valley's high-tech and pharmaceutical industries demand a consistent, high-quality supply to support their manufacturing, research and development needs. Companies such as Intel and LSI Logic invest in additional treatment processes to remove any traces of metals, organics, and salts. Variability in quality can cause plant shut downs for recalibration. If the Water District experiences variations in the quality of Central Valley Project or State Water Project supplies, or must switch sources of supply due to interruptions in service, this can have significant adverse economic impacts for companies that are vulnerable to these changes.

We support the Water District's efforts to help State and federal agencies find a solution to improve water supply, water quality and environmental resources through the CALFED process. In June of last year, the Manufacturing Group along with the County Board of Supervisors, all 15 cities in the county, other business leaders, the Farm Bureau and environmental interests all signed and sent a letter to Secretary Babbitt and Governor Davis expressing our continued support for CALFED in developing a balanced program. That letter is attached for your review.

Business leaders understand that water supply and water quality are fundamental indicators of the quality of life–so much so that Silicon Valley Joint Venture includes both these measures in their annual environmental index. Carl Guardino, president and CEO of the Silicon Valley Manufacturing Group, recently summed it up as follows: "We know what attracts world-class workers is a world-class environment. If we don't have the best air, water and land, we're not going to have the best people."

In order for Silicon Valley to stay competitive, we need the support and cooperation of federal agencies providing water to Santa Clara County from the Central Valley Project. On behalf of the Silicon Valley Manufacturing Group, thank you for giving me this opportunity to provide these comments.

Mr. DOOLITTLE. Our next witness is Mr. Wally Bishop, General Manager of the Contra Costa Water District.

STATEMENT OF WALLY BISHOP

Mr. BISHOP. Thank you, Mr. Chairman and members of the committee. My name is Wally Bishop. I have been for the last 7 years General Manager of the Contra Costa Water District. I am also a member of the Congressionally formed National Drinking Water Advisory Counsel at EPA for drinking water matters.

You may know of Contra Costa Water District. It was spoken of several times today. It is the largest urban water agency relying solely on the delta. It is also the home of Los Vacqueros, which was the first reservoir in over a decade, put online in California well over a year ago, off-stream storage, and it was put online without lawsuits.

I would like to put together four key principles for you today that I believe apply to CVP operations, CVPIA and CALFED. Those principles are, we must have balanced decisionmaking, we must have good science that is peer reviewed before we make regulatory decisions, we must have accountability both on the Congressional side with respect to how funding is provided to agencies that programs get online and how decisions are made, and we need an improved governance which stands for not only leadership in the water business but how we are managing our decisions.

What I would like to do today, and I brought a map that I can use to illustrate, is to explain to you what happened in November-December 1999. Many of us think we know about what caused the high salinity problem, but I thought we ought to walk through that as a way to illustrate how these principles were not followed.

What happened? Actions were taken primarily through Federal agencies, the U.S. Bureau, Department of the Interior, Fish and Wildlife, though the State had a role in the operation of their pumps, which created an unprecedented deterioration of water quality. We like to talk about water quality as exceeding the State standard of 250 milligrams per liter. In reality, that standard is set at our intake, Contra Costa water intake, for paper making of the Gaylord Pulp Mill. Drinking water standards are much lower than that. In fact, EPA has sodium of 20 milligrams per liter on their future contaminant list. When we are talking of chlorides of over 250 per liter, people have stopped drinking that water.

We made the delta not only undrinkable, but we wasted water trying to get the delta back, both in unrealized yield when we shut off the pumps and having to sluice water down the Sacramento River trying to keep from exceeding the standards when we realized that the operation had created a problem.

And finally, all of this was totally predictable. It was exactly what started in last spring in the smelt and the environmental water account that was being worked on at that time could have helped solve that problem. It was never implemented.

Now, if I could turn you to the map, I am sure all of you know this is Sacramento up here to the north. This is essentially the area called the delta. What is key in trying to look at the decisionmaking process is what we call the delta cross channel. At the time the decision was made to close the cross-delta channel, we had the

pumps running to the south at full. We were going through a period of November-December with record low rainfall. In other words, the Sacramento River was running low. And we were going through a period of almost record high tide.

Now, this is a complex system, but there are two basic principles. What controls salinity basically is water coming down the river that has to come across the cross-delta channel or tides, tides pumping saltwater back into the delta.

November 24, north of Sacramento, resource agencies catch salmon in their trolling nets. A decision is made in November 26 to close the cross-delta channel. Everybody knows what happens when you close the cross-delta channel and keep the pumps working. Now, why were the pumps working? Because we were trying to make up for water in the fall that was lost last late spring with the delta smelt closure of the pumps. We had shifted our pumping to the fall, which meant we already were shipping water of lower quality to Santa Clara and other agencies because we had shifted the pumping for makeup.

So a highly, highly fragile system. The decision was made to close the cross-delta channel. Now, that decision was made under a plan that said, if we close the cross-delta channel and salinity starts to move up according to certain triggers, a consideration to reopen that will be made.

In October 1999, the Bureau has the final PEIS which point is mitigation of the Contra Costa Water District. It says, if the cross-delta channel is closed and salinity starts to increase, opening of the cross channel will be mitigation. This is November 26.

On November 29, salinity trigger levels were already starting to approach threshold levels. On December 1, some of the triggers had already been reached. On December 3, many, if not all, triggers had been reached.

Now, during this period, one of the issues I think that is out there is a DAC, which is an advisory committee. There is the no-name group, another ad hoc advisory committee to CALFED and the agencies. You have the CALFED ops group. You have the CALFED water management team. Some, if not all, of these groups were meeting on a daily basis discussing what was going on. Pumps had not yet started to be curtailed because it was important to get water in the San Luis because of the issues you already heard, low point, water quality, cross channel closed, people anticipating rainstorms, rainstorms not coming.

Finally, on December 6, all of the triggers had been met for salinity exceedance, which meant consideration to open up the cross-delta channel. It was not done. In fact, not only was it not done, decisions to either curtail the pumps or release more water were still on the table. We had a situation now where people were looking at target levels, 250 milligrams per liter, in the delta being exceeded, but people had long since stopped drinking that water.

Now, we have Los Vicaros online here. Los Vicaros is put online for two reasons, $450 million funded by 400,000 local residents for water quality. To get it built, we had to agree that we would stop all pumping in the delta at some point when fish were forming, but we are allowed to fill uncurtailed if we get below certain levels. We

had to sluice water into our intakes because this salinity had dropped us down 10 percent prematurely on our yield.

So because of this decision, certain things happened. One, two railroad cars of salt a day were shipped into the valley, where we know salt is a problem. Two, we had to reduce water out of our reservoir prematurely that we are going to try to make up now. Three, lower quality water is in San Luis reservoir. Four, we are unable to document if the fish ever came.

Finally, the cross-delta channel was opened on December 15 and has remained open. Water quality standards in the delta were exceeded on December 20, 250. Not only was it exceeded on December 20, it was exceeded not only at the Contra Costa canal, it was exceeded all the way down at the Tracy and Harvey Banks pump stations, something that had not occurred since 1977, the worst drought of history in California. In my opinion, all of this was avoidable if we had applied to the four principles.

Congress has given to the agencies, the Administrator and the Secretary, discretion. That discretion requires good science. In the absence of good science, the discretion is not used. We err on the side of conservatism. Conservatism is what brought us this decision. We must have balanced decisions, there must be good science, and there has to be accountability. Thank you.

Mr. DOOLITTLE. Thank you.

[The prepared statement of Mr. Bishop follows:]

Joint Hearing Before the Water & Power Subcommittee of the House Committee on Resources

On

March 30, 2000

Testimony of Walter J. Bishop, Contra Costa Water District

Chairman Doolittle, members of the committee(s), my name is Walter J. Bishop. For the past seven years I have been the General Manager of the Contra Costa Water District. It is California's largest urban water agency that is entirely dependent on the Sacramento-San Joaquin Delta for its water supply, so our agency has been intensely and constructively involved in the many planning and operational efforts.

The Delta as a Water Source

The Sacramento-San Joaquin Delta is a complex network of waterways in central California formed by the confluence of the Sacramento and San Joaquin Rivers. Covering over 738,000 acres in five counties, the Delta is an important hub for California's water supply system and also provides critical habitat for countless fish and waterfowl. Runoff from the Central Valley watershed, which comprises more than 40% of the state's land area, flows into the Delta providing nearly 75% of California residents with a portion of their drinking water, and irrigation water for over 7 million acres of the most highly productive agricultural land in the world.

The Sacramento River provides most of the inflow to the Delta, relative to the San Joaquin River and the other tributaries. The Sacramento is also a much fresher source compared to the San Joaquin, mainly because the San Joaquin River is more heavily affected by agricultural drainage. Water exports proceed in the south Delta where two large State and Federal pumping plants are located. Although, on a map, the two rivers may appear to be equal contributors to the Delta, water exported from the Delta supports the largest urban areas in California including the San Francisco Bay Area and the metropolitan areas of Los Angeles and San Diego.

Many aspects of the Delta make it difficult to manage and operate for both water users and the ecosystem. These factors include variable hydrology (historically, annual runoff from the Central Valley watershed has ranged between about 6 million acre-feet to more than 70 million acre-feet), the complex interactions between the tides in the estuary, seawater intrusion, the labyrinth of channels; and the active participation of an extensive and diverse stakeholder community.

As the Delta estuary, a salinity interface is created between fresh water inflow from the Sierra Nevada to the east and seawater from San Francisco Bay from the west. When too much water is exported from the Delta or when inflow to the Delta is inadequate, seawater intrusion increases the salinity in the Delta. This is the fundamental water

quality issue associated with the Delta. To a lesser extent, agricultural, municipal and industrial discharges and other watershed runoff contribute to the salinity load in the Delta during wetter periods.

Degradation to Delta water quality, as measured by salinity and other constituents of concern like organic carbon, is objectionable to drinking water providers because of the health risks associated with disinfection byproducts (DBPs) formation during the treatment process. Variation of water quality is also undesirable for treatment plant operation, customer expectations, and industrial processes. The most recent federal drinking water regulations, promulgated in December 1998, impose stringent limits on DBPs in treated drinking water. To ensure that concentrations of DBPs such as bromate are minimized, municipal water agencies attempt to minimize impurities in source water that can affect DBP formation during disinfection.

Unfortunately, the water resources provided by the Delta are not enough to sustain demand. Conflicts over the resource are frequent, even in wetter hydrological years like the six consecutive wet years California has experienced since 1995. Furthermore, demand for water in California is expected to increase as the State's population grows by more than 500,000 people every year. These conflicts materialize in the day-to-day operation of the water projects and the year-to-year water allocation decisions made by the CVP and SWP.

Historically, water users interested in securing firm water supplies fought ecosystem interests who strive to improve conditions for threatened and endangered aquatic species in the Delta and tributaries. However, water quality has increasingly become a significant factor in the Delta both for the ecosystem and for drinking water purposes. The drinking water concerns have centered around source water quality as the US EPA's drinking water standards in treated water continue to raise protection standards.

Water quality in the Delta can be seriously compromised in three significant ways. First, in severe droughts runoff from the watershed is not high enough to repel seawater, and inevitably salinity increases. Second, when Delta levees fail (there have been several significant failures over the last 30 years), seawater can rush into the Delta, inundating land behind the broken levee. Third, water operations can affect salinity. Examples in this category include high exports and closure of the Delta Cross Channel gates, which prevents fresh Sacramento River water from reaching the south Delta.

Operation of the Delta and How Conflicts Arise

Regulation of the Delta is very complicated and multi-faceted, so much that even in wetter hydrological years when there is little impact to water user operations in the Delta there is great difficulty in delivering full water supplies to contractors who historically received them. California has not experienced a severe drought since the recent

environmental regulations in the Bay-Delta have been implemented so there is great concern in the water user community over the possible impacts that may occur with the inevitable dry period

The CALFED process was intended, among other purposes, to consolidate and coordinate many regulatory actions and develop a long-term solution to the conflicts that inevitably arise in the Delta between the various beneficial uses.

To some degree the CALFED process has been a success. Some of the day-to-day conflicts involving system operation are smoothly handled by CALFED, although the wet years that California has experienced since CALFED was formed have helped considerably. But as a longer-term planning process CALFED has not yet proven to be successful.

The Operational Problems in December 1999 Began Earlier in the Year

Last November federal and state agency actions were taken in the Delta to improve conditions for fisheries. The protective actions continued to dominate operations through the middle of December to the detriment of water quality and water supply. There were several aspects of the recent management decision process that water users found disturbing, particularly those who are sensitive to water quality in the Delta. First, when fishery conditions in the Delta appeared to warrant an operational change to protect spring-run Chinook salmon there was little concern about the implications for water quality and supply. Second, when fishery protection measures were no longer needed (the expected fish migration through the Delta did not occur as expected) there was a slow operational response to reconcile the worsening water quality problems that resulted from the fish protection measure which was actually never needed. Consequently, State water quality standards were exceeded in the Delta even though operators voiced warnings up to two weeks in advance of the problem. Lastly, the decision process occurred without stakeholder involvement.

As I see it, the situation in December was not simply the result of a lapse in judgement; the origin of the problem began about a year ago with the decision to forego the creation of an Environmental Water Account. The CALFED policy group had the opportunity to implement an Environmental Water Account this time last year but decided it was not necessary. Such an account would have greatly reduced the pressure on the system that contributed to the problem.

The decision to forego creation of an account last year led to the entirely predictable "*Delta smelt crisis*" last spring. I say predictable because in almost every year except those such as 1995 and 1998 (when the problems were flood flows, not operational restrictions related to fishery protection), young Delta smelt arrived at the State and Federal pumps in late May and early June. There was a similar crisis in 1997, and a

number of water users had been urging the CALFED agencies to take steps to ensure that fish and water supplies could be protected during the spring of 1999. When the Delta smelt arrived, neither supplies nor smelt were protected. Despite the dramatic reduction in pumping huge numbers of delta smelt were lost at the pumps.

That crisis led to a significant water supply deficit for water users, and substantially lower levels in San Luis Reservoir last summer. The water supply deficit and lower water levels led to a need to regain the water and refill San Luis Reservoir in the fall. The attempt to regain the lost supply and refill San Luis Reservoir led to lower outflows and higher exports in the fall with two results: worse water quality for water users (including users of water from San Luis Reservoir later in the year). It also led to the conflict over water quality, water supply and fishery protection that started on November 26, 1999. The impacts of the decision last winter to forego the Environmental Water Account were mitigated only by the favorable hydrology that central California recently received this January and February. Hoping for favorable hydrology to offset operational damage to water quality and supply is hardly a prudent way to operate water supply projects. Furthermore, as of today we still do not have a well-designed water operations plan that can deal with export reductions in the late spring if endangered species are again present near the export facilities.

CALFED early implementation measures – Environmental Water Account

Congress can improve water management in California by providing authority and funding for the Environmental Water Account and directing CALFED to implement it immediately. When the Delta smelt arrived in the Delta on schedule last spring, the export pumps were shut down. If an Environmental Water Account had already been in place, water could either have been purchased at that time or stored in advance in a groundwater bank to offset the export losses during the shutdown, and it could have alleviated the water supply and quality impacts while protecting fisheries. This is the sort of advance planning we need now.

The reduced pumping in the spring means that pumping has significantly increased in the fall. This has resulted in water quality impacts to Contra Costa Water District and to other urban agencies that depend on water supplies from the Delta. Delta outflows in the fall normally are kept to minimum levels, raising Delta salinity. CCWD is affected because there is less high quality water available in the fall to fill its Los Vaqueros Reservoir and this reduces the ability of this existing off-stream storage reservoir to provide water quality and fisheries benefits. CCWD has committed to cease all Delta diversions for 30 days in the spring and rely instead on releases from Los Vaqueros Reservoir. CCWD can only do that, however, if the reservoir is above emergency storage levels.

No certainty in planning

Certainty was the key goal of the 1994 Bay-Delta Accord. But uncertainty is the sad situation we find ourselves in continuously. Biological opinions developed by the U.S. Fish & Wildlife Service are shared with CALFED agencies but the balancing need to insure fish, water quality and water supply protection does not occur. The Federal approach accounts for water in a way that puts the accounting at the mercy of the weather: an action made for the benefit of fish may count towards the 800,000 acre-feet, or it may be erased by future storms thus requiring further actions. As a consequence, predicting water supply and water quality impacts is no longer possible within any reasonable level of certainty.

Operations have been costly to CVP water users

For CVP water users, such as CCWD, the operations this past year have been costly. The increased salinity levels in the Delta forced CCWD to reduce local reservoir storage substantially prematurely for blending purposes. The actions have been costly to fish, water supply and water quality. This is just one example of the impacts.

Impacts to other Federal CVP contractors have been well reported and others at the hearing today will reiterate them. Here are a few examples:

Water supplies were lost due to reductions in pumping for fishery benefits that at best are unknown and, at worst, non-existent or incapable of measurement. Water quality was compromised directly in a serious way in the Delta with adverse impacts on Delta users. It may not be widely known, but the actions taken in November and December of 1999 resulted in the violation of state water quality standards and the creation of degraded water quality at levels not experienced since the 1977 drought. Water quality will continue to be adversely affected because the actions brought San Luis Reservoir to low levels and the water was replenished with poor quality water last fall. Fisheries are affected when decisions are made in a crisis situation that does not allow maximum benefits to all. The impacts of the past year continue to ripple through the system.

What is imperative to ensure this situation is not repeated is this: balanced, understandable operations plans that include water supply, water quality and fishery protections. Such plans should show the tradeoffs, provide for mitigation and should be fairly implemented. They should strive for balanced improvement in all areas.

What this means is this: we do not really have a final 2000 Operations Plan. Without a plan for operations three key objectives of the CVP are unmet: we have no final plan for fishery protection, no plan for water supply, and no plan for water quality improvement. The events of last year show that we need plans that cover all three, and they need to be understandable by water users, project operators and regulatory agencies.

Operations of water projects should have balanced plans that both protect fish and improve water quality and that require immediate action to avoid degradation of water quality. They should require mitigation to legal users of water who are impacted by those actions. Delta operations and actions need to be tied to water quality plans along with fisheries protection and water supply plans so that water users and fisheries agencies can see the tradeoffs.

The responsible agencies should be required to develop a plan that shows the actions that will be taken, the anticipated results on water quality, water supply and fisheries, how improvements will be measured and contingencies to mitigate and offset unforeseen impacts. The plan should be understandable and allow the tradeoffs to be clearly seen. Congress can condition support to CALFED and the agencies on the development and implementation of such a plan. As the holder of a state water right, the federal Central Valley Project does have a responsibility to meet reasonable conditions by the state.

Water quality protection not in operations plans

Water quality has not received the consideration that 20,000,000 Californians who depend on the Delta for their drinking water need when Operations Plans are developed. Urban water users had been warning the CALFED fishery agencies for over a year that fishery actions were being planned and implemented that could seriously compromise Delta water quality. In some instances, the warnings were not taken seriously; in many more, the warnings were heard but little was offered in the way of measures to mitigate or avoid impacts. State and Federal water policy both include anti-degradation provisions, which require avoidance of degradation of water quality. The Federal Clean Water Act has anti-degradation provisions that must be followed. These policies must be incorporated into federal and state biological opinions and water operations plans to ensure that actions taken to protect species do not result in water quality degradation.

CCWD and other urban drinking water providers have not been taken seriously despite our calls for relief from the water quality impacts of 1998 and 1999 operations. Detailed water quality plans should be prepared for all proposed actions, and they should include well-defined triggers that must be adhered to if certain water quality limits are exceeded. These triggers must be designed to indicate not only when State water quality standards are in danger of being violated, but also when water quality degradation in direct violation of Federal and State anti-degradation policies and statutes is likely.

In addition to requiring balanced plans that show the impacts, improvements and tradeoffs, Congress can ensure that water quality becomes a priority issue on an equal footing with fisheries and water supply. Congress can help by linking funding for CALFED to water quality measures in support of CALFED's goal of continuous improvement in water quality.

One thing is clear: it takes a lot less water to keep salt out of the Delta interior than it takes to try to push it out once it contaminates the myriad of Delta channels. In order to do this, we need to have adequate planning before we take actions. Unfortunately, with the current accounting method, this appears nearly impossible.

It is easy to quantify how much degradation of water quality occurs and how much our water supplies are cut. However, no one can tell us -- or will tell us -- how many fish were saved or how much the fish population increases as a result of regulatory actions in the Delta or upstream. The basic approach is that "*if fish were there, some are better off.*" That is not good enough science; it is not science at all.

Reducing the scientific uncertainty with respect to the benefits of the fish protection actions needs to be a major priority if we are going to solve the Delta crisis. Many of these actions that disrupt the Delta water system may not be providing the needed ecosystem benefits.

We need to get to the point that we can be sure that we are taking actions that improve fisheries because we can quantify the benefits. A priority for the fishery agencies should be to do just that: develop the scientific means to quantify the biological benefits of actions.

Congress can help by ensuring that project operations for fisheries protection be tied to sound, peer-reviewed science that confirms the actual benefits to fisheries from proposed operations and include detailed monitoring to confirm that California water is being not wasted or unreasonably used. This should be the starting point for CALFED governance.

Alternative operations can provide some balance. One relatively simple change that would significantly reduce adverse water quality impacts, while still providing fisheries benefits, would be to close the cross-channel only on certain phases of the tide so that fresh Sacramento River water could still reach the interior Delta. Short-term openings can move substantial volumes of high quality water into the Central Delta. Such operations almost certainly can be done in ways that do not adversely impact overall benefits to fisheries. In order to ensure impacts are small, some studies may need to be done to resolve some questions about fish habits. For example, biologists are uncertain as to whether fish prefer to move at night or not; such an issue should have long since been resolved. Opening the cross-channel gates on flood tides for short periods can thus effectively move water into the Central Delta with low impacts on fish.

CALFED Management Issues: Improvements to Science and Governance

Finally, let me share some thoughts on the future of CALFED governance. The limitations of the CALFED governance structure are tied to the regulatory process used by those entrusted with implementing our environmental laws. These limitations cannot be solved overnight.

A fundamental principle that needs to be a priority in any new organization is improved science: regulatory decisions and CALFED actions must stand up to scientific peer review. This will not only force a more rigorous airing of proposed regulatory actions, but will strengthen the hand of the Administrator or Secretary when using discretion to balance single-purpose actions. This discretion is most reliably applied when the science used to guide decisions has matured to a point where at least peer consensus, if not certainty, is reached. We cannot continue the current situation where regulations are sometimes made based upon what is, at best, hypothetical theories on species behavior, or at worst, best guesses based on vague knowledge.

Reauthorization of CALFED

We support the Congressional reauthorization of CALFED. Such a reauthorization however should be governed by certain principles. Adherence to these principles will ensure that the promises of CALFED can be fully achieved.

Principle 1: Balanced Implementation--CALFED must commit to balanced implementation of projects to ensure continuous improvement in water quality, water supply, and the ecosystem restoration. Funding levels should be specifically linked to accountability in each of these areas. Elements to implement this principle include;

- *Shared funding priorities*--Any CALFED reauthorization must insure that total Program expenditures are balanced. Specifically, the CALFED Record of Decision should commit to a 50/50 allocation between ecosystem restoration and water supply/water quality projects.

- *Environmental Water Account*--CALFED must be empowered to establish and implement an Environmental Water Account (EWA). The EWA will improve the responsible management of water supplies for all purposes. Water generated with an EWA could benefit all areas by increasing the flexibility of the water system.

- *Commitment to a programmatic finding of the need for additional storage*-- Increased storage will reduce conflicts and increase system flexibility. Storage will allow water to be captured during periods of excess flow and used to reduce diversions during fish sensitive periods or when water quality in the Delta is poor. Storage can be used to benefit all CALFED Program areas.

- *Commitment to comprehensive water quality and watershed management*--The CALFED process must provide both financial and policy level support for the development of a Drinking Water Protection Policy by the Central Valley Regional Water Quality Control Board, working with the State Water Resources Control Board, Department of Health Services, San Francisco Bay Regional Water Quality Control Board, and the U.S. Environmental Protection Agency. This policy will include the development of water quality objectives for salinity (including bromide), organic carbon, and pathogens, and the development of a management plan to meet these objectives. Development of this policy is important for achieving drinking water quality improvement, and should include the establishment of a coordinated strategy to reduce the water quality impacts of wastewater discharges and other sources of drinking water contamination.

- *Local financing must be broad and user fees must be linked to improvements for water users*- -Diversion fees are only acceptable as part of a broad-based financing package where such fees are linked to tangible improvements for water users.

Principle 2: Improved science must be part of CALFED--CALFED decision making should be based upon scientific peer review and increased regulatory flexibility. This can be accomplished by;

- *More scientific peer review of program design and regulatory decision making*--Regulatory decisions and CALFED actions must stand up to scientific peer review. CALFED must have an open, scientific peer-review forum for decisions on ecosystem, water quality, operating criteria, and water supply. The first step would be to form a Bay-Delta Science Forum under CALFED as a means of implementing a stronger peer review process. The Forum should be given resources to evaluate the needs of specific species and to determine with a greater degree of confidence the likely benefits of the proposed actions. CALFED must be assigned the responsibility for peer review of proposals eligible for CALFED funding and then for managing implementation and operation of projects. This should include not only evaluation of work undertaken directly by CALFED, but should also include a dominant role in evaluating the actions and programs of the state and federal agencies in the Delta as they fit into the overall Program.

- *Maintain existing regulatory authority but increase stakeholder input*--CALFED's responsibility will not supplant actions undertaken now by regulatory agencies, but it would have the role of overseeing those actions and providing scientific peer review of their efforts. The federal and state agencies with various statutory responsibilities related to the Delta should not give up their responsibilities at the current stage of CALFED program development. Existing laws would be administered by existing agencies, but decisions must be brought before CALFED for public and scientific

peer review prior to implementation. Agencies would submit their plans for future regulations and CALFED would contract for scientific research to provide the data needed to support the decision. Public input will be crucial to help ensure regulatory actions are not contrary to the near and long term goals for CALFED. In this way, CALFED will increase confidence in actions, projects, or regulations that work and will be able to more effectively identify what is not working.

- *Regulatory flexibility involving federal actions*--Because of CALFED's larger scope, the CALFED process must allow broader discretionary interpretation of existing regulations which affect the CALFED Program. An increased role of peer-reviewed science will not only force a more rigorous airing of proposed regulatory actions, but will strengthen the hand of the Administrator or Secretary when using discretion to balance single-purpose actions. This discretion is most reliably applied when the science used to guide decisions has matured to a point where at least peer consensus, if not certainty, is reached.

Principle 3: Stronger CALFED Governance, Leadership and Coordination Authority--The CALFED process today is simply an advisory group to the Federal government as it implements federal statutes. The State of California and local agencies participating in the CALFED process should be made full partners by vesting CALFED with real decision making authority. Elements to implement this principle include:

- *Stronger management and oversight functions*--CALFED must play stronger management and oversight roles. Current program implementation actions identified by CALFED are currently handled in a fragmented manner by a variety of agencies or parties, CALFED should be given greater management and contract performance control.

- *Integrated and coordinated application of federal regulations*--Federal laws affecting the Bay-Delta must be integrated and coordinated by CALFED. The Clean Air Act, the Clean Water Act, Superfund, the Endangered Species Act and the Safe Drinking Water Act have focused on specific environmental areas with much overlap but minimal coordination. Duplicative state laws that are based on the Federal model compound this inefficiency. Federal and state regulatory agencies operate in isolation with little consideration for the impact of their decisions on the beneficial uses depended upon by all users of the resource.

- *Coordination of outlier issues and processes*--CALFED must coordinate with the implementation of the CVPIA, Trinity River flow requirements, additional ESA listings, Habitat Conservation Plans, the state Delta Protection Act, and the State Water Resources Control Board (SWRCB) Bay-Delta proceedings. CALFED does

not need to incorporate all of these issues, but the relationships must be determined. A discussion on scope will necessarily involve assurances.

- *Commitment to anti-degradation in all federal regulations*--The principles of anti-degradation of water quality embodied in the Clean Water Act and other federal water quality regulations, in particular those administered by the EPA, must be applied to other federal actions and regulations carried out by the U.S. Fish & Wildlife Service, National Marine Fisheries Service, and the U.S. Army Corps of Engineers as part of the CALFED Bay-Delta Program.

Principle 4: Greater Program Accountability--The CALFED process suffers from lack of accountability for timely performance within budget goals. Specific steps to improve accountability include:

- *Increased contracting authority, project accountability, and programmatic oversight*--CALFED must be given authority to directly contract for work, avoiding the multiple agency approval, funding and administrative processes. CALFED would then be accountable for project completion and project effectiveness. CALFED would not only have programmatic oversight for monitoring the success on accomplishments and facilities, but would also be responsible and accountable for insuring that contractors perform.

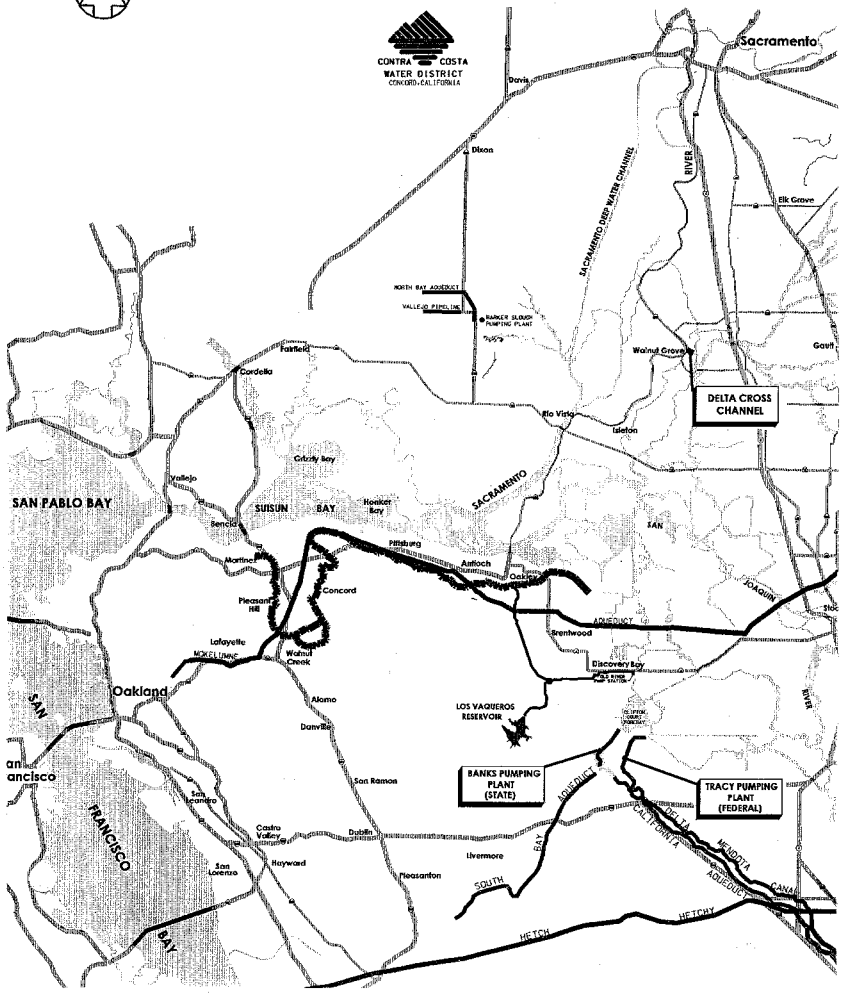
- *Direct funding capability*--Federally appropriated funding undergoes a convoluted and time-consuming process before actually being spent. The State process is not much different. CALFED must have direct access to appropriated money. The California Department of Water Resources and the U.S. Bureau of Reclamation should have to compete with local agencies or privatized joint ventures for the right to contract for CALFED projects, based on completion deadlines and cost control. CALFED would award the contracts and monitor success, and would have the authority and responsibility to terminate contracts if the contractor fails to perform.

- *CALFED must be given authority to establish and bind assurances*--An operating agreement must be developed to implement actions approved in the Record of Decision which specifically identifies the authorized actions which are being taken under state and federal law. Early implementation projects must be clearly defined in an implementation agreement specifying financing and a process for the balanced implementation for the remainder of Stage 1.

Conclusion

Mr. Chairman, after years of working in the California water wars, I am realistic enough to know that several of the suggestions I have just made may not be doable immediately. I feel however that it is important to establish a record which reflects the expertise and collective wisdom of the professionals at the Contra Costa Water District, and many others in the California water world, who spend their professional lives trying to constructively contribute to this process. I thank you for that opportunity.

SACRAMENTO-SAN JOAQUIN DELTA
AND
SAN FRANCISCO BAY



Mr. DOOLITTLE. Our final witness is Grant Davis, the Executive Director of the Bay Institute. Mr. Davis?

STATEMENT OF GRANT DAVIS

Mr. DAVIS. Thank you, Mr. Chairman and members of the subcommittee. That was quite informative, Wally, and it is nice to see the bay-delta system up there because we all realize that that is the goal. We are trying to protect that resource.

My name is Grant Davis. I am the Executive Director of the Bay Institute. It is an organization dedicated to the protection and restoration of the San Francisco Bay and its delta Central Valley watershed. TBI was very involved in the CVPIA and was one of the three environmental groups that signed the bay-delta accord. We have been very involved implementing innovative new approaches to managing California's water supply that are represented in some of these initiatives.

Our concern in doing this has been to reverse over a century of destruction of the bay-delta environment, a trend that has worsened catastrophically over the last two decades, while also maintaining the economic and social benefits derived from managing the State's water supplies for multiple uses.

I have extensive testimony that I have written and would like to be introduced into the record so I, in the interest of time, can consolidate my remarks and leave time for questions.

Mr. DOOLITTLE. Yes, that would be fine. Your full testimony will be part of the record.

Mr. DAVIS. One I would like to call attention to is a chart that looked at the CVP export yield since the Tracy plant was built in the early 1950's. In that, it shows the average yield, even accounting for the B2 measures and the water quality and CVPIA measures, this year, an estimated 2.68 million acre-feet for the 2000 year, which is historically within the ballpark of the 20-year average. I think this is indicative of what is happening here, which is the question is there may be a crisis. We might maintain that that is not the case. The crisis may be more in how we respond to this issue.

I would say that the two districts, the one you heard of earlier today, which is the Santa Clara Valley Water District, and then the other, the Westlands Water District, are mostly affected by the CVP ops decisions. The rest of the districts actually have the ability to get supplies elsewhere. So it is important to understand that what is really at stake for these two districts is not whether—it is whether there will be adequate water supply for their customers, but it is also the amount of money that they have to pay for that water.

CVP-derived water supplies traditionally are one of the cheapest sources of water, as opposed to many other sources of water available to them. In fact, Santa Clara has increased its use of State water project sources when CVP deliveries are reduced, and Westlands has been purchasing hundreds of thousands of acre-feet of water on the market every year to offset changes in CVP deliveries. However, we applaud the creativity of these districts in looking for varied sources of water and perhaps the most important component of securing a reliable and high-quality water supply.

Very briefly, I would like to look at the four tools that we believe are part of the answer. No one is a silver bullet, but Congress and the State have got to be looking at improving irrigation and water use efficiency with the potential availability to transfer that water, increasing access to groundwater storage and conjunctive use of surface and groundwater supplies, purchasing drainage-impacted lands from willing sellers, and a lot of what you have heard about today is using the environmental water account to protect fish and species of concern from delta pumping while minimizing impacts to water project operations.

Just to conclude, one of the areas of California, our largest reservoir are actually its aquifers, and unfortunately, over the years, the State, we have not really demonstrated leadership in evaluating and promoting the use of what could be millions of acre-feet of potential storage in Central Valley. If I had to leave one impression with the committee today, it would be that we ought to be looking at pursuing the complicated task of this evaluation and it will pay off in the long run. Even conservative estimates of the potential for groundwater supplies are huge. The CVP's own studies of groundwater recharge programs were formed by the CVPIA least cost yield plan, estimated a potentiality for nearly a million additional acre-feet of yield from groundwater sources.

Again, in conclusion, and I have stated previously, we do not believe there really is this particular crisis. It is more a crisis mentality and it is going to persist, and the tensions that exist between the competing users will be exacerbated if we do not more actively promote the tools available to more creatively manage the CVP's and the California water supplies. We urge the committee to help foster this spirit of creativity by supporting and promoting measures to improve agricultural water use efficiency, industrial water use efficiency, increasing groundwater banking and conjunctive use, will create water savings from retiring drainage problem lands and establish new environmental water assets.

Dick Moss mentioned earlier when we started today's hearings about the situation on the San Joaquin and the Bay Institute was part of that collaborative effort with the water users and I think that is an example where we can be working together. We are doing the technical work on that restoration strategy and CALFED did provide funding to help make that happen. So that is an example where we can work together and come up with solutions.

So with that, I will close and be happy to answer any questions, the time permitting.

Mr. DOOLITTLE. Thank you.

[The prepared statement of Mr. Davis follows:]

Testimony of
Grant Davis,
Executive Director,
The Bay Institute of San Francisco

Regarding Steps to Improve Central Valley Project Water Supply Reliability and Water Quality

Before the U.S. House of Representatives
Committee on Resources
Subcommittee on Water and Power Resources

Washington, D.C.
March 30, 2000

Mr. Chairman, members of the Subcommitee, I would like to thank you for the opportunity to appear before you today. My name is Grant Davis. I am Executive Director of The Bay Institute of San Francisco, (TBI) a non profit organization dedicated to protecting and restoring the ecosystems of San Francisco Bay and its Delta-Central Valley watershed.

TBI was deeply involved in the development of the Central Valley Project Improvement Act (CVPIA) and one of the three environmental organizations to sign the Bay-Delta Accord. We have been active over the years in efforts to implement innovative new approaches to managing California's water supply represented in these initiatives. Our concern in doing so has been to reverse over a century of destruction of the Bay-Delta environment -- a trend that has worsened catastrophically over the last two decades -- while maintaining the economic and social benefits derived from managing the state's water supplies for multiple uses.

Periodically, a crisis is proclaimed in the ability of the Central Valley Project (CVP) to make deliveries to its customers, and extreme solutions proposed to solve this crisis, everything from refusing to enforce state and federally mandated protections for the environment to building expensive and environmentally questionable new facilities. I would like to address two issues regarding the CVP's need for improved water supply reliability and water quality. First, is there a crisis in the CVP? Second, what tools are available now to improve how the CVP manages water supplies?

Is there a crisis?

Most water users in the Central Valley are unaffected by the issues of concern raised by the Committee in today's hearing. Levels of diversion and export of water from the Bay-Delta system for the CVP and other water suppliers remain at all-time highs, as do the revenues generated by water use. The issues of concern being raised here really apply to two water districts, the Santa Clara Valley Water District and the Westlands Water District.

It is important to understand what is really at stake for these two districts. The issue for Santa Clara and Westlands is not whether they will receive and manage an adequate water supply for their customers. These districts receive water from a variety of sources. In addition to CVP supplies, Santa Clara also uses water from the State Water Project (SWP), the Tuolumne River, local groundwater supplies, and water transfers. Westlands is an active player in the water market, and routinely purchases or exchanges large quantities of water from other water districts.

What is at stake is the degree to which these districts use CVP-derived water supplies -- traditionally one of the cheapest sources of water -- as opposed to the many other sources of water available to them. In fact, Santa Clara has increased its use of local and SWP sources when CVP deliveries are reduced, and Westlands has been purchasing hundreds of thousands of acre-feet of water on the market every year to offset changes in CVP deliveries. We applaud the creativity of these districts in looking to varied sources of water as perhaps the most important component of securing a reliable and high quality water supply.

As part of my testimony, I have included a chart that demonstrates the increase in CVP exports since the Tracy pumping plant began operation in the early 1950's. The comparison shows that the projected export level of 2.68 MAF in 2000, even under the fishery measures pursuant to the Bay-Delta Accord, the CVPIA and protective measures for endangered species, will still be at a comparatively high level – higher than average over the last 20 years.

What tools are available now to improve how the CVP manages water supplies?

The ability to more creatively manage water supplies from a variety of sources is not limited to the approaches currently employed by Santa Clara and Westlands. There are a number of important, underutilized tools available now or in the near future to improve even further the reliability and quality of CVP water supplies, including:

• improving irrigation efficiency and the amount potentially available for transfer;

• increasing access to groundwater storage and conjunctive use of surface and groundwater supplies;

• purchasing drainage-impacted lands from willing sellers; and,

• using an Environmental Water Account to protect fish species of concern from Delta pumping while minimizing impacts to water project operations.

Let's begin by looking at improved irrigation efficiency. Currently irrecoverable losses from evaporation in irrigated fields runs as high as 9 percent on fields using sprinkler systems and as high as 30 percent on fields using flood irrigation. Reducing evaporation by even a few percent could generate from half a million to two million acre-feet of water savings. Much of that water would be available for transfer to districts like Santa Clara and Westlands seeking to supplement their contract delivery sources.

To exploit this potential and promote a higher level of irrigation efficiency, the state-federal CALFED Program has developed a new program of loans and grants to agricultural water suppliers, managers and users to fund improvements in agricultural water management practices.

Next, there is what should be California's largest reservoir system, its aquifers. Unfortunately, over the years the state of California has not demonstrated leadership in promoting the use of the millions of acre-feet of potential storage in Central Valley groundwater basins, preferring instead to increase its reliance on more environmentally damagind imported surface water supplies. Recently, however, there is a growing interest on the part of water managers, water users, and policy makers in exploring a more comprehensive approach to measuring and managing groundwater use to tap this potential. This interest should be strongly encouraged. Even conservative estimates of the potential for groundwater supplies are huge. The CVP's own studies of groundwater recharge programs performed for the CVPIA Least Cost Yield Plan estimated a potential for nearly a million additional acre-feet of annual yield from groundwater sources.

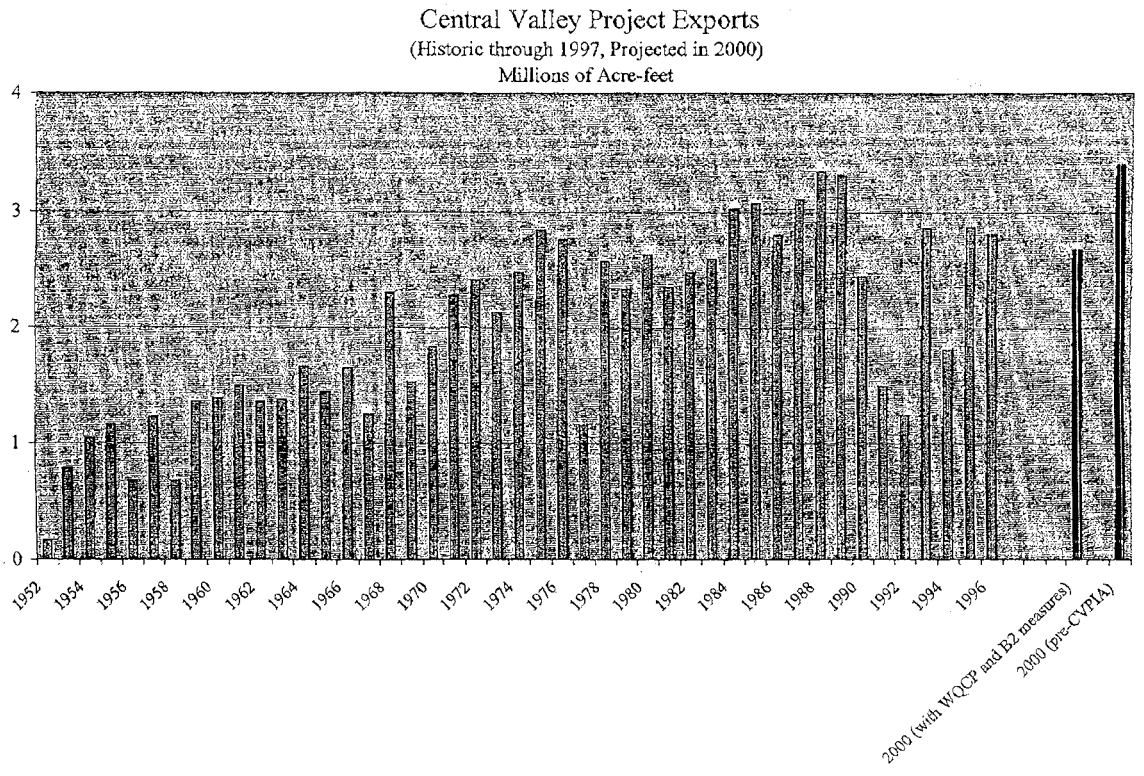
Third, there are about half a million acres of lands on the west side of the San Joaquin Valley that will experience significant drainage problems over the next forty years and likely contribute to very serious drainage-induced water quality impacts to Central Valley fish and wildlife populations. The state and federal governments have long agreed on the need to retire the most severely affected of these lands by purchasing them from willing sellers. Solving the water quality and soil drainage problems contributes to water supply reliability. Voluntary land retirement of the 75,000 acres identified by the San Joaquin Valley Drainage Program could generate hundreds of thousands of acre-feet of additional water. The CVPIA land retirement program and the state's matching efforts need to be stepped up to begin to achieve the conservative but long-delayed targets set by the Drainage Program.

Finally, the establishment of new environmental assets like CALFED's proposed Environmental Water Account present exciting opportunities to create more reliable water supplies for all purposes, instream and offstream. Increasing the ability to store water for environmental purposes in existing federal and state reservoirs or in new groundwater programs will allow resource managers concerned with restoring the Bay-Delta ecosystem to improve protections beyond the levels provided under the CVPIA and Accord while minimizing impacts to water users.

For instance, water managers could draw on these new environmental water supplies to increase flows or reduce pumping when conditions of high risk to fish species of concern are experienced.

As I stated previously, we do not believe there is really a crisis in the CVP. But the crisis mentality will persist -- and the tensions that exist between competing users of water will be exacerbated -- if we do not more actively promote the tools available to more creatively manage the CVP's and California's water supplies. We urge the Committee to help foster this spirt of creativity by supporting and promoting measures to improve agricultural water use efficiency, increase groundwater banking and conjunctive use, create water savings from retiring drainage problem lands, and establish new environmental water assets.

Mr. Chairman, this concludes my remarks. Thank you again for the opportunity to provide these comments. I would be happy to answer any questions at the appropriate time.



Source: Department of Water Resources

Mr. DOOLITTLE. Mr. Tenney, how much more optimization in your opinion could be implemented? I am under the impression that quite a bit has been done in this area and you pick up sometimes in people's comments on this general subject of the need to improve water supply, that there is a lot of waste in the system, that if we could just use it more efficiently, we would solve our problem. How much room is left to do that kind of thing, do you think?

Mr. TENNEY. Let me respond to that first representing Sacramento Valley, because I think there is a large, frequently a large misunderstanding of the valley in the belief that there is a lot of water going to waste up there. It is a unique region in that the water that is not used, beneficially used in agriculture by the plants returns to the system and is available to downstream users.

CALFED organized an independent review panel approximately a year and a half ago now which took a specific look at that question of how much water was available, real water was available throughout the system, and they found through the Sacramento Valley a relatively small amount of new water, real water, that was available. They did, however, find that efficiency could be improved and they found that through better water management, water could be made available for other purposes, like remanaging water for specific environmental purposes.

So that is a point that often gets confused because many people see the opportunity for environmental improvement, mix it up with the question of reliability. There is, frankly, not a lot of water to contribute to the reliability side. There are opportunities, and I believe some of the CALFED processes that are afoot right now, specifically the ag use, water use efficiency program, has attempted to establish incentive programs that allow agriculture to step up and do some things that their own economics do not otherwise allow them to do. It is one area of CALFED I happened to have participated on that advisory panel and I think it holds some promise and we would certainly propose in the Sacramento Valley that we move forward with that kind of incentive conservation program.

Mr. DOOLITTLE. Thank you. Mr. Wilson, how much does your agency generally pay for the water that you get from San Luis reservoir?

Mr. WILSON. I am not sure of the exact cost break, of what they are paying for San Luis reservoir water right now. I can get that information from Joan Maher, who is with me, and get it back to you before the day is over.

Mr. DOOLITTLE. That would be fine for the record. Do you have a rough sense of the range, maybe, that we are talking about?

Mr. WILSON. Yes. My guess is somewhere around $200 an acre-feet.

Mr. DOOLITTLE. OK. So you pay $200 an acre-feet for water out of that reservoir. So I take it if you could purchase—well, how much would you be willing to pay? If you could get water from some other place, what is a realistic figure in your mind as to what it would be worth to improve your quality and/or reliability?

Mr. WILSON. Can I answer that question this way? I was there when ground was broken for San Luis reservoir. I was there when Pat Brown made his speeches about what it was going to do for

Santa Clara County and the counties on the other side of the hill, and John F. Kennedy, the promises that he made. We invested over $350 million of local infrastructure in order to receive that water, plus we are paying for the San Philippe pumping plant and all that works that provide the water.

I think the question is moot. I think we paid for 150,000 acre-feet of water a year. We are lucky to get half of that. The question is, how can we get the water that we are supposed to be getting from the system as it is?

Mr. DOOLITTLE. Well, let me just observe, and the workup was done 5 years ago of what Auburn Dam water would cost, and with power features 5 years ago, it was estimated that it cost $90 an acre-foot. Without power features, it was $120 an acre-foot. So I gather, based on what you are paying, you would view that as a bargain.

Mr. WILSON. If you could deliver it to Santa Clara County for that.

Mr. DOOLITTLE. Well, obviously we would add to it to get it there, but it sounds like it might end up for about what you are paying.

Mr. Bradley, I like your approach. You are the first person that has come up here today—I am sure some have thought it, but it seems like the solutions being talked about are, indeed, only incremental solutions and you said they ought to be exponential. I agree with you. That is why I support on-stream storage as well as other types of adjustments to the system that can be done.

What happens? Suppose you do not get the water that you need for the manufacturing in Silicon Valley. I mean, how much money would be lost per day?

Mr. BRADLEY. I was trying to get a sense for that talking to a manager at Intel today and he said it is a difficult question to get your hands around. Of course, some of that information is proprietary, so we do not want to have to do any bloodletting after I tell you. It is safe to say that a reasonably sized fab plant could lose millions of dollars a day, and that is not the only factor at work here. As you know, that kind of high-tech product is time sensitive. You stand to lose your market if you do that too many times, compared to other types of industries.

So both of those factors are quite important, and that is just the hard manufacturing side. As you know, Silicon Valley is not just doing manufacturing, it is into idea creation and incubation and it is the perception of the value of the valley and what it offers that allows us to attract people who are intelligent and well-qualified to do the kinds of things we do.

So those two factors, the hard reality of, yes, we can put down fabs if they get waters that have a salinity that goes too high because their plant that takes out the additional salts and metals just cannot handle the additional load that is in the water. So they are both important, but I think the perception of loss of value is perhaps even more significant because the No. 1 pain threshold for executives is, we cannot get people to come here. Here is another reason not to come here, so it will go somewhere else, perhaps overseas. I am sure that is attractive to those who are investing locally.

Mr. DOOLITTLE. Are those companies capable of building their own facilities somehow to deal with this problem in the event that

the salts get too high? I mean, can they build things to take it out or not?

Mr. BRADLEY. I am sure they prefer to go elsewhere before they do that.

Mr. DOOLITTLE. Right. OK.

Mr. BRADLEY. I mean, when we talk to some of our other partners, the publicly owned treatment works of wastewater is also an issue that we look at, and when you apply stricter and stricter standards, you start getting into technologies which are far more expensive and difficult to pull off. Reverse osmosis is something that maybe you are familiar with. I think the estimate for the Santa Clara-San Jose water treatment plant is $1 billion to put in the reverse osmosis system.

Mr. DOOLITTLE. Now, Orange County, I think maybe the Orange County that was up here represented does that, I believe, but——

Mr. BRADLEY. I am not aware of it at this stage.

Mr. DOOLITTLE. What do you think, Mr. Wilson? Are you up for $1 billion?

Mr. WILSON. Yes, we have a policy now in our district to have 10 percent of our water to be recycled water by the year 2020. That is going to require advanced treatment of water to do that and we are going to have to use that water for groundwater recharge and for streamflow augmentation. We will not be putting it back into our water system directly, but use it that way.

Mr. DOOLITTLE. If we had more time, I would ask more questions. This has been an excellent panel.

Mr. Pombo?

Mr. POMBO. Mr. Bradley, I think I could solve a lot of your problems if you just located on the other side of the hill in Tracy.

Mr. BRADLEY. I will get right on it.

[Laughter.]

Mr. POMBO. Our housing costs are lower. We are closer to the water. All of your employees that live in my district and drive over there anyway could just stay close to home.

Mr. BRADLEY. Mr. Chairman, could you make it so?

Mr. DOOLITTLE. If you help us get that dam, all things could be possible.

[Laughter.]

Mr. POMBO. I think we can work something out here.

Mr. BRADLEY. I suspect the mural behind you is the secret to that. You will need divine intervention, I think.

[Laughter.]

Mr. POMBO. Mr. Davis, I wanted to ask you a couple of questions about what you listed as your tools. The No. 1 issue that you had here is improving irrigation efficiency, and I know this question has been asked of another panel member, but I would like to ask you, how much efficiency do you think is left?

Mr. DAVIS. I think it is an excellent question, Mr. Pombo. Currently, irrecoverable losses from evaporation in irrigated fields run as high as 9 percent using sprinkler systems and as high as 30 percent on fields using flood irrigation. Reducing evaporation by even a few percent could generate from half a million to two million acre-feet of water savings.

Mr. POMBO. I read that in your testimony and I believe that it is accurate. I believe that that is accurate information. In the time that I have been farming, I have seen us go from using almost exclusively flood irrigation to it being very rare. That has been a huge savings in the amount of water. To go from sprinkler systems into a drip irrigation system or something like that to save that evaporation that you are talking about, you are talking about a massive cost in the crops that it is possible to go to drip irrigation and an impossibility in a number of the crops that we produce, at least in my area.

So, I mean, the reality is that a lot of that savings that you talk about in evaporation, the farmers, because of the increased costs of water, because of a number of other factors, including availability, have already done everything that they can reasonably do in the current system.

Mr. DAVIS. I know you are very sympathetic to this, as am I. I think we all have a lot to learn about what types of technologies come on and how we can help the agricultural community achieve those resource needs. For example, though, this is one area where I have high hope for CALFED. They are looking very aggressively at an agricultural water use efficiency program which will provide loans and grants to the agricultural water users, suppliers, and managers to help find improvements, and I think it is an area, when you look at both the east side and the west side, there are huge opportunities.

Mr. POMBO. I think it is great that they are doing that. The reality is that economic forces have forced the agriculture community to do this already. If there is some magical thing out there—I do not know how you are going to use drip irrigation in my wheat fields or my hay fields. You do not do it. There is no way that you are going to be able to do that. So a lot of the potential savings that you are talking about economically is just not—there is no way to get there in most crops, and in some crops, it is impossible.

Mr. DAVIS. I think that there are a number of different studies that have been produced on that one. The one I am most familiar with is with regard to alfalfa in our State and the amount of water that it actually takes to grow that crop. I believe, and I am aware of your concerns and I think CALFED is, as well, and——

Mr. POMBO. But, you see, you put this in as one of your solutions. That is why I am asking you.

Mr. DAVIS. Absolutely.

Mr. POMBO. Hay does use a lot of water.

Mr. DAVIS. Yes, it does.

Mr. POMBO. And unless you want to just say, OK, we are not going to produce hay anymore in the Central Valley of California, which may be what you are proposing, I do not know, but if that is the solution, then you have to answer me another question in terms of where are we going to get the hay? Where is it going to come from?

Mr. DAVIS. Personally, I am not suggesting that we do not grow hay in the Central Valley of California. What I am suggesting is that the Federal Government and the State Government and the CALFED process is looking at what could be done in the Central Valley. It is a huge agricultural producer and we rely on that and

I am very respectful of that. But I think further analysis will actually show, both on the east side and the west side in particular, when you look at a different set of issues, some of the drainage issues and the discharge requirements that you are going to be facing, all I am suggesting is that there are more tools available to us to use and we ought to be looking at them very aggressively, in particular, investments in helping you meet your needs.

Mr. POMBO. I will move on to your next point, but people continue to bring this up and act as if somehow this is going to solve the problem. I do believe that there are efficiencies that we can find. I do believe that there is still room for improvement. I believe that is there. Will that solve that two to six or seven million acre-feet a year of water? It is not even close. So that is not going to solve all the problem. I mean, you can prove anything you want with facts and I could prove with facts that we have already given more than we get. But just leaning on this as the solution, I just do not see it.

Let me ask you about your second point in terms of increasing access to groundwater storage. From reading this, am I to believe that you and the organization that you represent now support the groundwater recharge efforts?

Mr. DAVIS. I think we are very much in favor of looking at groundwater resources and groundwater banking as an alternative, one more set of the tools in the toolbox. And, in fact, there are potentials there that are already being explored. If the science can be done, we have all heard that today, the science that is going to be necessary to help identify opportunities and put the packages together, we would let the science speak for itself. And if it were proven that that were part of a comprehensive package that would meet the needs of the State and get the type of resource recovery for fish and wildlife purposes that we are interested in, by all means, we would look at that.

Mr. POMBO. Groundwater recharge projects involve conveyance systems. The water has to come from somewhere to put through that conveyance system to go into a groundwater recharge project. I mean, what you are suggesting here, I do not believe in the past are the kind of projects that you have supported. I mean, it is great to say, well, we are not going to build any on-stream storage facilities. We are not going to build any new surface water storage facilities. We are going to do groundwater recharge and we are going to do that, and that is fine if that is what we do. But if that is the direction that we go, it also means that we are going to have to have support to do that.

Like I said earlier, and I am sure you heard me, I had a very small groundwater recharge project in my district. It met fierce opposition from the environmental community because it involved building a conveyance system in order to get the water there.

Mr. DAVIS. You have firsthand experience and that is something that goes a long way. But part of this comprehensive package that we are all talking about is getting groundwater management in place in certain areas, measuring—it is complicated, but if you are telling me that that is where you would prefer to go and be willing to put your resources toward fleshing out the mechanics and the details behind that, as opposed to large and very expensive surface

storage that is very environmentally damaging, I would say that you would have a better road going down that path than the path that is being supported by so many members of this committee.

Mr. POMBO. I do not know if it is necessarily where I want to go, but I can tell you that this is a serious problem that needs to be solved and it seems like no matter where we have turned over the past several years, we have met opposition. Mr. Chairman?

Mr. DOOLITTLE. I thank the members of this panel. I apologize that we have to bring it to a close, but——

Mr. POMBO. Mr. Chairman, before you close it, I would like to ask Mr. Davis one additional question.

Mr. DOOLITTLE. Sure.

Mr. POMBO. One of the things in your testimony is you talk about the land retirement and you say the land retirement is 75,000 acres in here. That is, I believe, about 16 times the amount of irrigated land that I have in my district. Where would we get 75,000 acres of irrigated land to retire?

Mr. DAVIS. Well, I think if you also noticed, I was talking about willing sellers. So I cannot tell you exactly where those are going to be.

Mr. POMBO. Willing, unwilling, condemnation, where is the 75,000 acres going to come from? Do you have any clue what the impact would be on the economy of California to take 75,000 acres of productive farmland out of production?

Mr. DAVIS. That figure was actually derived from the San Joaquin Valley drainage program numbers——

Mr. POMBO. I pulled it out of your testimony, so——

Mr. DAVIS. That is where I am telling you where it came from, Mr. Pombo. I do think on the west side, when you look at the drainage issues and the amount of volume of water that we are bringing in there, the history of the selenium issue and some of the discharge restrictions that that placed, this is an issue that we are going to face. I believe that voluntary land retirement should be, again, one more tool at the disposal of the managers that are implementing a broad comprehensive program, and it may not be that they get the full 75,000 acres, but if it is a willing seller and it can be done, it is another tool that at least has to be kept as part of the package.

Mr. POMBO. If you offer enough money, you may find a willing seller. If you regulate them out of business, you may be able to find a willing seller. But that does not mean that it is good for the economy of California.

Mr. DOOLITTLE. We will urge you to respond rapidly to the further questions that we put to you in writing, and with that, this panel is excused and the hearing is adjourned.

[Whereupon, at 3:35 p.m., the subcommittee was adjourned.]

○