

Perceptions of Third Party Interest Groups on Compensation and Mitigation for Water Transfer Impacts

California Bay Delta Authority Water Transfer Program

September 2003



Introduction

Selected third party interest groups were interviewed to identify and characterize their perspectives on potential impacts resulting from water transfers and the need to compensate individuals/groups that could be directly or indirectly effected with implementation of a water transfer. In coordination with the CALFED Environmental Justice Subcommittee, a number of individuals/organizations were contacted to solicit their opinions/ viewpoints on the form and administration of compensation to third parties resulting from water transfer impacts.¹ The interest groups were asked for their perceptions on whether third parties of water transfers need to be compensated and how best to structure/design any compensation to offset for those impacts.

For purposes of this study, water transfers were assumed to be implemented through short-term crop idling (up to one year). The study also assumed that participation in the transfer was based on a willing seller/willing buyer and not limited to any specific geographic area.

Third parties that may be affected by water transfers consist of individuals, groups, or other entities not directly participating in a water transfer as a buyer or seller, but who may be affected by a change in the water's place of use or purpose of use. Third party impacts are primarily socioeconomic changes that would occur with implementation of a transfer. Such impacts could be either positive or negative, depending on the circumstances of the transfer and the parties affected.

Content of the Report

The first section of the report sets out the study objectives. The second section presents the method used to gather the various perspectives. Types of questions developed to solicit participant viewpoints are presented in the third section. Study results are summarized in the fourth section. A discussion and conclusions are presented in the final section.

Study Objectives

The objectives of this study are to identify third party interest group's viewpoints on three study topics:

- (a) Whether compensation for third party impacts resulting from water transfers are needed,

¹ This report was prepared by the CALFED Water Transfer Program which, through coordination with the Environmental Justice Subcommittee, is working to define "an approach for identifying and implementing compensation to affected low-income populations and communities of color resulting from the implementation of water transfers" (CALFED, 2002). This effort to define an approach for identifying and implementing compensation for affected third parties is performed in response to the intent of the CALFED Bay-Delta Programmatic Record of Decision (ROD) relating to water transfers (CALFED, 2000).

- (b) Who should be compensated, and
- (c) How to administer a compensation program.

Methods

A series of interviews were performed to solicit the perspectives of various third party interest groups on the three study objective topics. As part of the interviews, a set of questions were posed to establish a consistent interview method. The questions posed during the interviews are presented in Attachment A to this report.

Selection of Participants

The interest groups to be interviewed were selected with assistance from the CALFED Environmental Justice (EJ) Subcommittee. The EJ Subcommittee is a subcommittee of the CALFED Bay Delta Public Advisory Committee (BDPAC), charged with providing advice and guidance to BDPAC on issues relating to CALFED Bay-Delta Program actions on minority, low-income, Tribal, and other potentially affected communities. It was concluded that individuals participating on the subcommittee or attending the meetings represent a wide array of stakeholders including environmental justice, tribal, agricultural, urban, environmental, community organizations, business, and governments who would be considered to constitute likely third parties that may be affected by a water transfer. The list of potential interviewees for this study was based on recommendations from the EJ Subcommittee meeting participants.

Responses were obtained from the following organizations:

- Southern California Watershed Alliance
- Mono Lake Committee
- United Farm Workers
- Latino Issue Forum
- Hoopa Valley Tribe
- Sierra Club (California, Nevada, & Hawaii region)
- Environmental Water Caucus
- Klamath River Inter-Tribal Fish & Water Commission
- Forest Community Research
- Cortina Wintum Environmental Protection Agency (Cortina CWEPA)
- City of Orange Cove
- Public Trust Alliance
- League of Women Voters
- California State University (CSU), Chico
- United States Bureau of Reclamation (USBR)
- Butte Environmental Council
- Butte County Water Commission

The following organizations were also contacted and either chose not to participate in the interview or concluded that issues relating to water transfer impacts were not in the purview of their organizations:

- Center on Race, Poverty & the Environment (CRPE)
- California Rural Legal Assistance Environmental Defense
- Nindakin – People of Color
- Cultural Conservancy

- Environmental Justice Coalition for Water
- Paskenta Band of Nomlaki Indians

Interview Topics

A list of interview topics was developed to elicit responses that meet the study's objective.

At the onset of the study it was decided that the best way to solicit the viewpoints of individuals/organizations was through telephone interviews. The reason for using the telephone interview method was three-fold:

- (1) It ensured a higher response rate,
- (2) It ensured a quicker turn-around in getting responses, and
- (3) It provided a mechanism to clarify any questions by those interviewed.

To facilitate the participation of all interested individuals it was agreed that electronic mail and regular/postal mail responses would also be welcomed and incorporated into the study results.

Individuals were contacted. Individual responses to topics were noted as the interview was conducted. All the responses (including written responses received by electronic mail or regular mail) to all the topics were then compiled into Attachment B.

The following is the list of the typical questions organized by topic area:

- A. Whether compensation for third party impacts resulting from water transfers are needed (Should third parties, potentially affected by a water transfer, be compensated as part of the water transfer proposal?).
- B. Who should be compensated?
 1. Who should be compensated?
 2. How would you suggest identifying potential recipients to be compensated?
 3. What kind of compensation to affected third party is preferable?
 4. Should there be a connection, and if so how close a connection, between those who receive compensation and the specific individuals who may be directly affected?
 5. For water transfers involving the idling of agricultural crop production, should a compensation package be related to the types of crops which are idled, or should there be a generic package for all transfers?
- C. How to administer a compensation program
 1. Should the compensation be in the form of direct payments to:
 - a) To individuals,
 - b) To organizations (including civic and religious groups),
 - c) To the county government (e.g., to pay for job training)?
 2. If compensation were to be paid to an organization, what organization would you recommend and why was this organization suggested?

3. What would be the appropriate length/duration of the compensation payments and why?

In addition to the above questions, the participants were also asked for information regarding their constituents and how water transfers would positively or negatively impact them or other groups.

Results

This section summarizes the results of the study, organized into topic areas corresponding to the objectives of the study. As stated elsewhere in this document, the results reported here represent the views of the selected third party interest groups. No attempt was made to balance these views with other interest groups. Detailed responses are included in Attachment B.

A. Compensation for third parties

Although a majority of the respondents felt that third parties should be compensated for water transfer impacts, there were some individuals who indicated that simple responses to this question were not appropriate.

Some individuals felt that figuring out who was and who wasn't a third party was an issue that has yet to be decided. Others indicated that third parties should be compensated when environmental impacts have been mitigated and other issues resolved. Yet others felt that the designation of certain groups as third parties was a failure on the part of the legislature to set strong regulatory framework to deal with water transfer or even recognize the existence of aboriginal rights that predate 1914.

B. Compensation recipients

1). Who should be compensated

About three-fourths (75 percent) of the respondents felt that all affected (directly as well as indirectly) parties should be compensated for water transfer impacts. The affected parties were identified as farmers, farm workers, social service agencies, fish and other environmental resources.

Some respondents pointed out that the affected parties and thus the recipients of compensation should include the natural environment (such as the area where the water would have ended up without the transfer).

Some respondents suggested taking a broader approach to identifying affected parties who should be compensated; such as potential effects on new jobs and industries.

2). Identifying potential compensation recipients

There was little agreement among the respondents on how to identify potential compensation recipients. A number of respondents suggested the use of community outreach programs to help identify potential compensation recipients. Other respondents suggested using payroll sheets (or pay stubs), regional studies, local economic development programs that provide new skill training, stakeholder analysis, economic analysis, and organizing seminars or workshops in the affected region.

Some respondents felt that project proponents should be responsible for identifying all individuals that are likely to be affected while others indicated that it was up to the potentially affected individuals to come forward and identify themselves (although the proof should not be onerous).

One of the methods suggested for identifying potential compensation recipients was the use of stakeholder analysis. The respondents who suggested stakeholder analysis felt that the analysis should be done by independent organizations such as the universities or community groups.

Some respondents felt that since a potentially affected party was obviously fish resources, there was no need for any form of identification.

3). Form of compensation

After establishing whether or not third parties should be compensated for water transfer impacts, respondents were asked to indicate the preferred form of compensation. The following lists the preferred form of compensation noted by the respondents:

- Monetary compensation
- Investment in job retraining programs
- Education
- Investment in existing community infrastructure
- Habitat offsets or the creation of artificial/replacement habitats
- Improved water supply reliability
- Improved water quality (especially drinking)

These forms of compensation are ranked according to their frequency cited (most to least).

4). Connection between compensation recipients and those directly affected

Participants were also asked if there should be a connection between compensation recipients and those directly affected.

Most respondents indicated that there should be a connection. As for how close the connection should be, most respondents did not know. A number of respondents did, however, suggest requiring a state/local process that identifies potentially affected individuals/groups or having the project proponents identify potentially affected third parties.

5). Connection between potential compensation package and type of crop idled

Since the water transfers being assumed in this study would be implemented through short-term (up to a year in most cases) crop idling, individuals were asked if there should be a connection between the type of crop idled and the compensation package.

About a third of the respondents felt that the compensation packages should be specific to the crops being idled while a similar number felt that the compensation packages should be not be related to the crop type. Of the remaining third, some felt that models should be used to determine what, if any, relationship should exist between the compensation packages and the crops idled.

D. Administration of compensation program

1). Compensation payments

About two-thirds of the respondents indicated that compensation payments should be made to affected individuals (or county governments or other organizations) depending on what the impacts are. Respondents also indicated that affected communities should be allowed to define the specifics of the compensation payments. Of the remaining responses, a number indicated that this should be decided on a case by case basis, i.e., choice should be left up to the affected parties.

2). Administration of potential compensation program

In addition to identifying the recipients of direct compensation payments, respondents were also asked to provide identify any organizations that they felt could administer a compensation program. Study respondents identified the following organizations as potential entities to administer a compensation program:

- United Farm Workers (UFW)
- Hispanic Resource Council & S. East Council
- Salvation Army
- Tribal organization
- School districts and community colleges.

A number of respondents also indicated that individual communities should be involved in identifying organizations that would represent their interests and that could administer a compensation package.

3). Duration of compensation program and justification for chosen duration

As far as the appropriate duration of the compensation payment package is concerned, there was no consensus among respondents. Some of the respondents felt that the appropriate duration was one year, if the transfer is limited to one year. Some respondents indicated that the duration of the compensation should be proportional to the impact or for as long as parties are affected.

A number of respondents felt that the duration should vary. Others expressed that it should depend on the negotiations between the project proponents and the affected third party groups. The shortest period suggested was 6 months while the longest was 5 years. Respondents justified their choice of appropriate duration of compensation payments by either saying that the duration that they suggested was in response to the

duration of any economic impacts or that it should vary by region or on a case by case basis.

Other Results

Perceived Negative Impacts of Water Transfers

In addition to the questions relating to compensation, study participants were also asked for their opinions regarding the ways in which water transfers would either negatively or positively affect their constituents. The most common response relating to the potential negative impacts of water transfer was habitat loss followed by job loss. Other potential negative impacts were identified as income loss, suburban sprawl, impacts to groundwater and water quality.

Respondents were also asked if they were aware of any other parties or groups that were likely to be negatively affected by water transfers. A number of groups were identified as being negatively affected by water transfers, e.g., Indian tribes, low income seniors, farm workers, agricultural communities (including all service providers – both public and private), other users of local groundwater aquifers, recreation users, commercial/sport fishermen, and the environment (habitat for fish and wildlife). There was also a concern expressed that water transfers would result in removing water as a limiting factor for urban development.

Perceived Positive Impacts of Water Transfers

Increase water supply reliability topped the list of potential positive impacts of water transfers. Other responses included:

- Improved water quality,
- Cost savings (including decreased costs associated with groundwater development and pumping and decreased rates for m&i water users),
- Eliminating the need for constructing large storage facilities,
- Diversifying the economy away from agriculture,
- Creating an incentive for increased water conservation,
- Elimination of groundwater substitution,
- Enhanced flexibility in farming operation, and
- Improved soil composition from fallowing

Some respondents suggested that water transfers were also likely to positively affect the State of California as a whole and in-stream water users. The State of California would benefit from the additional flexibility brought about by water transfers.

Summary of Overall Results

Although, most respondents agreed on what the potential third party impacts (both positive and negative) of water transfers were and that there needs to be compensation

for these impacts, there was no consensus on any of the other issues raised in the interviews. For instance, respondents did not agree on any particular form of compensation although most felt that affected individuals ought to be compensated. There was little agreement among respondents on how to identify potential compensation recipients or on the duration of the compensation payments.

A recurring theme in the responses relating to types of compensation payments was a call to involve the affected communities in determining what compensation is appropriate. There was a viewpoint among some of the respondents that the water transfer approval process needs to encourage more community-level participation; not only in identifying potential third parties affected by water transfers but in determining the form of compensation.

Some respondents felt that it was the responsibility of agencies involved in water transfers to help build community capacity where such capacities are absent. Community capacity is understood to mean institutions that serve community interests. There was a viewpoint that third party water transfer impacts generally fall on segments of the community/society which may not be well represented by the agencies that are involved in approving and/or formulating water transfers proposals.

Some respondents felt that the discussion of compensation was not complete without any reference to the need for community reinvestments, including providing training for farm workers who may have lost their jobs so they can acquire new skills. Other respondents felt that one way to avoid or minimize third party impacts was to limit transfers to regions with integrated water management authorities; such as the Santa Ana Watershed Authority. For some respondents, the whole compensation issue was seen as a cross-cultural battle of values. Compensation in this case would have to be in the form of clean water for fish.

A number of respondents suggested that compensation payments to counties/organizations should avoid high administration costs. These individuals did not want to see compensation packages routed through the counties/organizations established for other purposes besides compensating for water transfer impacts. The respondents reiterated that communities need to be involved in the decision-making process; from identifying potential impacts to selecting the appropriate compensation package, to determining the appropriate structure and administration of the compensation package.

In addition to the concerns expressed regarding relying upon county governments to administer third party compensation, the other most frequently voiced concern related to the actual duration of the water transfer. A number of respondents indicated it was their belief that the short-term water transfer is just a way to get around the issue of water rights.

Another concern was that the water being transferred may already be associated with aboriginal rights that are not being adequately considered.

Attachment B summarizes the individual responses to each of the questions within each topic area.

Conclusion

The results of the study generally indicate that the viewpoints expressed by respondents on the issue of compensation for potential third party impacts resulting from water transfers are as varied as the interests of the groups/organizations represented by these individuals.

Despite this lack of consensus on the issues relating to compensation for third party impacts of water transfer (such as the form of compensation or the process for identifying potential compensation recipients), the third party interest groups interviewed shared a common viewpoint that the best way to address any third party impacts resulting from water transfers is to involve the community that is likely to be affected. It was consistently expressed that the local community needs to be involved in identifying the potential impacts that may occur and designing an appropriate compensation package.

Reference

CALFED, 2000. CALFED Bay-Delta Program Programmatic Record of Decision's Attachment 3 'Implementation Memorandum of Understanding', p. 32. August 28, 2000.

CALFED, 2002. CALFED Water Transfers Program's Program Assessment and Work Plan, Table 3, p. 4. December 15, 2002

Attachment A

Interview Topics for 3rd Party Water Transfer Compensation

The CALFED Water Transfer Program is compiling information on the impacts of water transfers on third parties. As part of this effort, we are contacting interested individuals and organizations to solicit their opinions/viewpoints regarding the need for compensation to third parties resulting from water transfer impacts. The interviews with the listed individuals will be conducted via telephone and their responses will be summarized in a report.

Introduction

We are preparing a guidance document for the CALFED water transfers program. We are interested in obtaining your view on third party impacts from water transfers and possible compensation measures.

The water transfers will be based on short term (upto a year in most cases) crop idling. The crop idling will not be tied to a specific parcel of land or a specific landowner.

Organization: _____

Person Contacted: _____ Title: _____

Phone Number: _____ Date: _____ Time: _____

1. Who are your constituents? _____

2. In what ways would water transfers negatively impact your constituents? *(For Example: Reduced number of agricultural jobs; reduced income; Longer job commuting)*

3. In what ways would water transfers positively impact your constituents? *(For Example: Improved water supply reliability; increased job opportunities, stabilization of agricultural employment base)*

4. Are there other parties or groups that are also likely to be positively or negatively affected by water transfers? _____

5. Please name the groups that you are aware of and identified in Item 4 above?

6. Should third parties, potentially affected by a water transfer, be compensated as part of the water transfer proposal? _____

7. What kind of compensation to affected third party is preferable? *(For Example: Monetary compensation; job retraining; education; Investment into existing community businesses)* _____

8. For water transfers involving the idling of agricultural crop production, should a compensation package be related to the types of crops which are idled, or should there be a generic package for all transfers? _____

9. Who should be compensated? (*For Example: Those directly effected; those indirectly effected; those living in the overall community*) _____

10. Should there be a connection, and if so how close a connection, between those who receive compensation and the specific individuals who may be directly impacted?

11. How would you suggest identifying potential recipients to be compensated? _____

12. Should the compensation be in the form of direct payments to:
 - To individuals? _____
 - To organizations? (*Including civic and religious groups*) _____
 - To the county government (*e.g., to pay for job training*)? _____

13. If compensation were to be paid to an organization, what organization would you recommend and why was this organization suggested? _____

14. What would be the appropriate length/duration of the compensation payments and why?
 - Length of time: _____
 - Why: _____

15. Do you have any other additional information you'd like to share at this time?

Attachment B

COMPENSATION FOR THIRD PARTIES.

Question: Should third parties, potentially affected by a water transfer, be compensated as part of the water transfer proposal?

Individual responses were:

Yes, but only if all impacts are mitigated.

Should be an option—no one should be a loser.

Severance and transition assistance should be provided to all of those community members whose lives, be at work or elsewhere, are affected by a water transfer, so that they can recover from the impact sooner rather than later.

Yes, but there shouldn't even be such a group as a 3rd Party since water should be managed for public interest on the policy level. Problem is that policy is not set up right—the Legislature needs to set some strong regulatory framework to deal with water transfer instead of the patchwork of policy that currently exists. It's possible to transfer water to meet economic efficiency while dealing with equity issues.

Yes

Yes

Maybe—In some cases yes and in some cases no. Trick is figuring out who is 3rd Party

Yes, e.g., Redwood Park Acquisition process which had a Federal law requiring compensation in training for timber workers.

Depends on if water is adjudicated. Tribe is opposed to junior water rights holders being compensated.

Yes

- Definitely—but the affected groups should be involved in defining the form and level of the compensation.
- If communities don't have the infrastructure then need to do capacity building—this will empower the community to define the compensation measures most in line with their need.
- Also, if communities agree with the guidelines on compensation, they can then define the specifics.

Yes

Yes—water is not owned legally. It has always been a resource that people have rights to use. Pre-1914 rights are a myth.

Yes

Yes

Can't answer until know what these impacts are

Do you compensate future parties, present, and past.

Absolutely. As should all citizens of the area losing resources (water). Cost should be borne by end users, i.e., purchasing agencies and districts, golf courses, unessential users (eg., golf courses, swimming pools)

COMPENSATION RECIPIENTS: WHO SHOULD BE COMPENSATED?

Question: Who should be compensated? (For Example: Those directly effected; those indirectly effected; those living in the overall community)

Individual responses were:

- Originating watershed.
- Area where the water would have ended up naturally.
- Urban delivery point.
- Community where it comes from.
- Or in short, the natural environment.

People who are losing or people who suffer damages through no fault of theirs, i.e., they were not consulted. Landowners should also be compensated to reward them for good behavior (in improving efficiency). But compensation should not be so high.

Those who are directly effected should definitely be compensated, but indirectly affected should also be compensated through a more holistic approach on bringing in new industries, for new jobs.

Individuals/communities beyond the water-rights holders and landowners.

Environmental affected parties

Whoever is affected

All those affected. Must determine who is affected through economic analysis.

Farmers, farm workers, social service agencies.

Fish and other resources in the ecosystem need to be compensated.

All affected parties.

Affected parties determined through detailed stakeholder analysis conducted at the beginning of the process. It's very important that those who are most dependent on the resource are involved in the process.

All those directly affected as well as the first layer of indirectly affected groups.

The Public. Designated trustees, e.g., agencies should acknowledge legal duties and leave out the cookie-cutter approach.

Any party that has lost due to the transfer. Anyone who assumes that they have lost money because of the transfer has to show proof.

Must come up with ways to identify who to compensate

All those affected—directly or indirectly

Need more information

Yes to all who are impacted. Additionally, water differs from other commodities and needs special rules , e.g., other than first in time, first in use need to take into the limits.

COMPENSATION RECIPIENTS: IDENTIFYING POTENTIAL COMPENSATION RECIPIENTS.

Question: How would you suggest identifying potential recipients to be compensated?
Individual responses were:
Using local economic development programs that provide new skill training and long term programs rather than short-term programs.
<ul style="list-style-type: none">• Should use regional studies to ID those likely to be affected.• Use metering to determine how much water has been saved to help determine level of compensation.
Proper community notification and outreach and the use of community organizers to get the word out. For those directly affected, payroll sheets or paychecks showing proof from that they worked on the now out of production farm.
See answer to Q10. Also need to define a broader range of categories of people who'll be affected. Monitoring of these types of transfers need to be put in place so can help ID the broader range of categories of people.
Develop some type of criteria—some of way to link transfer to compensation recipients.
By impacts or by rights.
<ul style="list-style-type: none">• Use economic analysis to look at ripple effects.• Hold community meetings to meet with growers and managers.
Don't need to identify—we know it's the fish.
A fair way would be to include a fee/acre to mitigate some of the impacts of the particular transfer.
Detailed stakeholder analysis should be done by an independent organization and not by CALFED. Independent organizations could be the universities, community groups, etc.
ID through participation in seminar/workshop.
There should be a publicly credible investigation of what the physical impacts are and then relate these impacts to businesses and individuals. Must have a standing under Public Trust—door should be open to people coming in to say that they've been affected. This doesn't mean that everyone is entitled to compensation.
Affected person has to come forward and prove it. However, the proof should not be onerous. Project proponents should study the impacts before and after the transfer.
Use schools and providers of social services (e.g., WIC)
Use models or known links between farms and their input providers, e.g., business and individuals
Direct third party impacts (loss of well production) should be directly mitigated through a commission or general impacts through local governments.

COMPENSATION RECIPIENTS: FORM OF COMPENSATION.

Question: What kind of compensation to affected third party is preferable?
Individual responses were:
<ul style="list-style-type: none"> • Involve potential affected 3rd Parties in decision-making process. • Job training & education
<ul style="list-style-type: none"> • Money • Environmental/Ag interest assurances—by offering guarantees that their real water needs would be met before transfer (therefore providing access/involvement to decision-making process). e.g., ensure fishermen and birders are involved. • Improved drinking water quality—if water transfer is going through the area, then have higher quality water (this would be a type of compensation). • Education/Participation in the process.
<ul style="list-style-type: none"> • Severance, • Job training, • Investment in infrastructure, such as water and sewer in communities in order to have capacity to bring in new industries
Depends on the community. Community should have a choice and should be involved in mitigation measures. That's why it's important to study the community and have them understand what the impacts are. It's important that community dynamics are understood. Organization tries to get institutions that connect communities and the agencies. Therefore part of the mitigation needs to be building capacity within the community.
Monetary
<ul style="list-style-type: none"> • Water usage • Creation of offsets for habitat • Creation of artificial habitat for species used for food, e.g., create habitat for clams
<u>First and foremost, avoidance is the key.</u> If this is not feasible then the following steps could be taken:
<ul style="list-style-type: none"> • Go and ask affected community • Ask for personal opinion on preferred kinds of compensation, e.g., financial + training + daycare • Mitigation in the form of habitat replacement (in the form of 2 to 1).
Depending on the situation any or all of the following compensations options may be made available: Monetary, job retraining, education, investment in community businesses.
Tribes are against quantifying the fish and other resources. Therefore not interested in compensation for loss of resources. Interested in seeing a healthy resource and the government fulfilling its treaty obligations.
Depends on impact: If socioeconomic impacts are large enough to warrant mitigation then they are spelled out in any environmental document prepared for the transfer.
Depends on the situation and what's being disrupted in the community so it could be money, job training or what the communities define.
The preferred compensation is a matter best left to the community in question but it could include monetary compensation, job retraining, education, investment in existing community businesses.
Short-term transfers often get repeated therefore compensation package is going to vary. Under the Public Trust Common Law—the state has a continuing obligation that transfers are in the public interest. Must have a good definition of what the Public Interest is? It's not just economic development.
Monetary—to pay to input-providers and infrastructure for preserves if don't get the replacement water.
All—monetary, job retraining, education, investment into existing community businesses
Monetary compensation, job retraining, and other types of specialized programs. But still don't know what the impacts are.

COMPENSATION RECIPIENTS: FORM OF COMPENSATION.

(Continued) Question: What kind of compensation to affected third party is preferable?

(Continued) Individual responses were:

Good and I underline good management is vital. Note the tunnel version we're getting now. One sided studies are worthless. How can a society, whether it's in real estate or agriculture, plan for the future without some stable concept of available water for example. First we read that the federal government is cutting several thousand acre-feet from the Colorado River from CA. This causes a shortage in water for LA & San Diego so they contract to get 200K acre-feet from northern CA.

Some northern CA farmers decide to fallow their farmland. So they don't need to hire certain workers. Then I read that water will be restored. What then, does the south not need the water? Does the farmer call up the worker and say "I need you now." Economically, life on a year to year is poor business practice. I depend on consistent behavior and other people depend on me. That's how successful economics work. No wonder CA is 34.5 billion in the hole.

Monetary compensation to fund water improvement projects. Local control of re-investment \$ with consultation occurring regionally and statewide. We all need to be engaged in equitable solution, just like a community.

COMPENSATION RECIPIENTS: CONNECTION BETWEEN COMPENSATION RECIPIENTS AND THOSE DIRECTLY AFFECTED.

Question: Should there be a connection, and if so how close a connection, between those who receive compensation and the specific individuals who may be directly affected?

Individual responses were:

Yes, but must keep in mind that some people may not be represented.

Yes

Clearly there is a connection, because it should be the same person.

There should be a state/local process that identifies people who'll be affected. Project proponent should be responsible for ID all individuals that are affected.

Linkages are already there.

Not sure

Yes, fish are the ones affected and they should receive the compensation.

Party initiating the transfer should be responsible for the compensation, e.g., water district should be responsible.

There should be tiers of compensation:

- Farm workers/directly affected individuals.
- Businesses/individuals that are indirectly affected.

Yes

There should be a plausible connection.

Money should go to those directly affected and not to county programs.

Yes, e.g., people who use runoff downstream.

Yes

Need more information

Case by case, my sense is no direct connection is necessary, but would work in certain situations.

COMPENSATION RECIPIENTS: CONNECTION BETWEEN POTENTIAL COMPENSATION PACKAGE AND TYPE OF CROP IDLED.

<p>Question: For water transfers involving the idling of agricultural crop production, should a compensation package be related to the types of crops which are idled, or should there be a generic package for all transfers?</p>
<p>Individual responses were:</p>
<p>Generic</p>
<p>No opinion</p>
<p>Compensation package should be based on worker displaced, not on crop, however if you want to use an estimate on number of workers then you could base it on crop</p>
<p>Crop alone is not a good metric. Should use models to ID who is affected.</p>
<p>Generic</p>
<p>Generic</p>
<p>Depends:</p> <ul style="list-style-type: none"> • Whatever the union feels is the justifiable living wage for human labor. • Habitat restoration—type and quality of habitat
<p>Relate to crops</p>
<p>No compensation for fallowing for a junior water rights holder, especially if there's not enough water available.</p>
<p>Generic</p>
<p>Take into consideration what type of crop is being fallowed. There still needs to be site-specific solutions within general guidelines.</p>
<p>Tough question—let the community involved determine this</p>
<p>Case by case and crop by crop</p>
<p>Each transfer should stand on it's own.</p>
<p>Yes. In Butte County the main irrigated crop is rice</p>
<p>No, it should be based on crop type</p>
<p>Again more information is needed</p>
<p>Generic package that can be adapted to special circumstances, i.e., value added crops – soil improvement programs, organic incentives.</p>

ADMINISTRATION OF COMPENSATION PROGRAM: COMPENSATION PAYMENTS.

Question: Should the compensation be in the form of direct payments to: 1. To individuals? 2. To organizations? (Including civic and religious groups) 3. To the county government (e.g., to pay for job training)?

Individual responses were:

Instead of compensation we should be talking about reinvestment in communities.

- Compensation should be to local community-based organizations.
- If funds given to govt. agencies then need to ensure that administration of funds are streamlined so as to reduce the admin. costs.

All three could work. If there is an organization/government entity that could administer the funds then it's okay to give funds to such an organization/agency so long as there is some public accountability (with strings attached to ensure efficiency). One way to avoid/minimize 3rd Party Impacts is to restrict water transfer to regions with an Integrated Water Management authority in place, e.g., Santa Ana Watershed Authority.

All

- Individual compensation if this makes sense and also an effective representation.
- If impact is on community then compensation should be institutions.

Individual

Negotiated by parties

All 3. Any compensation package should be comprised of a mixed portfolio of the 3.

All 3 + Food Banks, and other agencies/organizations that provide social safety nets.

This is a cross-cultural battle of values. In order to compensate the fish and other ecosystem resources compensation would have to be in the form of clean water. For the tribes, this is not about the money. There is not enough money to compensate for the loss of fish and other ecosystem resources.

- Organizations
- City/County governments

Depends—community would define the specifics within the general guidelines. All 3—individuals, organizations and county government, are all valid and could be valid in different places. It's important to be specific to the location.

All 3:

- Individuals
- Organizations—in the form of grants
- County government—in the form of grants

Should be on a case by case. Initial hurdle is to establish if transfers good or bad.

Individuals

All of the 3 choices. But must ensure that the split among the choices are appropriate.

- Individuals if businesses are being affected
- Organization
- County government
- Therefore all three depending on what the impacts are.

- Individuals—when appropriate

- Organizations – on a case by case basis

- County government—and projects . Compensation through projects would work e.g., by managing fuel loads and ET (evapotranspiration) may be able to improve watershed and thus make water available. This may also result in encouraging industries in the long run that result in better water and higher quality water and potentially increase water supply.

ADMINISTRATION OF COMPENSATION PROGRAM: ADMINISTRATION.

Question: If compensation were to be paid to an organization, what organization would you recommend and why was this organization suggested?

Individual responses were:

- Mothers of East LA—have water conservation programs. Have trained people to work with LA Dept. of Water & Power.
- Korean Youth Community Center.
- Asian American Drug Abuse Program.
- Calvary Baptist Homes.
- Hunters Bayview Advocates—have a CALFED watershed grant. Therefore involved in planning. Other regional community based organizations.

Organizations that are capable of using funds to improve the overall condition of the local area. Start with City/County.

Tribes- because they have aboriginal rights.

Farm workers union or groups that would provide social safety nets.

United Farm Workers because they have a better handle on what or who is affected and is set up to deal with providing programs to help with unemployed farm workers.

Will need to survey stakeholders to determine which organization(s) would represent their interest.

School districts and community colleges since these represent all members of the community. They can provide services to all members of the community and they also have boards that can oversee them to ensure the grants are spent for the purposes they are designed

United Farm Workers. Any organization that can implement the good aspects of the transfer.

Salvation Army

Hispanic Resource Council and the South East Council. These groups will help identify what programs are used, how these may be affected, and how to help them improve their services. No need to set up new organization.

Case by case. Priority to water and watershed and aquifer enhancement to assure future supply, quality, and integrated approach.

ADMINISTRATION OF COMPENSATION PROGRAM: DURATION OF COMPENSATION PROGRAM.

Question: What would be the appropriate length/duration of the compensation payments and why?
Individual responses were:
3-5 years. Because economic impacts are felt for a longer period.
Vary. Depends on the region.
6 months to 1 year. Enough time to receive significant training to move up within an industry or to another industry.
Varies. Depends on scale of transfer and duration of impact.
As long as parties are affected.
Depends on what's negotiated.
If the transfer is guaranteed to be for one-year then compensation should be for one year. Unfortunately, transfers are probably going to be longer than one year. In this case, then mitigation should be longer. If there are no guarantees in place to ensure that transfers will be for 1 year only, then all bets are off. Lack of certainty is burdensome to third parties and in this case the mitigation will have to be for a longer term.
Look at it on a case by case basis.
For as long as needed. To help restore the ecosystem.
For as long as the impact lasts.
Directly proportional to the impact. To correspond to the duration of the impact. The community and not CALFED will determine what the impacts are. If community is not able to determine the impacts then will need to do community capacity building.
Variable. Depends on duration of transfer. Also this needs to be determined on a case by case basis, e.g., may need to have an oversight committee (at the county/regional level) that can determine how long the impacts lasts.
Duration = 1 year. Lumpsum at the beginning of the transfer. Duration should be determined on a case by case basis, e.g., transfers from groundwater basins will have a different impact if transfer occurs in the south or north. This is due to physical differences in groundwater basins.
Within a year. To correspond to the duration of the transfer and thus impact.
Don't know
1 year. For the duration of the transfer.
Duration would be on a case by case basis. Watershed management must be ongoing.
Because economic impacts are felt for a longer period.
Depends on region. By integrating watersheds and aquifers and infrastructure and community, you create pride of stewardship, sustainability, reliability and a broad based interest group who will benefit.

PERCEIVED NEGATIVE IMPACTS OF WATER TRANSFER.

Question: In what ways would water transfers negatively impact your constituents?
Individual responses were:
Loss of farm jobs, general economy. If transfer is from other parts of the state, this could impact economic development in those areas. Also, may result in ground water (GW) depletion.
<ul style="list-style-type: none"> • If water were transferred from environmental resources, e.g., riparian habitat for fish/birds. • If to store/transfer water new water facilities had to be built that would take away habitat. • If water transfer leads to new (damaging) growth in the area of origin or receiving area that results in habitat being lost.
<ul style="list-style-type: none"> • Loss of jobs when fallowing occurs, both interim and long-term fallowing. • Loss of tax base from area that put land out of production, which impacts local schools, etc.
<ul style="list-style-type: none"> • Economic impacts – jobs & income (short-term) & social impacts • Policy considerations, e.g., framework for transfer. Group would like to see a longer-term framework for water transfers.
<ul style="list-style-type: none"> • The Trinity River is subject to litigation since the US Secretary of Interior December 2000 decision which called for the change in flow for fisher from 27% to 47%. Tribe supports the December 2000 decision. • Fisheries and the environment need to be accounted for and mitigated for. Therefore, must know what the reductions will be as a result.
Impact on:
<ul style="list-style-type: none"> • Gathering areas' flora and fauna • Riparian habitat • Water flows • Fish • Cultural impacts
<ul style="list-style-type: none"> • Environmental through shift in water resource • Loss of ag jobs • Loss of or changes to quality of life • Drinking water quality • Suburban sprawl and declining quality of life in end use location
<ul style="list-style-type: none"> • Destroy ecosystem • Increase diversions from Delta • Negative effect on Ag sustainability
<ul style="list-style-type: none"> • All aspects of livelihood affected, specifically: • Tribal Fishery – subsistence and commercial • Ecosystem—water transfers have varying effects on wildlife, community.
<ul style="list-style-type: none"> • Water Quality • Impacts on Groundwater
<ul style="list-style-type: none"> • Historical effect on fish from reduced flows. • Transfers can have a divisive effect on disenfranchised groups—there's a lack of connection between these groups, which can be a problem. • There's been a lack of consultation with all potentially affected groups from the beginning.
The City currently receives 1,400 AF of water from the Bureau but they are maxed out. City has made arrangements with an irrigation district for 2 TAF. If City doesn't get this water transfer then this would reduce GW percolation to replenish the City's GW supplies.
Sovereignty of communities to direct their future. Water transfer is not like a business closing. It involves taking away a community's future.
<ul style="list-style-type: none"> • Destroy habitat e.g., garter snake. • Preserves that relied on tail water would receive less of this.

PERCEIVED NEGATIVE IMPACTS OF WATER TRANSFER.

(Continued) Question: In what ways would water transfers negatively impact your constituents?

(Continued) Individual responses were:

Concerned about following because of impact on farm workers, retirees (who supplement their income in the spring/fall through working on the farms), and small business owners (e.g., air applicators, supply stores). Also, general Butte County economy.

- Loss of jobs,
- Increased service costs
- Potential environmental impact (switching between Surface Water (SW) and GW and increased pumping of GW)

Rent out land. In 2001, one of the tenants lost his seasonal job because of a water transfer. The tenant's job was in rice. The property owners wrote off the \$1,700 that the tenant owed them.

Reduced ag. Jobs, services, supplies, retraining costs, decreased land values (ag. Land) and so decreased tax revenues to the county.

PERCEIVED POSITIVE IMPACTS OF WATER TRANSFER.

Question: In what ways would water transfers positively impact your constituents?

Individual responses were:

- Could be used to supply water to people and wildlife.
- Eliminate need for building large storage facilities.
- Cost and time effective way to supply water to people and wildlife.

- Improved water supply reliability, improved water quality.
- In the area of origin—must ensure that part of water goes for local use or use compensation to offset impacts.
- Transfers must help diversify economy away from Ag.—therefore help with long-term economic stability.

By allowing increased flows for the fishery. e.g., one transfer between the Klamath Basin (Upper Klamath) and the Trinity. The Upper Klamath has a BO that requires the development of a water bank to help with flows

Since tribe doesn't currently have drinking water, conveyance will help improve water supply availability

- Provided there are no negative impacts, water transfers could :
- Provide better quality water to end users
- Lower cost for end users
- Lead to conservation

Organization supports a more efficient use that does not decimate the habitat such as the environment (EWA), wildlife refuges, M&I. M&I are more able to pay for mitigation

If water is an import to an area, then it benefits all things in the area so long as it is good quality water.

Increased water supply flexibility.

- Situation specific.
- Constituents need to be involved from the beginning through development.
- Improved water supply reliability.
- Also improves water quality especially if use cleaner, surface water to replenish the aquifers.
- Save on energy and conveyance costs.

If conditions are in place then a water transfer would be good especially if it resulted in improved water quality. The right condition would be where the public is not losing out to private benefits especially when these private benefits are disproportionate. Though water will be moved what's important is defining what's being bought or sold. Notion that water right holder gets all compensation is unacceptable.

Fallowing helps avoid GW substitutions or saves the aquifers. GW substitution could lead to a decline in water quality.

Sellers will only benefit.

- Enhanced flexibility to do land leveling.
- Changing crops may enhance soil composition

NEED MORE STUDY (FAST). The problem is: someone is not going to get water—either someone to the south or someone here. More study is needed to see economic effects of each area

If county government shared in revenues to fund watershed and aquifer improvement programs, etc.

PERCEIVED NEGATIVE/POSTIIVE IMPACTS ON OTHER GROUPS.

Question: Are there other parties or groups that are also likely to be positively or negatively affected by water transfers?
Individual responses were:
Agricultural communities
<u>Negatively:</u>
<ul style="list-style-type: none"> • Indian tribes that don't play the politics. • Use of water from an aquifer would affect groups that are not directly involved (smaller groups or those with less political power). • The usefulness of water as a limiting factor on growth is removed and so planners have to come up with another way to better plan, e.g., quality of life.
<u>Positively:</u>
<ul style="list-style-type: none"> • The state would have additional flexibility.
Other irrigated agricultural dependent industries, irrigation companies, fertilizer companies, etc., local public services including schools, that are dependent on sales taxes and property taxes
Yes
Any party affected by the health of the fisheries
Yes
Yes
Sporting and commercial fishermen
Yes
In-stream purposes, e.g., refuges, flows for environmental acquisition.
Yes—Low income elderly people in the rural northern central valley whose water source may be affected, e.g., Butte County.
Certain kinds of businesses, e.g., developers. Current developer practices are unacceptable, e.g., LA residents save water through conservation which results in lowered take from the SWP which is then transferred to a bank. The saved water is then sold for profit for wasteful uses. Sometimes land prices include water price subsidies. If water is cheaper then development will go on as it is now.
Yes
See Q2
Yes, Farm workers most of whom are Hispanic bear the burden of impact. Thus this raises an Environmental Justice issue
Construction, ranchers, farmers, cities, counties (everyone), environment.
Positive: Farmers, irrigation districts, water agencies.
Negative: Farm workers, suppliers, distributors, small farmers & groundwater users, county general fund (people of the county) downstream interests.

PERCEIVED NEGATIVE/POSTIIVE IMPACTS ON OTHER GROUPS.

Question: Please name the groups that you are aware of and identified in Item 4 above?
Individual responses were:
Indian tribes
Farm workers, agricultural input industries, cities and counties
<ul style="list-style-type: none">• Landowners, workers, communities.• Water districts—equity issues are raised when the cost of transfer are shared between water districts of different sizes.• Growth inducements.
Yurok Tribe
Ramsey
<ul style="list-style-type: none">• Wildlife Water Refuges—USFS, Audubon Society, USBR, NRDC• Farm Workers• Latino Issue
<ul style="list-style-type: none">• Environmental Justice Coalition• Pacific Coast Federation of Fisherman's Association
Commercial, Sport fishermen, recreational users, tribes, environmental groups.
By participating in the water transfer the irrigation district is able to save on their water
Native American societies
Valley water protection association which is concerned about the economic impacts.
See Q4
Everyone
Self explanatory. The impacts would be very similar wherever transfers would occur.

ADDITIONAL COMMENTS.

Question: Additional comments/information?
Individual responses were:
Water Quality needs to be addressed locally as well as at the watershed level.
It's easy to see that assuming a one-year transfer is a way to get around water rights. This may work for now but in the long-run the state needs to re-visit the question of water rights and water rights allocation. With the population shifts across the state, water transfers may only work in the short-run to deal with the changing needs. It's a start.
Northwest Forest Plan. NAFTA Trade.
Before anyone can claim rights will need to present data to substantiate rights to water. For example, the there is data on aboriginal use (historical, demographic, etc) to substantiate rights to water use.
Overall organization doesn't have a position on transfers since they are all different. Organization scrutinizes each transfer. Organization doesn't assume that transfers will go through and are currently in the process of litigating to stop some transfers.
CALFED has the opportunity to do valid outreach—in gathering community definition of what the impacts are.
Organization is not opposed to water transfers but it would like to have the public interest in water acknowledged. It would also like the public interest used when applying the rules to avoid cookie-cutter approach.
Water transfers resulting from fallowing of rice growing lands will have the least impacts on farm labor. From a farming perspective, fallowing can be seen as an excellent way for short-term water transfers that are benign and least likely to impact the rest of the community. Respondent feels that from an environmentalist's perspective, fallowing may not be a problem. Respondent is aware of studies that have shown that fallowing impacts nature preserves and other types of habitats that are dependent on tail water but these studies were limited in their scope (only looked at creeks and terrestrial impacts and not at the impacts when the transfer occurred from a larger river such as the Sacramento).
Fallowing is the one kind/form of water transfers that respondent approves of so long as third party impacts are taken care of.
Water transfers in a cautious and inclusive manner need not disenfranchise anyone but rather use the "Fuel of Life" to fund and solve systemwide problems. By managing watersheds and aquifers for the benefit of all the people (with due consideration to those with historical rights) through community watershed (and forest) organizations, we can assure more and better water and forests and habitats. We can also train and employ locals in watershed management practices, thereby relieving endemic rural pockets of poverty and under employment.