

California Bay-Delta Authority Committee
Drinking Water Subcommittee
Draft Minutes
Meeting of October 22, 2004

The Drinking Water Subcommittee met on October 22 from 9:30 am to 12:30 pm at the CALFED offices in Sacramento. Subcommittee chair Greg Gartrell welcomed the group and announced membership changes in the DWS: Jennifer Clary and Steve Macaulay are new members, Marguerite Young will step down as co-chair but will remain with the Subcommittee, and Vicki Fry will be replacing Ruben Robles of the Sacramento Regional County Sanitation District. A list of attendees from the voluntary sign-in follows the meeting summary.

Meeting Summary

Notes from September 24

The draft notes from the September 24 meeting were approved after adding a reference to G. Fred Lee's reports and web site in the discussion of San Joaquin River Water Quality.

Ten Year Finance Plan

Lisa Holm provided an update on the progress of the Ten Year Finance Plan. A first draft of the Finance Plan was reviewed by the CBDA on October 14. The final draft is expected to be completed by November 24. It is anticipated that the CBDA will make a decision on the Plan at their December 8-9 meeting. Lisa reviewed revisions to the original draft Plan from the previous DWS meeting. One major financial issue identified in the DWQP is the lack of public funding available for Regional ELPH plans until the next bond is issued (2008). Funds might be available before then but that would require a change in Prop 50 Chapter 8 criteria. Greg Gartrell submitted comments on behalf of the DWS to DWR regarding these criteria. The letter primarily recommends issuing more money per grant so that broader *regional* plans can be developed. The Subcommittee discussed organizing a series of workshops around the state to educate people about regional planning.

Lisa reviewed the allocations added to the draft Plan. A 100% local cost share had been added for regional planning. Jennifer Clary commented that this might not be possible for smaller agencies, thus a 50% local share was suggested with a funding gap to address the other 50%. The San Joaquin River Water Quality Management group provided information on the recirculation costs, which will require \$3 million per year to cover O & M, 100% of which is to be allocated by CVP users. A 100% CVP allocation for the Lower Delta Mendota Canal (DMC) load reduction and management program was also recommended. A 50/50 split between the Federal government and CVP users was proposed for the Upper and Middle DMC load reduction and management program because of regulatory requirements to reduce salinity and San Luis Unit Drainage requirements. Refuge management is included in this program.

Directed actions occur when local entities can not contribute to a project that CALFED has identified as necessary, thus CALFED pays for it. Examples of this include the California Aqueduct Watershed actions, where \$2 million has been recommended for a Feasibility Study with a 100% SWP allocation. A 50/50 split has been recommended for the Franks Tract Feasibility Study, where there is a gap of \$4.4 million that might be eligible for federal funding. Phase one funding of Franks Tract has been allocated to the Feds, CVP, and SWP, with 50% allocated to SWP because the State plays a larger role in this project.

For non-point source improvement grants, there is a 25% state, 25% Federal, and 50% local allocation. Leah Wills commented that a 50% local share would be difficult for local rural agencies. It was noted that the 50/50 split is not a constant, and that it represents an average. The Subcommittee was informed that the gaps in years 5-7 are due to the lack of a bond measure that won't be available until 2008. Treatment technology has a 25% State, 25% Federal, and 50% local allocation. Kate asked the Subcommittee if it was unrealistic to expect this share of money from Federal agencies. Karen Schwinn, US EPA, commented that no one in EPA is requesting funding for treatment technology except for a special treatment group within the EPA. Bob Neufeld recommended contacting the Department of Defense and NASA because they are interested in finding ways to clean up the perchlorate-contaminated soils of most decommissioned military bases. Tom Zuckerman cautioned against funding many small projects. Tom Gohring reported there would be periodic re-evaluations of the cost effectiveness of the funding program. Program tracking was also stressed in the Science, Monitoring, and Assessment category, where there is a \$0.7 million gap for years 5-7 because of no state bond funding. After that, there is a 50/50 split between the State and Feds. Program management and oversight also has a gap in the first years on the state side, but otherwise shows a 50/50 State/Federal split.

Greg Gartrell introduced Randy from East Bay Municipal Utilities District to provide an overview of a letter submitted to the CBDA regarding the finance plan. This letter was signed by representatives of EBMUD, Marin Municipal Water District, City of Sacramento Utilities Department, the San Francisco Public Utilities Commission, and environmental groups including the NRDC, PCL, FOR, Environmental Defense, and Clean Water Action. The letter urges the CBDA to "formally adopt six principles as the basis for an equitable and pragmatic ten-year finance plan" for the Bay-Delta program. These six principles are:

- Adhere to the "beneficiary pays" principle;
- Provide guidelines for apportioning costs for projects with both local and public benefits;
- Public benefits should be financed through federal appropriations, state bond funds, and state general funds;
- Encourage local interests to develop a finance plan to pay for the local share of a capital project;
- Require a completed finance plan as a precondition for the design and construction phases of a major capitol improvement project;
- Initiate a dialogue with stakeholders so that a surcharge would not become a de facto water "tax."

Randy stressed that the Plan doesn't define user versus public benefits versus beneficiary, or who pays. Randy suggested that a legislative body such as the CBDA should define these terms through an open process. He also cautioned that the estimates of future Federal and State bond money is overly optimistic and suggested that this should perhaps be a 25-year Finance Plan. Kate and others from CBDA assured him that a surcharge would not be a new tax. Kate explained that she has had many discussions with stakeholders about the possible surcharge. She encouraged the group to discuss the definition of "tax" instead of "benefits." Several Subcommittee members commented that the letter was too narrow in focus, particularly geographically. Many noted that improvements anywhere in the CALFED solution area could result in benefits to the Bay-Delta region. Randy agreed. Jennifer Clary explained to the group that she had signed the letter on behalf of Clean Water Action because she felt the Plan did not provide incentives or discuss environmental justice issues. She asked for people to provide her with suggestions after the meeting.

Performance Measures

Lisa Holm reminded the Subcommittee of its previous discussions identifying the need for performance measures. She reviewed the short and long-term goals for developing performance measures, focusing on the short-term package that will go the CBDA in December. One goal identified by CALFED is to integrate programs with over-lapping goals, such as the Water Quality, Water Supply Reliability, Ecosystem Restoration, and Levee Stability. For each measure key representative indicators for each program will be described in one page with an objective, status update, and list of future actions. Lisa provided example DWQP fact sheets that address the problems of organic carbon and bromide/salinity. Leah Wills recommended listing reactivity/quality as unknown indicators and not "pending" indicators. Tom Gohring commented that exact indicators will not be developed by the December CBDA meeting; this will be a long-term effort. Leah suggested adding an explanation behind the goal of bridging the CALFED water quality programs. Greg Gartrell referred to the letter he drafted to Lisa Holm regarding DWS input on the performance measures and asked for comments. Jennifer Clary recommended stressing the importance of ELPH in the letter and referring to the last water quality presentation from the CALFED Science Forum when refining the performance measures.

Action Item: Subcommittee members are to provide Lisa with comments on the draft performance measures ASAP.

Science Board

Liz Borowiec reminded the Subcommittee of the formation of the Water Management Science Board and the questions that the Subcommittee has been asked to submit for their consideration. She introduced Scott McCreary and Eric Poncelet from CONCUR, a Bay-area consulting firm contracted by the EPA to help facilitate the development of the Science Board. A handout was distributed that summarized critical issues facing drinking water quality in the Bay-Delta and listed three concerns that appear to have the greatest salience amongst members of the Subcommittee. Scott asked for comments on the language and priority of the questions.

On the first question regarding emerging treatment technologies, Bob Neufeld recommended broadening the geographic scope. As amended, the question now reads: "Are there emerging treatment technologies which could be used to address issues within the CBDA solution area?"

Regarding the second question on the Delta Improvements Project (DIP), Greg Gartrell commented that other CALFED Subcommittee would be examining the DIP. However, the DWS still is concerned with its progress and would appreciate Science Board involvement in making recommendations to staff. It was suggested to move that question to a lower priority.

The third question concerning the development of a Drinking Water Index was moved to the highest priority. The language of the question was discussed as the group struggled with its wording. Lisa commented that the DWS would need more time to provide clearer language. Scott stressed that the framing and wording of the questions that become the charge of the Science Board will take time and be an iterative process. David Spath, DHS, asked what the intent would be of creating a Water Quality Index, particularly from a policy or regulatory standpoint. Scott asked the group to consider the attributes that would measure water quality.

General comments included referring to priorities #4 and #7 in the NGT report, reviewing impacts to source water and groundwater, and distinguishing the differences between statewide, regional, and local benefits.

Eric asked the group to consider Pankaj Parekh's concern about keeping pace with the state of technology. Vicki Fry commented that there may be too many emerging contaminants to track; she cautioned that the goal of this question might be too broad. Tom Zuckerman suggested assembling the constituents of most concern in the drinking water spectrum (that are timely) and integrating the index. Lynda Smith supported Pankaj's position about evaluating the tradeoffs between source improvements and treatments. Bob Neufeld recommended that the Board focus on a constituent such as perchlorate and its treatment technologies. G. Fred Lee commented that treatment will need to be addressed over time. Liz Borowiec asked if the Board might be able to help the DWS assess the state of treatment technology, which is required by the ROD.

Dave Spath asked the group to seriously consider how a health index would be labeled and used. It is his opinion that the dangers of drinking Bay-Delta water have been overstated. Dave added that perchlorate will be looked at with Prop 50 money so that the Science Board may not need to spend much energy on that constituent. Leah asked that the group consider growing populations, emerging pollutants, and exceeding the standards with a declining water supply.

Scott directed the group's attention to the list of Board members and asked if any stakeholder group or scientific discipline was missing. Jennifer Clary asked if any of the scientists had environmental justice experience. Tom Gohring responded that there are social scientists on the panel that have vulnerable population sensitivity. It was suggested to add that information to the biographies of the Board members. Vicki Fry recommended adding a specialist in wastewater treatment.

The next step of this process is to hold a public meeting next month to flush out the specifics. DWS members were encouraged to attend the meeting and will be kept informed. Scott thanked the Subcommittee and added that they had been the first to provide concrete input.

Update on Federal CALFED Legislation

Karen Schwinn reported that the legislation for CALFED passed through Congress on October 6. It is currently awaiting the president's approval. His signature is expected shortly. If President Bush neglects to sign the legislation by October 25, it will automatically be approved. The new legislation approves the ROD and recognizes the Federal partners of CALFED as non-voting members. Karen provided a break down of the costs that have been allocated to specific projects such as the Environmental Water Account (up to \$90 million) and levee projects (\$90 million to be used within 6 months). It provides for a limited new authority and allows federal and state agencies to coordinate on annual reports and budgets. There is no money allocated for storage projects at this time, but that could change if the CALFED program is found to be out-of-balance.

Central Valley Drinking Water Policy

Karen Larsen provided a brief update on the Central Valley Drinking Water Policy. The group is focusing on meeting with their consultants, Tetra Tech, to develop a conceptual model.

Periodic Review of SWRCB's Water Quality Control Plan

Greg Gartrell provided Subcommittee members with photocopies of the Water Quality Control Plan that needs to be updated. Greg pointed out the need to provide the Board with current regulations or standards that are mentioned in the ROD and agreed to keep the group involved.

Public Comment

There was no comment from the public.

Next Meeting

Due to upcoming holidays and vacation time, the next meeting of the DWS was scheduled for January 28. During that time, Lisa Holm will work on revising the performance measures and the Strategic Plan. She will provide the Subcommittee with updates via e-mail over the next months.

Partial List of Attendees for the DWS Meeting 10-22-04

The following Subcommittee members participated the meeting:

1. Jennifer Clary
2. Martha Davis
3. Aaron Ferguson
4. Vicki Fry
5. Greg Gartrell
6. Bob Neufeld
7. Ruben Robles
8. Leah Wills
9. Tom Zuckerman

Other meeting participants:

10. Elaine Archibald
11. Elizabeth Borowiec
12. Bill Crooks
13. Dave Forkel
14. Paul Gilbert-Snyder
15. Bill Glaze
16. Tom Gohring
17. Lisa Holm
18. Jack Keller
19. Karen Larsen
20. G. Fred Lee
21. Gene Lee
22. Julie Maclay
23. Lee Mao
24. Scott McCreary
25. Joe McGahan
26. Eric Poncelet
27. Karen Schwinn
28. Lynda Smith
29. David Spath
30. Patrick Wright