

California Bay-Delta Authority Committee
Drinking Water Subcommittee
Draft Minutes
Meeting of June 2, 2004

The Drinking Water Subcommittee met on June 2 from 9:30 am to 12:30 pm at the offices of CBDA in Sacramento. Co-chairs Greg Gartrell and Marguerite Young welcomed the group. Meeting participants introduced themselves. A list of attendees from the voluntary sign-in follows the meeting summary.

Meeting Summary

Notes from April 23

The draft notes from the April 23 meeting were approved.

Agenda Revision

The agenda was revised; updates regarding the Central Valley Drinking Water Policy and the DWQP Strategic Plan were deferred to the end of the meeting.

CBDA and BDPAC Meetings

Patrick Wright, CBDA Director, addressed the subcommittee and informed them that at the June meetings, the Authority is expecting input from the DWS on the Finance Options Report, the Delta Improvements Package, and the DWQ Program Plan. Patrick commented that the DWQ Program Plan should address the concern over lack of progress on program activities due to insufficient funding. He encouraged the subcommittee to continue coordinating with the implementing agencies to revise the Plan so that that the Program does not appear to be, as Senator Machado put it, "out-of-balance". At the next CBDA meeting, the Authority will evaluate revised criteria for the Program Plans, and will review selected Program plans, including Drinking Water Quality, Water Supply, and Ecosystem Restoration.

Sam Harader informed the subcommittee that at the recent BDPAC meeting, DWS co-chair Greg Gartrell expressed concern that only \$4 million had been designated in the Plan for Program funding. Greg feels that the implementing agencies should acknowledge that funding for the DWQP will be available from Prop 50 and other programs. The group discussed how that sentiment could be captured in the Program Plan. Sam commented that he has been meeting regularly with staff of the implementing agencies (DHS in particular) to revise the Program Plan.

Greg Gartrell commented that the Program Plan needed to more strongly reflect the Subcommittee's short-term and long-term commitments towards improving water quality, and stress support for the Delta Improvements Package. Greg also stated that sufficient funding within Prop 50 should be formally identified to further Program goals.

DWQ Program Plan

Terry Macaulay, DHS, provided the subcommittee with a PowerPoint presentation on the Program Plan and its review schedule. Terry indicated that on June 9 & 10, the CBDA will have a general discussion on the Program Plans; on July 8, Plans will go to the BDPAC for recommendation; on August 12, the CBDA will make a decision on final approval.

Subcommittee members were asked to submit comments on the Plan and its budget to Sam by June 18. The Program Plan will be revised, and then reviewed by the Subcommittee at the July 23 meeting before it goes to the CBDA in August.

Marguerite Young asked that the Plan stress the benefits to water quality in projects such as Frank's Tract and the Through-Delta Facility. The subcommittee discussed their role in evaluating and implementing the Through-Delta Facility. Ron Ott, CBDA, explained that the DWS will be involved in every step of the Facility's implementation. Currently, there are a number of studies being conducted to determine which combination of options would provide the most benefits. It is expected that these studies will be completed in 2005. The studies will be brought to the DWS and a technical panel to review and evaluate. Leah Wills commented that if DWS is expected to review the project, this expectation should be stated in the text of the proposal.

The Subcommittee discussed the Delta Improvements Package. Members expressed concern over spending funds on short-term projects and not saving money for long-term goals. Patrick Wright commented that actions within the ROD are moving forward in the Delta Improvements Package to enhance water quality immediately and in the long-run. This should be in tune with the long-term goals of the subcommittee.

Terry referred to the funding section of the Plan and stated that DHS and SWRCB were uncomfortable providing numbers which might be available, and have left those sections of the funding matrix blank. Instead, the Plan uses footnotes to explain that Prop 50 funding is approximately \$600 million, some of which may be attributed to grants in the CALFED solution area that will improve water quality. Terry explained that DHS did not want to provide a range of funding that might be available so as not to commit them to a specific target. Members of the subcommittee challenged this approach and the group discussed the issue at length.

Representatives of DHS and SWRCB asked what purposes funding estimates or ranges might serve. Subcommittee members asked for some statement of assurance—recognizing that all of the money from Prop 50 cannot be spent only on water quality projects. Dave Spath, DHS, reiterated that Prop 50 funds must be disseminated statewide and not only to projects within the CALFED solution area. Dave reminded the DWS of the presentations made to the subcommittee regarding the development of criteria for the grant proposals. Projects meeting these criteria will most likely further the goals of CALFED and the DWS. Leah Wills suggested adding to the funding footnote a discussion of the history of projects which have been funded through grants which also have furthered ROD objectives. Dave Spath agreed that that the footnote could be expanded upon to some extent to include this kind of information.

Beth Jines, SWRCB, commented that the State Board agrees with DHS against putting ranges or estimates of potential funding available in the DWQ Program Plan. The State Board will continue to involve the subcommittee in developing criteria and reviewing grants.

The subcommittee discussed whether or not the law (budget trailer bill) permitted the agencies to disclose the amounts of money available. It was clarified that the bill does not prohibit the disclosure of funding, however, DHS and SWRCB reiterated their concern with providing this type of information. Steve Macaulay, meeting participant, commented that the main reason to provide rough numbers would be to dispel the idea that water quality projects were not being funded. Steve reminded the DWS that the Program Plan is technically that of the implementing agencies.

Bob Neufeld suggested that the DWS first identify the projects they feel should be funded, and then the amount of money needed to fund those projects. Tom Zuckerman and Dave Spath agreed with this suggested approach.

The group discussed the criteria and ranking system developed for the grants. Beth Jines of SWRCB commented that in the past, extra points were given to proponents that furthered CALFED objectives. Dave Spath reiterated DHS' concern over creating a bias for CALFED projects if this practice is continued. He stated that DWS input was incorporated into the early development of the criteria; the subcommittee expressed its satisfaction with this process. Tom Gohring suggested capturing the disconnection between DWS wanting more commitment from the implementing agencies, and the agencies reluctance to provide it, in the Program Plan.

Terry asked for comments regarding the table on page 19. Subcommittee members found the table helpful (even with blank funding information). It was recommended to add a column that would designate the funding chapter, and identify the amount of money available. Dave reported that DHS could probably do that; Beth stated that she could not commit on behalf of SWRCB.

Marguerite Young referred the group's attention to the draft Memorandum regarding the Multi-Year Plan. The memo suggests including a program budget which reflects implementation of major activities identified in the Plan. It was recommended to add a statement that the Multi-Year Plan will demonstrate adaptive management and adjust with upcoming Program Plans and the DWQP Strategic Plan. The ELPH concept should be stressed.

Action Item: Marguerite Young volunteered to re-write the memorandum with Greg Gartrell to reflect issues raised in this discussion, distribute the letter to the DWS to review, and then coordinate with Sam to finalize the letter.

Finance Options Report

Kate Hansel, CBDA, and Roger Mann, economic consultant, provided the subcommittee with a PowerPoint presentation on the draft CBDA Finance Options Report and Ten-Year Finance Plan. Kate informed the group that the draft Report is on the CBDA web site. The BDPAC and CBDA have discussed the Report and Plan at their meetings, and both will be presented to each CBDA subcommittee for their review and comment. Kate explained that the one of the reasons for the Report is that existing funding is likely to be unavailable after 2006-2007. An objective of the Finance Report is to provide reasonable and instructive finance options (or tools) to decision-makers. Additionally, the Report will demonstrate how expected benefits translate into cost-sharing arrangements that support possible financing collations. The participants involved in this process include a technical team, an ad hoc group, and an independent review panel. Tom Zuckerman, Greg Gartrell, Tim Quinn, and Michael Hanneman are all members of the DWS who have been involved in the development of the Report. General findings of the Report include:

- Wide range in potential cost of CALFED Program
- Benefits-based analysis offers mixed potential
- Divergent views about environmental mitigation responsibilities
- Significant potential to broaden funding sources
- Variety of finance tools available
- Need for strategies for prioritizing public funds.

A summary of findings for the Drinking Water Quality Program was distributed to the group. Kate provided the subcommittee with tables and charts depicting 10-Year Funding Targets and

Unmet Needs for the CALFED program and the Drinking Water Quality program. She asked the group to review the reports and provide input regarding DWS cost estimates in the 10-Year Plan.

Roger Mann addressed the subcommittee via telephone and continued the presentation with a discussion on DWQP costs. ~~The Draft Finance Plan~~ estimated that the DWQP has cost roughly \$24 million/year in the first four years of the program. ~~Information provided by program staff suggests that~~ the DWQP ~~will~~ cost between \$21 and \$56 million annually in the future. He commented that this figure compared favorably to the cost of other CALFED programs. Roger shared with the group ~~the report~~ findings about DWQP benefits and beneficiaries. In explaining quantification of Program benefits, Roger stated that economic benefits of the DWQP are hard to predict or measure, explaining that the primary impediment to quantifying benefits is uncertainty about future program actions. He added that there is some information regarding treatment and end-user costs in relationship to water quality. Finally, the quality of data available to quantify program benefits varies significantly by water quality constituent.

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Roger provided three implementation examples of how ~~costs~~ could be allocated. The first addressed an emphasis on ROD Shares. Kevin Wattier asked for clarification on “imported” water. It was noted that Roger’s regional definition and terminology differed slightly from those used regularly by the DWS; it was recommended to use the same regions, definitions, and terminology wherever possible. Colorado River water is considered under “local sources” in this example. DWS members said the definition of “Other” in this table needs further clarification.

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The second example showed a Drinking Water Share Emphasis, where benefits to other program elements is incidental. Kate commented that “treatment options” is similar to promoting research that answers questions. Marguerite Young noted that softer actions like Best Management Practices (BMPs) often have great benefits and should be considered research. Pankaj suggested looking at public health and risk prevention. Kevin Wattier asked about upstream diverters.

Roger ~~replied~~ that this scenario calls for no allocation ~~for these diverters~~.

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The third scenario addresses an emphasis on Water User Cost Share. Roger requested input regarding the 20% share for “All Bay-Delta Water Users” versus an 80% share for “Urban Delta Exports and In-Delta M&I”. Pankaj noted that the first rows of the table begin with the word “Improving...” while the last row reads simply “treatment options” and wondered if that made the most sense. Tom Zuckerman commented that the paying and playing field should be level. The subcommittee reviewed a table comparing the three different DWQP allocation examples.

Roger asked the group to consider the future of Disinfection By-Products (DBPs). Marguerite Young commented that the DWS has been focusing on the importance of regional ELPH strategies as a way to address DBPs and water quality problems. She recommended that Roger and Kate work more closely with the DWS to get a feel for what the subcommittee wants.

Kevin Wattier stressed his concern over the use of the term “targets.” In his opinion, it makes it seem as if the objectives aren’t being met, which is not the case in every location. Sam Harader stated that the term “average” might be more applicable, particularly in areas that don’t have reservoirs (not Southern California).

Kate informed the group that comments voiced in other subcommittees will be reflected in a revised document. She suggested that the DWS read the as much of the report as possible, provide suggestions, and revise the scenarios.

Action Item: The co-chairs will work with Sam to collect DWS comments on the draft report and organize a conference call with Kate to make revisions. Subcommittee comments should be incorporated by July so that the final report can go to the BDPAC and CBDA to finalize later in summer 2004.

Delta Improvements Package

Ron Ott provided the subcommittee with a PowerPoint presentation about the Delta Improvements Package. The Package contains elements that improve water quality, increase water supply, and encourage ecosystem restoration. Ron displayed a map of proposed Delta Improvements Package projects in the Delta area. The Package, which has been presented to the CBDA and BDPAC, integrates and provides linkages between maintaining water quality, a long-term Environmental Water Account, and in-Delta barrier management, while providing for environmental protection and ecosystem restoration. Ron explained the operations aspects of the Package, which includes maintaining 8,500 cfs at Banks.

There are interim and full implementation plans for the Package. During the interim implementation time, impacts will be identified in the environmental review process (EIS/EIR). Biological opinions and preventive measures will be required. A draft Memorandum of Understanding (MOU) is on the CALFED web site's homepage, which details the different components of the Package. The MOU does not explain who will be responsible for what actions when—this will be in Attachment A, which Ron expects to be on the web within a week.

Ron highlighted the water quality improvement parts of the Package, which focus on reducing salinity in the San Joaquin River through actions such as water transfers. Ron explained that water transfers would occur between willing sellers, and involve water from the Sacramento and San Joaquin rivers. Good science and continuous improvement are key aspects of the Package. An anti-degradation policy is being developed. Sam explained that the role of Army Corps of Engineers is tied to the dissolved oxygen and dredging issues. Public comments on the Package and draft MOU will be presented and discussed at the June 10 CBDA meeting.

Other Brief Updates

The Subcommittee decided to postpone the updates on the Strategic Plan and the Central Valley Drinking Water Policy until the next DWS meeting. Sam Harader reported that the RFP soliciting regional planning efforts through ABAG is posted on the CALFED web site. The State Water Board has released information on the agriculture water quality grant program guidelines and will be holding two workshops on the guidelines. The first will be in San Luis Obispo on June 10 and the second will be in Rancho Cordova on June 15.

Public Comment

Steve Macaulay of CUWA informed the subcommittee that the water quality panel for the conference for the CBDA Science Conference in early October is being developed. Steve reminded the group that conference details and call for abstracts is on the CBDA website, and that abstracts are due June 4, 2004. People are encouraged to contact Steve with questions.

Next Meeting

The next meeting of the DWS will be on July 23. The exact location in Sacramento and duration of the meeting has yet to be determined.

Partial List of Attendees for the DWS Meeting 6-2-04

The following Subcommittee members participated the meeting:

1. Aaron Ferguson
2. Greg Gartrell
3. Robert Neufeld
4. Pankaj Parekh
5. Tim Quinn
6. David Tompkins
7. Kevin Wattier
8. Leah Wills
9. Marguerite Young
10. Tom Zuckerman

Other meeting participants:

11. Elizabeth Borowiec
12. Dave Brent
13. Brian Campbell
14. Jennifer Clary
15. Bill Crooks
16. Dave Forkel
17. Tom Gohring
18. Sam Harader
19. Bob Hultquist
20. Lisa Holm
21. Beth Jines
22. Karen Larsen
23. Eugenia Laychak
24. Steve Macaulay
25. Terry Macaulay
26. Lee Mao
27. Ron Ott
28. Karen Schwinn
29. Lynda Smith
30. Tim Smith
31. Dave Spath
32. Patrick Wright