

Meeting Summary
California Bay-Delta Public Advisory Committee
Working Landscapes Subcommittee
October 7, 2004; 9:00 am – 12:00 pm

Working Landscapes Subcommittee web site:

<http://calwater.ca.gov/BDPAC/Subcommittees/WorkingLandscapesSubcommittee.shtml>

Subcommittee Co-Chair, **Denny Bungarz**, welcomed Subcommittee members and initiated self-introductions.

1. Review of September 2, 2004 Meeting Summary

The September 2, 2004 Subcommittee meeting summary was approved by consensus without amendment. *<Note: we received comments from Tina Cannon by e-mail after the meeting date and have amended the minutes (italicized) to more accurately reflect her comments>*

2. Chair Report

None.

3. Agency Reports

California Department of Fish and Game (DFG) – **Dave Zezulak** reported that the Milestones Report prepared for the re-initiation of CALFED programmatic consultation pursuant to the federal Endangered Species Act has been completed and is available for public review and comment. The regulatory agencies have also written the associated regulatory documents and responses to allow ESA coverage for the 11 CALFED program elements. The evaluation of the Environmental Water Account is also complete. Both are available on the CALFED web site.

Delta Protection Commission (DPC)

Margit Aramburu reported that she is acting as interim staff for the Delta RC&D. The RC&D has received funds from USDA to help with the RC&D's start-up costs. RC&D bylaws and a workplan have been prepared. The RC&D will meet next week to consider the bylaws and workplan. The Great Valley Center has also provided funding to assist with the incorporation. When the RC&D receives full funding, permanent full-time staff will be hired to replace interim staff.

DPC will meet with representatives from the American Farmland Trust to discuss resuming their study on the economic viability of agriculture within the Delta.

USDA

Luana Kiger with NRCS reported that they are expecting to receive notice from Washington on the watersheds that will be selected for the Conservation Security Program. It is unknown how many watersheds will be selected per state.

California Bay-Delta Authority (CBDA)

Dan Castleberry mentioned that CBDA currently has two open solicitations: The Ecosystem Restoration Program (ERP) solicitation, due in mid-November, and the Science Program solicitation, due early next year.

California Department of Food and Agriculture (CDFA). Ken Trott reported that CDFA has met with staff from the State Water Resources Control Board. Recent budget trailer bill language has required the Board to develop an agricultural water quality grant strategy to work with, and leverage, federal resources available for agricultural water quality improvement, specifically mentioning collaboration with the USDA.

Trott reported that the CBDA would be meeting on Oct 13 and 14. Six different solicitations will be previewed on the 13th.

4. CALFED 10-Year Finance Plan

Kate Hansel, Assistant Director for Policy & Finance of the California Bay-Delta Authority spoke to the Subcommittee on the development of the 10-Year Finance Plan. *<Note: To minimize the potential for out-dated information to be spread, we refer the reader to the CALFED web site, where a copy of the Final 10-Year Finance Plan is available.>* The process to date has been a bottoms-up approach, meeting often with stakeholders. The issues report was released earlier this year, and draft straw proposals are being developed for the program elements at this time. All the straw proposals will be sent to the CBDA next week and will be an informational item for November 14, 2004 meetings. The straw proposals include allocations, targets and who will pay. There will also be an additional CBDA meeting on 11/17 where the finance plan will be an action item. *<Note, the action item was moved to December 2004.>*

Hansel emphasized that this is A PLAN, it is not locked in, it depends on federal authorizations, state water bonds, and legislative action. It is CBDA's hope that a majority of stakeholders will support the plan.

Hansel brought straw proposals from 4 programs that are most relevant to WLS. However it was noted that these are undergoing refinement and updated proposals will be released by the Authority tomorrow.

The summary plan will show that the overall need over the next 10-years is 7 billion, with 5 billion as unmet need. The plan will show how this \$5 billion in unmet need will be allocated among federal/state/local and water users.

The proposal includes water user fees to fund three program elements – ERP, EWA and Levees. Funds for EWA and Levees wouldn't trigger until 07/08.

Hansel noted that for the ERP the proposed allocation is State 30%, Federal 30%, Water User 30% and local 10%. Hansel noted that they have not defined water user in this context. The extent to which upstream users are a water user is controversial. CBDA feels that they will never be able to adequately solve the baseline issues but that

benefits, such as delisting and avoiding listings will accrue from ERP actions which are a benefit to upstream users.

Hansel answered questions.

Q – Will the Authority define “water user” by the 11/17 Authority meeting.

A- Maybe, not sure.

Q – It seems that CBDA is resisting impact/baseline/mitigation determinations..

A – We know that legal issues have been raised, where do you stop and go back to change the system. There is a philosophical difference.

Comment – The levee program is in need of funds just to catch up, we should apply the same percentage.

A- The Levee Program is funded in two parts, the first is the levee maintenance program run through the subventions program, and the levee improvements program. In terms of looking at beneficiaries, Maintenance project funds are selected locally for local flood control benefits with no guarantee of water quality benefits. Water users should not have to pay for maintenance. Levee improvements are based on broad system wide benefits, this is where water users share are appropriate. The water user share may be relatively low if the federal share is relatively high.

Q- What baseline was used to accrue to each group?

A – We looked at the cost of the program in 2004 and at benefits in 2004.

Q – Was an arbitrary figure applied to agriculture’s contribution to habitat?

A – No, we are open to “in-kind” benefits. Hansel also noted that the water user community is undertaking its own evaluation of the ERP.

Q – What happens if the funds do not materialize? Will it fall back on the water users to pick up the balance?

A – There is no guarantee that the unmet need will come through. The Finance Plan needs to discuss this, and it should also include language discussing linkages and trigger mechanisms.

Hansel also mentioned that the 10% local contribution is intended as an overall average, not on a per-project basis.

Stakeholders were then given the opportunity to make comments on the Draft Finance Plan.

Todd Manley with Northern California Water Agency said that one of the primary issues for them is a broad-based user fee or anything applied to working landscapes that increases the cost of water. A fee will affect agriculture sustainability and the willingness to participate in working landscapes practices such as the flooding of rice grounds for wildlife habitat. Many others have expressed concern about this, including

Sac River Conservation Area Forum, Ducks Unlimited, California Waterfowl Association, CA Rice Commission. They hope for recognition from CALFED agencies that this is a real concern.

Hansel asked if they could provide feed back on what may be an acceptable fee level,

GENERAL COMMENTS

Paul Wenger, California Farm Bureau Federation said that the ag community needs to see benefits. It is important to ensure that funding is available. We are concerned about fees when other funding sources do not materialize, particularly with respect to levee maintenance. The general public benefits from having levees maintained, not necessarily an individual farmer.

In terms of the Environmental Water Account (EWA), it is hard to come up with the benefits of EWA over the last four years.

The amounts of the user fees, if any at all, should be calculated according to proportionate share of the amounts actually appropriated by the government.

In the context of "beneficiary pays," CALFED mistakenly believes that the farmer is the only "beneficiary" of improved agricultural water. The public as a whole greatly benefits, both economically and environmentally, from productive agriculture in California in many ways: high quality products; safe produce; good land stewardship and many supplemental economic benefits."

Dante Nomellini, Central Delta Water Agency

CALFED should segregate program impacts to help allocate its costs.

Broad-based benefits shouldn't be paid for by broad-based fees.

Topper Van Loben Sels, representing North Delta Water Agency

CALFED should recognize that levee improvements have both water user benefits as well as in-Delta flooding benefits.

The CALFED goal should be to have all components in balance at the end of this 10-year finance plan. The funding for the levees program must "play catch up" because of the lack of balance between components during the last \pm 10 years.

For the draft plan I would like to include a total dollar estimate to bring all Delta levees up to PL 84-99 standards (as per goal in the ROD) using 2004 construction costs.

Margit Aramburu, Delta Protection Commission

The Working Landscapes Subcommittee has expressed its interest in ensuring that programmatic commitments of interest to the Subcommittee, such as permit coordination and payments-in-lieu-of-taxes would be addressed in the relevant elements of the 10-year Finance Plan. This should be ensured in the Oversight and Coordination element of CALFED.

Burt Bundy, Sacramento River Conservation Area Forum

5% of the levee funds is to come from local sources. How does urbanization factor in? Urban improvement is a low priority in the subventions program

Chris Leininger, landowner from Vina, CA

Agricultural land is, and can be managed in ways that provide extensive benefits to wildlife on- and off-farm. Can the Finance Plan's costs be allocated in such a way that these benefits are recognized?

Steve Shaffer, California Dept Food and Agriculture

The EWA is based on willing sellers, which basically is counting on rotational fallowing. These long-term water transfers can result in the loss of agricultural land and water resources, a redirected impact that the ROD stipulates will be mitigated. How are those costs to be allocated?

Hansel replied that the EWA has conducted an EIS/EIR for the program, which addresses impacts mitigation.

Todd Manley recommended that Chairman Bungarz advise and relay the concerns expressed by the subcommittee members to the BDPAC and the Authority. The subcommittee agreed; however, it was clarified that the issues memo clearly state that this is not the recommendation from the Subcommittee as a whole.

5. Payment-In-Lieu-of-Taxes (PILT) Work Group Report.

The Work Group is completing its final recommendations. A comment received on the draft recommendations has prompted the Work Group to conduct additional research and discussion, which will be incorporated into the final recommendations. The new issue being treated has to do with the payment of valid Proposition 218 assessments when state or federal agencies acquire lands in assessment districts. The issue was raised by two of the Delta water agencies.

6. Alameda County RCD – Working Lands Stewardship

Alameda County RCD staff Karen Sweet and NRCS District Conservationist, Terry Huff, made a brief presentation on the approach and efforts underway in Alameda County. This RCD receives local funds which they use as a match for USDA EQIP funds which reduces the landowner cost-share. The RCD is also working on the development of a permit coordination system with funds from the Coastal Conservancy. Under the system, the RCD will hold the master permit for 18 different approved conservation practices that are listed in the USDA NRCS Field Office Technical Guide. The master permit will address a number of state, local and federal regulatory permit requirements and not only save the landowner time and money, but remove barriers to landowner conservation improvements.

The RCD is supporting landowners in preparing applications for the new USDA Conservation Security Program.

The RCD is also considering a mitigation banking program as a source of district revenues. Sweet noted that this has become necessary not only to provide a local service, but to generate operational funding for RCDs as California no longer provides grant-in-aid funding to support basic RCD operations. She pointed out that the funding was eliminated in the late 1970s when the Resource Conservation Commission, the coordinating body for RCDs and for the state, federal and local conservation partnership, was not reappointed. (Staff note: See Division 9 of the Public Resources Code for the authorization for this now-idle commission.)

7. Public Comment

Chris Leininger, a rancher and staff member of Ducks Unlimited, requested that the Subcommittee consider the issue of dissolved organic carbon that is now under consideration by the Central Valley Regional Water Quality Control Board.

8. Next meeting

Thursday, November 4, 2004. *<Note – this meeting has been rescheduled to December 2.*