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#         #         #
AGENDA

INTRODUCTORY MEETING

Sponsored by

HAROLD T. "Bizz" JOHNSON
CONGRESSMAN, CALIFORNIA

for

BILLY E. MARTIN, REGIONAL DIRECTOR
MID-PACIFIC REGION, U.S. BUREAU OF RECLAMATION

Sacramento, April 19, 1974

I. Introductions by Chairman Johnson
II. Opening remarks by Chairman Johnson
III. Remarks by Others
IV. Statement by Commissioner Stamm
V. Statement by Regional Director Martin
VI. Questions and discussion
VII. Concluding remarks by Chairman Johnson
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#    #    #
Mr. W. Don Maughan  
Member, Water Resources  
Control Board  
1416 Ninth Street  
Sacramento, California 95814

Dear Don:

Sorry to have been so delinquent in responding to your note of March 21 and our telephone discussion of March 28.

As discussed on the 28th, all arrangements have been completed at this end for the meeting of April 18 in your office at 3:30 p.m. Attending from the Washington office will be:

- Jack O. Horton, Assistant Secretary - Land and Water Resources, Department of the Interior
- Gilbert G. Stamm, Commissioner, Bureau of Reclamation
- Roland G. Robison, Jr., Associate Solicitor - Energy and Resources, Department of the Interior
- James J. O'Brien, Assistant Commissioner - Resource Planning, Bureau of Reclamation
- Jack C. Jorgensen, Acting Associate Director, Office of Water Resources Research, Department of the Interior.

The latter three were members of the Fact Finding Committee that met with the members of the California Water Resources Control Board in June 1973.

Attending from our Sacramento office will be:

- Billy E. Martin, Regional Director, Bureau of Reclamation
- Richard J. Dauber, Assistant Regional Solicitor, Department of the Interior.
Mr. Robison feels that it would be advisable to have Mr. Richard W. Nichols, Assistant United States Attorney, Sacramento, present since he is representing the Department of the Interior and the Bureau of Reclamation in pending litigation in which your board is a party also.

As mentioned above, all arrangements for the meeting have been completed on our side. If for any reason you find it necessary to modify the time or date of the meeting, please advise promptly as both Messrs. Horton and Stamm will be on travel status most of the time until then, and contact with them and modification of arrangements will be difficult.

During our March 28 discussion, I advised that for this initial meeting, we request that attendance be limited to representatives of executive agencies of the State of California and the Department of the Interior, plus the U.S. Attorney's Office. Subsequent meetings with other parties, both Federal and State, would be most welcome. Need for specific further meetings might arise in the course of discussions on April 18, or in the course of following events.

We have every hope that this meeting will set the stage for significantly improved State-Federal cooperation and relationships in California. The elements contained in the proposed agenda, transmitted with your March 21 note, should provide an excellent basis for discussion.

Sincerely yours,

James J. O'Brien
Assistant Commissioner - Resource Planning

cc: Assistant Secretary Horton
Commissioner Stamm
Associate Solicitor - Energy and Resources
Acting Associate Director, Office of Water Resources Research
Regional Director, Sacramento, California
Regional Solicitor, Sacramento, California
Effective water management, water right administration, and federal-state coordination require: (1) clear channels of communication, especially at the policy level; (2) realization that the needs (economic) and desires (environmental) of the public change with the passage of time and social circumstances; (3) possession of reliable facts which are acceptable to and consistently used by the planning, constructing, operating, and regulating agencies; and (4) agreed upon multi-federal and state agencies scheduling and prioritizing of data collection, research, planning, legislative efforts, and water right permit hearings.

Actions of executive and legislative bodies implicitly reflect the above, but more explicit efforts are needed to achieve consistent improvement in correlation of their responsibilities, programs, and policies. This becomes particularly true as physical, economic, and social factors increase in complexities. To achieve this end, a series of joint meetings and improved coordinated scheduling and studies are urgently needed. As a first step, a 2-hour joint meeting initiated and co-chaired by the Assistant Secretary of the Interior Jack Horton and California State Water Resources Control Board Chairman Win Adams is scheduled for Thursday, April 18, 1974, starting at 3:30 p.m., in conference room 1003 of the State Board, Sacramento, California. The proposed agenda is attached. It primarily addresses Items 1 and 2 above and should satisfactory progress be achieved, direction should be made to the staff to work on other details concerning all four items.
Invitations have been extended to key people with limited policy staff participation to avoid too large a meeting. Except for the Interior Department and the State Water Resources Control Board, attendance should be limited to one per agency.

Federal Agencies
Interior Solicitor's Office
Department of Justice, Resources Division (tentative)
Bureau of Reclamation Commissioner
Bureau of Reclamation Regional Director, Mid-Pacific Region

California Agencies
Secretary for Resources
Department of Water Resources Director
Department of Fish and Game Director

Attachment
AGENDA
April 18, 1974 - 3:30 p.m.
Conference Room 1003

1. Outline of key State Water Resources Control Board water right-water quality policies enunciated over the last three years. Win Adams, et al. Allow approximately a half-hour including the question period.


3. Comments of other participants with a limit of 5 minutes maximum per agency.

4. U.S.-California litigation over water rights. Should joint efforts be made to speed the litigation, substitute negotiation, or whatever? The Department of Interior and the State Water Resources Control Board and others -- 15 minutes allotted to this item.

5. Future steps needed to effectuate good correlation of policies. Suggestions by Interior and the State Board to be exchanged by April 10, if possible. If that is not achieved, the two agencies should be prepared at the meeting to offer views regarding establishing a federal-state task force and means of substantive exchanges of proposals needing cooperative effort.
April 24, 1974

Mr. G.G. Stamm, Commissioner,
U.S. Bureau of Reclamation,
Washington, D.C.

Dear Gil:

A short note to tell you how sorry I am that I was unable to attend the recent meeting in Sacramento when Bill Martin was introduced as the newly appointed Regional Director.

We are all most appreciative of your interest and your willingness to take the time and make the effort to be present on this occasion. I am certain that the occasion meant a great deal to Bill.

I am looking forward to seeing you in Washington next week.

Again my regrets for the conflict that developed in my schedule last week and with warm personal regards, I remain

Sincerely,

Chairman
REPORT OF FACT FINDING COMMITTEE ON THE

CENTRAL VALLEY OF CALIFORNIA WATER PROBLEMS

Jack C. Jorgensen
James J. O'Brien
Roland G. Robison

* * * * * * * * * *

July 1973
# TABLE OF CONTENTS

Map - Central Valley Project Comprehensive Plan

Introduction ----------------------------------------------- 1

Summary of Participants' Reactions & Suggestions ------ 3

- The Decisions ------------------------------------------ 3
- Reactions to the Decisions ------------------------------- 4
- The Litigation ----------------------------------------- 4
- Reactions to the Litigation ----------------------------- 5
- Legislation ------------------------------------------- 6

Alternative Operating Criteria for State and Federal Projects --------------------------------------------- 7

- Total State Program ----------------------------------- 7
- Separate Federal and State Programs ------------------- 9
- Conjunctive State-Federal Programs --------------------- 9

Specific Problems ----------------------------------------------- 11

Map - Central Valley Project Delta Division

Auburn-Folsom South Unit ----------------------------------- 11

- Auburn Dam ------------------------------------------ 11
- Folsom South Canal ----------------------------------- 12
- Lower American River ------------------------------- 14

New Melones Project -------------------------------------- 15

- Peripheral Canal -------------------------------------- 17
- East Side Division ------------------------------------- 20

Required Follow-Up Action --------------------------------- 22

Appendix
Report of Fact Finding Committee on the
Central Valley of California Water Problems

I. Introduction

In the course of the last few months several critical decisions have been handed down by the California State Water Resources Control Board on the operation of both Federal and State water projects in the Central Valley of California. This action coupled with a series of litigation by water user and environmental groups has raised serious questions as to the future role of the Federal Government in the planning, construction, and management of water resource facilities in the Central Valley of California. Under Secretary Whitaker has requested the Solicitor to litigate the rather narrow question of Federal versus State jurisdiction and action is now being pursued by the Justice Department to carry the question to a legal conclusion hopefully without becoming involved in a court adjudication of all water rights in the Central Valley System. At the same time Under Secretary Whitaker suggested that we must also pursue simultaneously with State and local interests the question of how we should exercise whatever authority we have now or could have after the litigation is concluded.

Secretary Horton established a Fact Finding Committee to meet with State and local officials as well as other interest groups to obtain current views and suggestions on the future Federal role in Central Valley water problems. The Committee consisting of Messrs. Jorgensen, O'Brien and Robison traveled to Sacramento, California, in pursuit of this mission.

The interviews were conducted in a very informal manner without the presence of Reclamation employees or others at each session. Only notes were taken and no recordings made in order to preserve an atmosphere of informality and openness. This proved very helpful and all interviewed expressed themselves in a very open and candid way. In six working days, May 30 through June 4 there were 20 sessions involving approximately 70 people. A copy of the schedule of meetings, organizations and people attending is attached to this report.

As part of the introductory remarks to each session it was indicated to the participants that their comments on five subject areas would be appreciated to assist in preparation of
the report. The subjects listed are as follows:

1. The California Water Control Board Decisions 1379, 1400, 1422
2. Pending litigation
3. Auburn Folsom South Project
4. Peripheral Canal - Eastside Projects
5. Future Federal role in Central Valley planning, construction, and management.

The modus operandi used proved to be extremely effective and could prove to have many beneficial side effects especially from a public relations point of view.
II. Summary of Participants' Reactions and Suggestions

A. The Decisions

In brief, the three principal decisions of the California State Water Resources Control Board are:

Decision 1379, issued July 28, 1971, which requires releases of water stored in Central Valley Project facilities for purposes of water quality control in the Sacramento-San Joaquin Delta area.

Decision 1400, issued April 11, 1972, which requires maintenance of minimum flow in the lower American River for recreation and fish and wildlife purposes by releases of water stored in facilities of the Auburn Unit, Central Valley Project.

Decision 1422, issued April 4, 1973, which in effect, makes operation of the New Melones Project on the Stanislaus River subject to direction of the Board. The decision requires submission to the Board and approval by it of an operation plan before storage of water is permitted; limits the amount of storage, the uses to which it may be put, and the areas that may be served; and restricts power generation.

The Board asserts that under California law only it may issue permits to appropriate water within the State, and that such permits are subject to terms and conditions that it may impose. Thus the Board claims that the appropriative rights of the Bureau of Reclamation for the Central Valley Project derive from and may be limited by it. The Bureau, on the other hand, claims that, while as a matter of comity it filed with the Board for permits for CVP, it is not bound by terms and conditions which the Board may impose. The Bureau's position generally is supported by a number of Supreme Court decisions, including United State v. Rio Grande Dam and Irrigation Company 174 U.S. 690 (1899); Ivanhoe Irrigation District v. McCracken, 357 U.S. 275 (1958); City of Fresno v. California, 372 U.S. 627 (1963); and Arizona v. California, 373 U.S. 546 (1963). What these decisions hold, in effect, is that when the Bureau of Reclamation constructs and operates a reclamation project pursuant to authorization of the Congress, it must recognize and pay just compensation for the acquisition of vested water rights granted under state law. "But," as the court said in Ivanhoe, "the acquisition of water rights must not be confused with the operation of Federal projects ... We read nothing in Section 8 (of the Reclamation Act) that compels the United States to deliver water on conditions imposed by the State."
Reactions to the Decisions

Predictably, officials of the State of California with whom the committee met generally expressed support for the position of the Board that its authority to issue water right permits gives it jurisdiction over the Bureau of Reclamation. Most such officials also expressed general agreement with the three specific decisions of the Board. This was particularly true of Mr. Livermore, Director of the Department of Natural Resources, and, of course, the members of the Board itself. Spokesmen for the California Fish and Game took issue with certain provisions of Decision 1379, and also indicated a preference for a "big" New Melones Project, not the smaller one envisioned in Decision 1422. As for the Department of Water Resources, its Director, Mr. Gianelli, repeated his oft-expressed objections to Decision 1379 because it would significantly reduce the yield of both the California Water Project and the Central Valley Project. He was somewhat less critical of the other two decisions, particularly Decision 1422 which he described as not at cross purposes with the New Melones authorization except as to power generation.

Reaction of the various water user groups and local government entities to the decisions is mixed, depending largely on how and to what extent each is affected by them. For example, Decision 1379 is opposed by the Central Valley East Side Project Association and the Westlands Water District, both of which are parties to a pending lawsuit to set it aside. Decision 1379 likely would reduce the amount of CVP water available to them. Similarly, Decision 1400 is opposed for the same reason by the San Joaquin County Flood Control and Water Conservation District, the North San Joaquin and Central San Joaquin Water Conservation Districts, and the Stockton-East Water District. These groups are parties to a pending lawsuit to set aside Decision 1400. On the other hand, Sacramento County, which is concerned over maintenance of minimum flows in the lower American River, has intervened in behalf of the California Board in the litigation involving Decision 1400. The Contra Costa Water Agency and the Contra Costa County Water District, both support the Board's Decision 1379. San Joaquin County is concerned with the requirements imposed by Decision 1400 and looks to Hood-Clay connection as a possible physical solution.

The environmental groups generally expressed support for the decisions, and dismay that the Bureau of Reclamation is challenging the Board's jurisdiction.

B. The Litigation

Three lawsuits challenging the Board's jurisdiction over the Bureau of Reclamation have been filed in State courts of California by
contractors and prospective contractors for Central Valley Project water. Although not an original party, the United States since has been brought into the lawsuits and has removed them to the Federal District Court for the Eastern District of California. A number of motions are presently pending, including one by the United States to dismiss as against it on grounds of sovereign immunity. A hearing on the motions is scheduled for July 18, 1973. In the meantime, at the request of the Solicitor, the Department of Justice is preparing to file a separate lawsuit in Federal Court to resolve the jurisdictional issue. A late development is the filing on June 12, 1973, of still another lawsuit in Federal Court, this one by the State of California against the Secretary, to resolve this same issue (People of the State of California, ex rel. State Water Resources Control Board v. Rogers C.B. Morton, et al, U.S.D.C., N.D., California, C-73 0984 ACW.) The Department of Justice presently plans to file a motion to dismiss this action, and in the meantime file its own lawsuit, as already indicated.

Reactions to the Litigation

With some significant exceptions, there was general agreement among the State officials and water contractors interviewed that a lawsuit to settle the jurisdiction question is needed and should be expeditiously pursued. The Board members in particular expressed satisfaction with the plan of the United States to bring a separate lawsuit. (It is of interest that the Board's own lawsuit for the same purpose was filed only two weeks following the meeting with the committee, and presumably preparations for it were already underway at the time. However, no mention of this was made at the meeting.) Objections to the litigation approach came from Mr. Gianelli of the Department of Water Resources, who said that the State likely would be the loser in any such lawsuit and favored negotiation as an alternative, and Mr. Will of the Metropolitan Water District, who instead of litigation advocated both further review of Central Valley Project problems and formation of a commission to study future Federal-State relationships in connection with CVP. Mr. DeVito of the Contra Costa County Water District favored legislation as an alternative to litigation, an approach that will be discussed at a subsequent point. The environmental groups generally were of the view that the Bureau should submit to jurisdiction of the Board, were not impressed by arguments that it cannot, and questioned the need for further litigation.

But as a practical matter, the question of whether to bring a lawsuit to resolve the jurisdictional issue is no longer timely. Most of the parties, including the principal ones, are in agreement that a judicial determination in this regard is necessary, and the lawsuits for this purpose have been filed and are presently
pending. The only remaining question is whether, from the standpoint of the Government's interest, the United States should permit these suits, or any of them, to be the vehicle whereby the jurisdictional issue is resolved, or, in the alternative, seek dismissal of them and bring an independent action in its own behalf. As already indicated, the Department of Justice favors the latter approach and is preparing to file such an independent action.

C. Legislation

The possibility of introducing legislation in the Congress to authorize releases of water as contemplated by the decisions on a nonreimbursable basis was variously raised at the meetings, although not very seriously considered. The reasons were an apparent lack of consensus on the part of interests within California, the unlikelihood that Congress would approve such legislation, and the inconsistency of such a proposal with long-standing Reclamation as well as present administration policy.
III. Alternative Operating Criteria for State and Federal Projects

The Federal Central Valley Project operation is governed by the original authorization (1935) and a number of project additions from time to time over the intervening years. Perhaps the most troublesome item at the moment deals with the interpretation of the extent to which Delta salinity control or Delta water quality is included in the project authorizations. The present operating criteria is built around a declaration of only limited responsibility by the Regional Director by letter of July 10, 1957. A determination of the relevancy of this posture in light of new water quality law, other environmental law and related administrative order must be determined before substantial progress can be made on working out the details of any altered Federal-State relationship within CVP.

With almost every group with whom we met, in some form or another, the subject of having two major operating agencies in the Central Valley, the California Department of Water Resources and the Bureau of Reclamation, was brought up. On balance, a majority of opinion favored the continuation of both entities in viable, but altered roles in the future. Three alternatives were generally identified:

1. **Total State Programs**
2. **Separate Federal and State Programs**
3. **Conjunctive State-Federal Programs**.

The alternatives are discussed below.

1. **Total State Program** - The removal of all involvement by the Bureau of Reclamation in the Central Valley might include turning over ownership and operation of all existing facilities and termination of further activity by Reclamation in the Central Valley.

Solid support for this alternative came only from one group, generally representatives of Municipal and Industrial water users having contracts with the California Water Project. This fairly solid support is derived generally from the knowledge that the State project has executed contracts for more water than can be developed with existing facilities on a firm dependable basis. On the other hand, the Federal project has developed and controls a significantly greater quantity of firm water supply than it has yet marketed, or than it has facilities to market from.
The placing of full operational control in the State could permit shifting of water presently Federally controlled to the satisfaction of State project requirements. The current financial and environmental concern over additional reservoir construction gives rise to uncertainty as to where the additional water to meet State contract commitments will come from, and naturally leads one to the uncontracted supplies of the Federal project.

The differential in the cost of water from State and Federal projects is also an expressed concern, since the cost of State water was from two to three times the cost of Federal project water. The inference, of course, is that all water for similar purposes in the same area should have the same price.

Environmental groups were somewhat split on the question of State control. Some elements believed that such control would lead to greater recognition of environmental concerns and stronger local control over significant actions affecting the environment, and a stronger voice for local as opposed to national environmental groups.

The other side believes a single larger State bureaucracy would be even more difficult to deal with than the present dual system which permits a broader appeal body and an opportunity to play one group against the other.

State officials themselves were somewhat reluctant to openly endorse total State control over operation, without significantly greater information and study on such matters as repayment responsibility, continuation of existing contractual commitments, the interface with power generation and marketing, and a host of similar complex but relatively obscure and unstudied facets.

Irrigation water user groups within the CVP did not favor State operation and control and suggested that if forced to choose they might organize to operate basically irrigation oriented Federal CVP.

Those who did support total State control, avidly or warmly, did so on the premise that continued Federal investment in water resources in California would not be curtailed.

In summary, it can be said that any transition of operational control from Federal to State authority would meet with modest support, significant opposition (primarily existing and hopeful Federal project beneficiaries) and require a major study effort to properly identify the large number of imponderables associated with such a transition and with the drafting and passage of the intricate legislation that would be required.
2. **Separate Federal and State Programs** - Assumes that the Federal and the State responsibilities for water resource development be separately identified and carried out independently.

There was no apparent support for the concept that each project go its own way and the devil take the hindmost. Californians, as most westerners, are very conscious of water and knowledgeable about its values and impacts on their lives and livelihoods. "Chaos" was the term most often used to describe the effect of polarization of State and Federal efforts in water resource planning, development, and management in California.

There was indication of support for the notion that both projects should pursue their objectives independently, but with full coordination in the wise and efficient utilization of the available resources. This alternative is discussed more fully below.

3. **Conjunctive State-Federal Programs** - Would involve specifically identified Federal and State programs, planned, constructed and operated conjunctively to optimize utilization of resources and facilities.

Most of those interviewed felt very strongly that it was and is essential that the State and Federal projects be operated in a coordinated manner that optimizes water use for the benefit of the State and the Nation. There is considerable divergence, however, on what constitutes optimization for the State, for the Nation, and for both.

Some look at geographic separation of responsibility - i.e., let the bureau take care of the valley and the State take care of southern California. Some look at functional optimization - let the State take care of municipal and industrial needs and the Bureau take care of irrigation needs. Others look at the existence of both projects, separately authorized, funded, and constructed as a golden opportunity to provide a synergistic effect, aiding and abetting each other's weaknesses and providing a whole much greater than the sum of the parts.

General unanimity existed that detailed operational agreements were necessary, not only to provide the synergy, but to provide assurance to the beneficiaries of both projects that their interests in the available water resource was protected by agreement and not subject to jurisdictional wrangling at every crisis point.

Suggestions ranged from desire to have the agencies agree upon operational rights and privileges, through central control of operations by joint operational teams on an hourly basis. Such
control would embrace storage, diversion, reservoir and river regulation, distribution, imposition of shortages, flood control, water quality, fish and wildlife and recreational functions. It could involve instantaneous accounting for water, or an annual accounting, with the primary emphasis on maximizing the utilization of the joint resources with existing facilities. This maximization could also include a financial accounting among the various State and Federal water and power facilities to insure proper repayment.
IV. Specific Problems

Current attention to Federal water resource development activity centers about four major existing or potential development programs and one matter of jurisdiction.

1. The Auburn-Folsom South Unit

This Central Valley Project Unit involves the construction of Auburn Dam on the American River above the existing Folsom Dam and the Folsom South Canal diverting from the river at Nimbus Reservoir, the afterbay of Folsom Dam.

While the various elements of the problems relating to the Auburn-Folsom South Unit cannot be totally separated, they are discussed separately below and breakdown into Auburn Dam, the Folsom South Canal, and flows in the Lower American River. There will necessarily be some duplication and overlap in discussion of the separate elements.

Auburn Dam - Continued construction of Auburn Dam is currently controversial. On the one hand are those who support its continued construction to achieve the flood control, hydroelectric power generation, water supply and recreational potential that it will produce, as well as those interested in the jobs and boost to the local economy that its construction and operation will create. On the other hand are the non-development interests, including those who oppose any dam construction, those opposed to the construction of this specific dam at this specific site because of personal disaccommodations or for concern over environmental impacts caused by the construction and creation of the reservoir, and those who oppose the dam until such time as flows in the Lower American River adequate to protect their interest in recreational and fish and wildlife purposes are guaranteed.

On the basis of information available, the latter group is the most visible and potent, and their concerns are generally recognized as valid by the proponents of the dam. This group has recently realized that their opposition really centers on the continued construction of the Folsom South Canal as originally planned which would divert significant portions of the flow of the American River that they have been enjoying in the Lower American River during the summer months since the construction of Folsom Dam.

Opposition of the remaining opponents has been directed to the Environmental Impact Statement on Auburn Dam. It appears that no compromise, other than abandonment of further construction, would satisfy the last concerns.
On balance, the continued construction of Auburn Dam is warranted, even being essential to provide the assurance sought by those who seek continuation of desirable flows in the Lower American River. Most of this strong and local opposition could probably be stilled if the United States would announce that we intend to operate the system to preserve Lower American River flows and at the same time seek by whatever means necessary to alter the originally planned diversion system to make the flow enhancement permanent.

It can further be expected that a lawsuit will be filed by the militant environmental interests upon the award of any significant construction contract at Auburn Dam. A carefully prepared revised environmental impact statement with explanation of the possible revised Lower American River flow operation and diversion point alternatives would serve to strengthen our position in an environmental lawsuit.

On the basis of the information received, there is strong local and State support for proceeding with construction of Auburn Dam, even when faced with a probable lawsuit, and proceeding from there on the basis of the findings of the court.

**Folsom South Canal** - This canal diverts at Nimbus Dam on the American River. Approximately 26 miles (Reaches 1 and 2) have been completed, and two water service contracts have been executed. Executed contracts are with the Sacramento Municipal Utility District (SMUD) for 75,000 acre-feet of water annually for its Rancho Seco nuclear powerplant, and for 150,000 acre-feet of water for the East Bay Municipal Utility District (EBMUD) which serves about 1,100,000 people in Oakland and surrounding communities on the east side of San Francisco Bay.

SMUD is currently utilizing water from the canal and EBMUD is proceeding with plans to construct a pipeline from the canal to its service area.

Three additional reaches of the canal totaling 42 miles are proposed (Reaches 3, 4, and 5), serving some municipal and industrial water supply but primarily irrigation water to Sacramento and San Joaquin Counties lands.

Problems associated with the Folsom South Canal can be broken down as follows:
A. Meeting demands that would be served by construction of the additional Reaches 3, 4, and 5, accompanied by increased diversion at Nimbus Dam, would require flows that would preclude the desired flows in the Lower American River.

B. The area to the east of Stockton, which would be served from Reach 4, is currently facing severe water problems occasioned by depletion of ground water and accompanying intrusion of saline water and destruction of the ground water basin.

C. Environmentalists oppose additional construction on the grounds of adverse environmental impacts as well as on the basis that no additional irrigated agriculture is warranted due to existing surpluses.

D. Environmentalists oppose providing EBMUD with water from the canal, proposing instead that EBMUD obtain its contracted water supply from some point in the Sacramento-San Joaquin Delta where the salinity still conforms to Public Health Service standards for drinking water.

While the problems associated with further construction of the Folsom South Canal are real and of considerable magnitude, clear resolution of each will require further study, consultation, and negotiation.

Perhaps the most imminent problem is that associated with a determination of whether additional water service contracts will be executed and if so, whether all the water will be diverted at Nimbus Dam or the possible consideration of a future additional delta diversion point that will permit maintenance of desired flows in the Lower American River. This matter is discussed more fully in the following section on Lower American River flows.

The critical situation facing the Stockton area is capable of resolution by service from the Folsom South Canal or by either interim or long-term service from the New Melones Dam which is also discussed in more detail below. A relatively inexpensive and quick solution may be found in extending service to the Stockton area from the present terminus of Reach 2 of this canal. The District might be expected to construct its own facilities from a major river crossing structure. Although the situation is critical and requires a relatively near-term solution, there is time to make an in-depth but expedited study of alternatives. Solutions can be effected; the question of the most desirable and effective solution remains to be determined.
The question of further construction (Reaches 3, 4, and 5) of the Folsom South Canal is of no great urgency insofar as providing irrigation water service to areas other than the Stockton east area is concerned. It is extremely doubtful that it would be wise to proceed with such construction prior to resolution of the flow regimen of the Lower American River.

Where EBMUD obtains its contracted water supply is of concern primarily to the district. Should it be precluded from taking its water directly from the canal, where headwork facilities have already been constructed by the Bureau, it would undoubtedly seek modification of the existing contract, especially as it relates to water cost. The district has made a specific choice to go to the canal to assure the best quality of water currently available, albeit at a significantly higher cost than diverting from the delta.

Lower American River - Prior to the construction of Folsom Dam on the American River in 1955, natural flows during the summer and fall months were usually insignificant for recreational and fish and wildlife purposes. During other portions of the year, however, natural flows considerably exceeded flows that have been experienced since regulations by Folsom Dam. As in the case with all dams utilized for conservation purposes, Folsom Dam reduces the peaks and increases the valleys that occur seasonally and cyclically.

Agreements for the operation of Folsom Dam were reached between Reclamation, the Bureau of Sport Fisheries and Wildlife and the California Department of Fish and Game to provide minimum flows of from 250 to 500 c.f.s. The agreement contemplated eventual authorization and construction of the Folsom South Canal and diversion thereto at Nimbus Dam.

Currently desirable controlling flows in the Lower American River are estimated at 1,500 c.f.s. for recreational purposes during the period May 15-October 14, and 1,250 c.f.s. for fish and wildlife purposes during the period October 15-July 14. These flows, with adjustments related to deficiencies imposed when deficiencies are imposed in irrigation water deliveries in the Folsom South Canal service area, have been proposed in Decision 1400 of the California Water Resources Control Board.

As noted earlier, it would be impossible to maintain such flows on a reliable basis with the current regulatory capability of Reclamation facilities on the American River for any extended period of time. The additional storage that would be created by Auburn Dam is essential to provide the increased flows that are desired.
Even with Auburn Dam, however, the water resources of the American River are not adequate to provide both the desired flows in the Lower American River and the presently planned diversion to the Folsom South Canal.

The Bureau of Reclamation has been studying alternative solutions to this dilemma for about 18 months and is in a position to complete a report on the alternatives in the very near future. Alternatives considered include various ranges of flows in the Lower American River coupled with corresponding ranges in diversion at Nimbus Dam and ranges of pumping the American River water from the Sacramento River after it has been utilized to meet flow requirements. One further alternative incorporates the possibility of utilizing a portion of the conservation yield of New Melones Dam, currently under construction by the Corps of Engineers but integrated physically and financially with the Central Valley Project, to meet demands in the southern service area of the Folsom South Canal.

It is quite probable that any alternative that seeks to maintain both desired flows in the Lower American River and authorized deliveries in the Folsom South Canal service area will require costs and facilities not contemplated in the authorization of the Auburn-Folsom South Unit of the Central Valley Project.

Until the alternative studies are completed and associated costs and possible legislative requirements identified, final resolution of this problem must be deferred.

However, for a period of about 20 years from the present, the combination of available supplies and forecasted water demands will permit the maintenance of desired flows in the Lower American River if Auburn Dam is constructed. Thus, there appears to be a considerable period of time when operating the lower American River system to satisfy both the buildup of diversion demands and river regulation could be accomplished by administrative decision while the final solution is studied.

2. New Melones Project

This project is under construction by the Corps of Engineers on the Stanislaus River. Authorizing legislation states that upon completion, it will be integrated physically and financially into the Federal Central Valley Project.

The dam and associated facilities will provide flood control, water quality, public outdoor recreation, fish and wildlife enhancement, and conservation storage for municipal and industrial and irrigation needs.
The California Water Resources Control Board has issued its Decision 1422 which would severely restrict the Secretary's option in the operation of the dam as a feature of the Central Valley Project. These restrictions relate primarily to the generation of hydroelectric power and the marketing and use of available conservation storage. The effect of these restrictions on the project's economic and financial feasibility is currently being analyzed.

Specific customers for the use of the conservation yield of the project have not yet been fully identified.

The location of the project near the terminus of the Folsom South Canal suggests that there are a number of alternatives for integrating and coordinating the utilization of the two features that would have engineering, economic, social, and environmental benefits not otherwise available. At the time of authorization it was contemplated that the conservation yield of New Melones would be utilized to meet some local needs but that the project in total would become a functional element of the potential East Side Division of the Central Valley Project. Some thought should be given to melting this supply into a common Federal-State water supply as an alternative.

Pending further action on the East Side Division, which is currently at a standstill so far as progress toward authorization and construction is concerned, the New Melones Project should be examined in the light of the currently existing situation.

This could include capability to meet only local needs, coordination with the Auburn-Folsom South Unit, or coordination with other features and responsibilities of the Central Valley Project, specifically those in the Sacramento-San Joaquin Delta.

As mentioned above in the discussion on the Folsom South Canal, there are several alternative physical arrangements for utilizing New Melones to meet the most critical and perplexing water problems in the service area of the lower extremities of the unconstructed portion of the Folsom South Canal.
3. **Peripheral Canal**

The Peripheral Canal would be an artificial channel constructed to connect the Sacramento River near Hood to the State and Federal export pumping plants in the southwestern portion of the Delta.

It would have a number of beneficial capabilities. These include: (1) conveyance of high quality Sacramento River water to export pumps without degradation due to mixing with higher salinity water in the myriad sea-level channels of the Delta through which it must now flow to reach the export pumps; (2) it would permit controlled release of water to the Delta at a dozen points and channels of the Delta, some of which are dead-end sloughs, permitting maintenance of an overall better quality of water in Delta channels; (3) it can be utilized to make releases at the specific points mentioned to assure compliance with point source water quality requirements for fish and wildlife, municipal and industrial, recreational and agricultural purposes; and (4) can achieve all of the above at a considerably lower cost in terms of fresh water released to the sea than any other alternative identified with lesser adverse environmental impacts.

The Peripheral Canal has been considered as a potential joint Federal-State undertaking. In the report on the project transmitted to the State of California and other Federal agencies in 1969 for review and comment it was estimated that costs would be divided 55 percent Federal and 45 percent State. The benefit-cost ratio at that time was approximately 1.4 to 1, total Federal cost was about $108 million, and no major adverse comments were received except from environmental interests.

The Peripheral Canal is generally endorsed except by parties in the extreme western Delta and to some extent those in the San Francisco Bay area. Opposition from these areas arises from belief that without the Peripheral Canal, significant exports to the San Joaquin Valley and southern California cannot be made. Absent such export, of course all water arising in the Sacramento Valley that cannot be physically consumed in the Valley and Delta must flow through the Golden Gate to the Pacific. Thus the quality of water in the extreme western Delta is presumed to be enhanced.

Although most environmental groups outside of the western Delta endorse the Peripheral Canal, there are a few groups who oppose it on other environmental grounds. These grounds are related to increased growth in southern California unless a way can be found to prevent the completed California water project from providing the water supply to that area required for its continued growth. For the most part, claims of environmental damage to the Delta by the Peripheral Canal have been refuted by State and Federal fish and wildlife and recreational agencies which have conducted extensive studies.
The Bureau of Reclamation report on the Peripheral Canal was transmitted to the Department on July 22, 1970, for consideration for transmittal to the Office of Management and Budget. The Regional Office of the Bureau is currently developing a proposed draft environmental impact statement and updating and reevaluating the proposed report on the Peripheral Canal.

While in California the Committee learned that the State Department of Water Resources is committed to proceeding with the Peripheral Canal, either with or without joint Federal effort. It was our understanding that the State will probably proceed with construction in Fiscal Year 1976. They now anticipate that they will construct the canal in a configuration that would permit accommodating both State and Federal water. However, only State water would be conveyed without some form of cooperative Federal effort or buy-in. The canal will be physically capable of conveying the State water entirely by gravity. Subsequent addition of Federal water into the canal would require the installation of relatively low-level pumping plants.

On first blush, it would appear that the Federal position would be directed to a sit and wait approach, letting the State proceed with the design, financing and construction of the canal entirely at State expense. This would preclude the necessity to seek Federal funding with its associated impact upon the Federal fiscal situation. Concerns have been expressed, however, that the State will not include in the Peripheral Canal plan all of the environmentally desirable features that would be included in the proposed joint plan. There would not be the opportunity to utilize Federal water to maximum advantage to the Delta unless it is conveyed in the canal.

A major concern of the Bureau of Sport Fisheries and Wildlife is the significant adverse effect that now exists from both the Federal and State export pumps drawing directly from Delta channels. This pumping reverses the natural flow pattern of some Delta channels causing confusion in the upstream and downstream migrating anadromous fish, alters salinity gradients in the channels and of course draws floating eggs of the striped bass and fingerlings of all species into the project pumps and canals.

The canal also offers the best opportunity for eliminating an annual pollution block in the San Joaquin River channels near Stockton that effectively stops the upstream migration of anadromous fish in the once productive tributary rivers and streams of the San Joaquin Valley.

Absent the Peripheral Canal, the California Water Project will not long be able to meet the water quality provisions of its contracts for municipal and industrial water supply in southern California. Similarly, the quality of Federal water supplies delivered in the San Joaquin Valley will deteriorate in quality. Already severe drainage problems will be compounded due to the need to apply even higher quantities of lower quality water to maintain tolerable salt balances in irrigated lands.
The major nonstructural alternative to the Peripheral Canal is to permit large quantities of fresh water to flow through the Delta, maintaining a hydraulic barrier against the intrusion of damaging ocean salinity. While this option is supported by extreme Western Delta interests who would have fresh water at their doorsteps for longer periods of time each year, its impact upon the available yield of both the State and Federal projects would be significantly adverse. Similarly, the salinity gradients and export pumping under these conditions would be adverse to anadromous fish and the fragile Delta levee system would be endangered.
4. **East Side Division**

This potential unit of the Central Valley Project would provide a supplemental water supply of about 1,500,000 acre-feet annually to lands on the east side of the San Joaquin Valley. Most of the lands that would be served are now irrigated from groundwater which is being depleted at an accelerating rate.

A report on the unit was transmitted to the State and Federal agencies in December 1968, and comments have been received. No further significant efforts towards authorizing this development have been made by Reclamation.

The Director of the Resources Agency of California has taken a very strong position against authorization of the Division. He is supported by major environmental interests.

Congressional representatives of the eastern side of the Valley still express significant interest in and support of the project and authorizing legislation has been introduced in the last two congresses. No hearings have been scheduled and none seem likely to be in the foreseeable future, unless they are part of a package deal relating to a group of Reclamation projects in the Central Valley including the Peripheral Canal, Consumnes River Division and the East Side Division. Such omnibus legislation has been introduced in this session of the Congress.

There is surprising strong, continuing local support by irrigation interests in the project area. Such interest, for the time being at least, has shifted to an interim solution to the groundwater overdraft situation.

The interim solution would involve construction of a Cross Valley Canal, or link, between the existing Federal and/or State canals which presently traverse the west side of the valley to the existing Federal Friant-Kern Canal which could supply supplemental water to the East Side project area.

Local interests, the Bureau of Reclamation, and the California Department of Water Resources are currently studying, both independently and jointly, several alternative configurations and capabilities for such a cross valley connection. Costs of such a connection have been preliminarily estimated in the range of $50 million as opposed to a probable cost for the entire East Side Division that would now approach or exceed $1 billion.
In one detail, the East Side Division ties to the Auburn-Folsom South Unit and the problem of flows in the Lower American River. The so-called Hood-Clay Pump connection, which is a major alternative to solving flow problems in the Lower American River, was originally envisioned as the initial diversion point for water for the East Side Division. Also, as noted in earlier discussion, a portion of the Folsom South Canal has already been built to provide some capacity for the East Side Division. Congressman B. F. Sisk has indicated a strong interest in having all future construction on the Folsom South Canal include the additional capacity to carry flows required for the East Side Division.
V. Required Follow-Up Actions

In addition to continued prosecution of the litigation, there would appear to be a need for an early high-level meeting with State officials to consider the Central Valley Project and related problems and hopefully chart a course for future action to resolve them. This will further serve to open up more communication between the parties, something that generally is considered to be necessary. This meeting should be preceded by a staff level session to provide a working agenda and background material. The summit meeting should be conducted in California and involve yourself, Commissioner Stamm, Mr. Livermore, and perhaps Governor Reagan.

Hopefully, the session would culminate in some broadly based joint statements of policy on future State-Federal responsibilities for water management and construction within the State.
### FACT FINDING COMMITTEE - SCHEDULE OF MEETINGS

<table>
<thead>
<tr>
<th>GROUP</th>
<th>DATE</th>
<th>HOURS</th>
<th>LOCATION</th>
<th>REPRESENTATIVES</th>
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<tbody>
<tr>
<td>U.S.B.R. and Regional Solicitor</td>
<td>5/29/73</td>
<td>2:00 - 4:30 p.m.</td>
<td>2800 Cottage Way Room W-1107</td>
<td>R.J. Pafford and Staff</td>
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<tr>
<td>Corps of Engineers</td>
<td>5/30/73</td>
<td>8:00 - 12 noon</td>
<td>2800 Cottage Way Room W-1107</td>
<td>Col. Donovan, Corps of Engineers</td>
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<td>Bureau of Sport Fisheries</td>
<td>5/30/73</td>
<td>1:00 - 2:30 p.m.</td>
<td>2800 Cottage Way Room W-1107</td>
<td>Felix Smith and Ed Whitesel</td>
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<td>California Fish and Game</td>
<td>5/30/73</td>
<td>3:00 - 4:30 p.m.</td>
<td>2800 Cottage Way Room W-1107</td>
<td>George McCammon and Pete Chadwick</td>
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<td>Organized Labor</td>
<td>5/30/73</td>
<td>4:30 - 5:30 p.m.</td>
<td>2800 Cottage Way Room W-1107</td>
<td>Edward P. Park, Calif. State Conference of Operating Engineers</td>
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<td>James S. Lee, State Bldg. and Construction Trades Council of Calif.</td>
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<td>N. B. Livermore</td>
<td>5/31/73</td>
<td>8:30 - 10:00 a.m.</td>
<td>The Resources Agency of California</td>
<td>Norman B. Livermore, Secretary of California</td>
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<td>1416 - 9th Street* Room 1311</td>
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<td>State Water Resources Control Board</td>
<td>5/31/73</td>
<td>10:00 - 12:00 n</td>
<td>1416 - 9th Street Room 1015</td>
<td>Win Adams, D. Maughan, G. Craig &amp; R. Robie</td>
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<td>Metropolitan Water Dist. &amp; State Water Contractors</td>
<td>5/31/73</td>
<td>1:00 - 2:30 p.m.</td>
<td>1416 - 9th Street Room 1114</td>
<td>Bob Will for MWD; D. Curlin and A. Böttoroff for State Contractors</td>
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<td>Dept. of Water Resources &amp; Calif. Water Commission</td>
<td>5/31/73</td>
<td>3:00 - 4:30 p.m.</td>
<td>1416 - 9th Street 11th floor</td>
<td>W. R. Gianelli, B. Island, I. J. Chrisman, J. Teerink</td>
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<td>Contra Costa Water Agency</td>
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<td>W. Gleason, C. Nakagawa</td>
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<td>Central Valley Eastside Assoc. &amp; Westlands Water Dist.</td>
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<td>L. Martin, Pres. CVEA</td>
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<td>F. Lawer &amp; R. Brody, WWD</td>
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<td>Calif. Hard Hat Assoc.</td>
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<td>3:30 - 4:30 p.m.</td>
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<td>Bud Weeks</td>
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<tr>
<td>San Joaquin County</td>
<td>6/1/73</td>
<td>4:30 - 5:30 p.m.</td>
<td>2800 Cottage Way Room W-1107</td>
<td>Tom Sherpard</td>
</tr>
<tr>
<td>Save the American River Assoc. (float trip)</td>
<td>6/1/73</td>
<td>6:00 - 10:00 p.m.</td>
<td>American River</td>
<td>James Jones</td>
</tr>
<tr>
<td>Environmental Groups</td>
<td>6/2/73</td>
<td>9:00 - 12:00 n</td>
<td>2800 Cottage Way Room W-1107</td>
<td>Gerald Meral, John D. Leshy, James Jones, Peter H. Zars, Keith Roberts, Helen M. Smith, Bill Press</td>
</tr>
<tr>
<td>GROUP</td>
<td>DATE</td>
<td>HOURS</td>
<td>LOCATION</td>
<td>REPRESENTATIVES</td>
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<td>------------------------------------------------------</td>
</tr>
<tr>
<td>East Bay Municipal Utility District</td>
<td>6/2/73</td>
<td>3:30 -</td>
<td>2130 Adeline</td>
<td>J. Hartnett, J. Reilly, H. Banks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Oakland, Calif.</td>
<td></td>
</tr>
<tr>
<td>Placer &amp; El Dorado Counties</td>
<td>6/4/73</td>
<td>8:30 - 10:30 a.m.</td>
<td>2800 Cottage Way</td>
<td>Carstens, Pres. El Dorado Chamber of Commerce</td>
</tr>
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<td></td>
<td></td>
<td>Sawyer, Cort, Robinson, Dunlop El Dorado County</td>
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<td>Chappie, State Assembly</td>
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<td></td>
<td>Thompson, Cassiday, Ferreira, Placer County</td>
</tr>
<tr>
<td>Contra Costa County Water District</td>
<td>6/4/73</td>
<td>10:30 - 12:00 ñ</td>
<td>2800 Cottage Way</td>
<td>John DeVito</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Room W-1107</td>
<td></td>
</tr>
</tbody>
</table>