

**MEETING OF THE CALIFORNIA STATE BOARD OF FOOD AND AGRICULTURE**

(ALL MEETINGS OPEN TO THE GENERAL PUBLIC)

Location: San Luis Mendota Water Authority  
842 6<sup>th</sup> Street  
Los Banos, CA 93635

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**MEETING MINUTES FOR FEBRUARY 22, 2006**

Item  
No.

(1) **CALL TO ORDER**

- (a) The meeting was called to order on Wednesday, February 22, 2006 at approximately 9:00 a.m. Al Montna, President of the California State Board of Food and Agriculture presiding.
- (b) Welcoming remarks provided by Al Montna.
- (c) Pledge of Allegiance.

(2) **ROLL CALL**

Roll call taken by Helen Lopez, Executive Director. A quorum was present.

Present:

Ashley Boren	Drue Brown	Charlie Hoppin
Adan Ortega	William Moncovich	Al Montna
Ann Bacchetti-Silva	Karen Ross	Marvin Meyers

Absent:

Charles Crabb	Craig McNamara	Luawanna Hallstrom
Reg Gomes	Niaz Mohamed	

(3) **APPROVAL OF MINUTES – January 24, 2006**

**Motion:** Bill Moncovich moved to accept the January 24, 2006 meeting minutes as submitted. Adan Ortega seconded the motion, and a unanimous vote carried the motion.

(4) **OPENING REMARKS AND INTRODUCTION**

President Montna sited the Board shall inquire into the agricultural needs of the State and the functions of the Department as it relates to such needs. In turn, the Board advises the Governor and the Secretary as to how the agricultural industry and consumers of agriculture products can be best served by the department. The Board is a policy and recommending board. Through resolution, the Board may make investigations, conduct hearings, and prosecute actions and turning all matters and subjects under jurisdiction of the Department of Food & Agriculture.

The topics of discussion for this meeting will be the Governor’s Infrastructure Bond Plan, CALFED Bay Delta 10-Year Action Plan, Re-establishment of the CA Water Commission,

Operations of the Delta, and other water issues important to agriculture. The forum for the meeting will begin with a presentation by Crawford Tuttle, Deputy Secretary of External Affairs for the California Resources Agency, followed by an open discussion of the Board, and the eventual development of a resolution of recommendations to the Secretary and Governor.

**(5) DEPARTMENTAL UPDATES**

There were no departmental updates for this meeting.

**(6) ROUND TABLE DISCUSSION**

**Crawford Tuttle, Deputy Secretary, CA Resources Agency**

President Montna introduced Crawford Tuttle who thanked the Board for the opportunity to speak and highlight some of the Governor's activities and initiatives to improve water management from a financing standpoint as well as CalFed. Mr. Tuttle provided the Board with a handout of the Governor's Strategic Growth Plan as presented by Lester Snow, Director, Department of Water Resources, and to the legislature.

Crawford Tuttle provided an overview of the Governor's Infrastructure Plan. He states:

California has been under investing in water management for many years. The key element and aggregate in the proposal from the Governor will include an investment of roughly \$35 billion over the next ten years responding to population growth and need for a sustained investment strategy. The key sources of funding will include:

- \$9 billion in new general obligation bonds that will be spread over two cycles. One bond will go out in 2006 and the second in 2010
- \$5 billion Water Resources Investment Funds
- \$21 billion anticipated local and federal sources

The breakdown will invest \$6 billion in flood management and \$29 billion in water management. The two key documents of the bond-funding proposal are the flood warnings report released by the Water Resources Board in January as a result of the June 2004 delta levee break. This is of great interest to the Governor since \$100 million was spent to restore the island and he feels it is essential to take action. The second document is the new California Water Plan Update that establishes a strategic plan for looking at California's water needs and embracing a couple of key initiatives: (1) integrated regional water management, and (2) statewide water management. The concept for the water plan approach is to maintain existing statewide and interregional systems and to promote new regional solutions for future needs. The component of the water plan is the establishment of the Water Resources Investment Fund (WRIF). Bonds and WRIF create incentive for other local investments and provide cost share to obtain federal matching funds (about \$17.5 billion).

The Aspects of Integration for Regional Water Management include: water quality and quantity, demand management and supply enhancement, all beneficial water uses, upstream, downstream, and in stream effects, management of other resources (land use, energy, transportation, etc.), and broad societal costs and benefits.

The objectives:

- Address regional issues with approaches that cannot be implemented by individual entities

- Provide the most cost effective water management alternatives
- Build on local planning efforts and leverage investments in existing infrastructure
- Meet the needs of individual participants
- Resolve conflicts between stakeholders
- Plan with a common understanding of conditions and issues
- Integrate water management with land use, energy, and other resource considerations
- Build working relationships that will guide ongoing planning and implementation

The Statewide Water Management Bond and WRIF Funding:

- Pools funding to promote better state agency coordination
- Leverages federal funds and backstops regional investments
- Develops new technologies and improves planning for emerging challenges such as climate change
- Provides funding to implement new storage proposals

The statewide program bond funding will include \$750 million for water quality, \$1,250 million for water storage, \$800 million for new technology and science, and \$700 million for resource stewardship distributed in two increments in 2006 and 2010.

The statewide program bond funding may be supplemented by WRIF funding and would provide a new source of sustainable, continuous funding by capacity charge applied to water retailers based on number and types of connections. One-half of collected funds are deposited in regional accounts and one-half of collected funds are deposited in a statewide account. The fee structure would be based on water user type and monthly charge per water connection. The estimated first year regional capacity charge collections would be approximately \$380 million.

The California Water Plan provides: a sustained investment approach; matches specific plans for water quality, water supply and flood protection improvements with investment strategy; and is the largest investment in state history to maintain and improve flood and water management programs.

Al Montna expressed the continuity of the Board's support for the Governor's Infrastructure (ten year plan) Growth plan and the emphasis of the Board's commitment to support part of the process through open discussion to improve the water bond infrastructure.

Crawford Tuttle provided the Board with a copy of, "Revitalizing CALFED" as it was presented to the Governor by Joe Grindstaff, Acting Director of the California Bay-Delta Authority. The purpose is to review recommendations from the Little Hoover Commission, Department of Finance and KPMG in response to the Governor's May revise. It also reviews elements of the 10-Year Action Plan. The recommendations are to support the 10-Year Action Plan implementation, restructure the California Water Commission to be an oversight entity, endorse principles for water-user contributions, calls for a 100-Year Delta vision plan, and shift CBDA staff to the Resources Agency.

The Governor's May revise included a 3-point plan for the CALFED program that include, 1) Independent review, 2) CALFED refocusing & program priorities, and 3) financing.

The 10-Year Action Plan contents include: 1) Governance, 2) program and fiscal management, 3) Refocused CALFED program and program priorities, and 4) Finance plan.

## **1. Governance**

A summary of the Little Hoover Commission (LHC) findings included: Executive leadership needs to be clarified and strengthened, interagency coordination should be predicated on science-based management, stakeholder involvement should become more efficient and effective, and oversight needs to be outcome-based and verifiable.

Recommendations provided by the LHC included: Secretary for Resources equals state lead (1 person accountable), restore the policy group, re-assign CBDA staff, establish a state/federal advisory committee, and eliminate the authority board; Legislature to establish independent oversight body.

Implementation would include: general support of LHC recommendations, no sunset provision – Secretary will certify federal agency participation, work with the Legislature to modify California Bay-Delta Authority and Water Commission Acts.

## **2. Program and Fiscal Management**

Recommendations, LHC

- Employ strategic management practices
- Provide annual progress reports and updated strategic plans
- Appoint lead scientist as member of CALFED executive team; retain and reform independent science board
- Prepare annual report
- Build public awareness and public involvement
- Develop process and capacity for conflict resolution among stakeholders

Recommendations & Findings, Department of Finance

- Improve fiscal tracking at state implementing departments
- Improve fiscal tracking at CBDA
- Inadequate staffing and funding
- Documents communicating performance often not clear, comprehensive or consistent
- Performance measures lacking for all program elements
- Problems with interagency coordination and prioritization

Recommendations & Findings, KPMG Stakeholder interviews

- Need to address inefficiencies in process
- Need for CALFED governance
- Need strategic vision for Delta
- Need specific methods for defining balance, measuring and evaluating outcomes
- Need for comprehensive communications plan
- Need for realistic set of priorities
- Need for common program and/or project management system

Implementation

- Generally support recommendations
- Re-organize CBDA. Major functions include:
  - Strategic planning

- Program and fiscal tracking
  - CALFED communications
  - Science
  - Administration
- Complete transition of Ecosystem Restoration Program to Department of Fish and Game
- Improve strategic planning
- Improve program management
- Improve program communication
- Improve fiscal management and tracking
- Improve science and use of adaptive management

**3. Refocused CALFED Program Priorities will:**

- Shift some program elements to statewide focus
- Fund and implement major actions
- Generate studies needed for future decisions
- 100-Year Delta Vision process
- HCP and NCCP for Sac River, SJ River and Delta
- New environmental documentation

The 100-Year Delta vision is a comprehensive vision for the Delta that includes water, agriculture, environment, transportation, infrastructure, flood control and land use decisions. The framework for this vision plan, expected to be completed by December 2006, will develop a collaborative open public process that will coordinate related activities currently underway through a coordinating committee.

The CALFED revitalization funding target is \$1 billion that will fund and implement the following major actions:

- ERP actions to protect and restore pelagic organisms and other Delta dependent at-risk species.
- Operable gates
- Delta levee subventions, Delta Risk Management Strategy (DRMS), and implementation plan and schedule for Delta levees.
- Delta improvements package (DIP) actions
- San Joaquin River salinity management
- Complete key studies for surface storage, regional Equivalent Level of Public Health (ELPH) plans, Frank's Tract Pilot and Delta Regional Ecosystem Restoration Implementation Plan (DRERIP).

Future actions and funding ranges could increase to \$2-6 billion over the next seven years depending on funding scenarios for selected actions. The timeline for major decisions are as follows:

- May 2005 – May Revise
- December 2005 – Refocused CALFED
- Apr 2007 – HCP/NCCP Agreement
- Dec-2007 – Results of Stage 1 Studies
- Early – 2008 – Major Delta Decision: Vision, thru-Delta Conveyance, etc.

(7) **COMMENTS FROM THE PUBLIC**

Jim McLeod

Agriculture is being accused of using the water. The public and others need to understand that Agriculture is converting water to food. He wants the general public to pay for the water conversions that produce food for the public.

Al Montna

The infrastructure plan would be difficult to justify if agriculture doesn't pay its share.

Oversight - What is the proposal for oversight? The Resources Agency will have oversight activities managed by the re-established water commission. The goal is to have the legislature to continue the funding of the program.

Crawford Tuttle

These types of investments are vital to California's future. There are definitely weak spots to the proposal but it would track strategies in 1) Delta Risk Management, identifying the highest priority delta to restore and provide greatest benefit; and 2) the Delta vision process would be chaired by Secretary Chrisman and Susan McPeak providing recommendations by the year 2007.

Tom Birmingham:

Concerns:

- 1) The water board as it is currently structured for the next 20 years will maintain and restore the Delta and the Delta in its current condition is not sustainable.
- 2) The fees to be paid for water infrastructure funding should include principles that guide the collection of funds and those who would benefit from it. All should help to pay for it. No one should be asked to pay for more than they actually benefit. Water converters should not be the only ones paying for the cost; it should also come from the general fund.
- 3) Principle: If some fee is going to be imposed, they need to know where the fees are going to and how it is going to benefit them. It is critically important to recognize in 50 years that the State is addressing the need of California's water. This proposal demonstrates the Governor's leadership on this.

Al Montna

The Governor understands the needs of the Delta.

Mary Wells – Concern re: The fee structure

What is the turnout for the water? It is quite complex, therefore, it needs to be equitable. The turnout needs to be well defined.

Mario Santoyo, Friant Water Users Authority Consultant:

Mr. Santoyo agrees with Tom's statement.

Bond to Friant

► 1.2 billion for storage is critical to the Friant Water Authority. Natural Defense Council, settlement and lawsuit is critically important to the ecosystem stewardship. There is money in the Bond measure for ecosystem. However, he doesn't think there is enough.

► The bond measure is important to the Friant Water Authority and to agriculture. He requests the Board's support for the bond. He sees no plan to solve the problem of supplying water to urban population and agriculture. They have to continue the integrity of the 2 pumping plants. What about the future of the canal?

Dan Nelson

Conveyance needs to be discussed more in the plan. Storage is important but normally there are shortages due to the conveyance problem.

Al Montna

Al would like to come at this with lots of support for the Governor's plan. He has faith Agriculture will be listened. Crawford is here at the request of the Board and he is a friend who is listening.

Marvin Meyers

How do they expect to have dollars to address the environmentalists?

Crawford – Governor's plan provides funds to mitigate impacts that are derived.

Al – They want projects and not many more studies.

Crawford Tuttle

Crawford requests advice and council to continue to improve the water bond infrastructure. Briefing document in revitalizing the CALFED

Governor felt it was necessary and appropriate to re-evaluate the CALFED program. The Dept of Finance, Hoover Commission, and KPMG (private sector) provided recommendations for the 10 year action plan. Actions taken by the program are more directly related to the Delta.

Watershed program – Fish that live in the Delta full time are significantly declining. Salmon that spawn are doing well.

Other comments

CalFed has become so big that nothing has happened. Too many funds are spent on many studies. It may not work because of all the oversights.

Al Montna – The Water Commission will provide accountability as required by the legislature.

Tom Birmingham – Missing balance

Program was developed to have something for every interested group. The Bay Delta Program was out-of-balance.

Mario Santoyo – Friant

Supports and echoes Tom's statement. They feel the Bay Delta Authority was clearly unbalanced. It is necessary to staff the Water Commission permanently. Good science with peer review is critical. Water Commission should be full-time and compensated. There needs to be leaders of the process and not the staff being the leaders.

Crawford Tuttle

How is the lead scientist/independent board going to be linked? A lead scientist will be appointed to be a member of the executive team, yet will remain independent. Program & Fiscal Management will move from results base to a program competing for dollars.

Currently no funding is provided by the Federal Mechanism (USEPA) for water quality. Resources agency will seek funding from USEPA this year.

Jim McLeod – Suisun Bay

Suisun Bay needs to have salt water and fresh water mixed. They can install gates. They can regulate the water from coming out and preserve the Delta's fresh water. This would solve all the problems but not cost as much as the Peripheral Canal. This has worked for the Dutch, why can't it work for California?

Tom Birmingham

Ability to export water from the Delta while preserving water quality and to protect fish population is a high issue with inability to meet demand south of the Delta. It is critical to determine how California is going to meet the water demands of urban society and agriculture. Because of chronic water shortages south of the Delta, the west lands have taken out 100,000 acreage of agriculture land. Agricultural land produces billions of revenue for farmers. It was difficult for farmers to do but they did it to address the water shortage. The Peripheral Canal goal is not to drain the Sacramento Valley and that they will not be draining the Sacramento River.

Mario Santoyo Friant

Each side agrees with the plan regarding the Peripheral Canal. If the canal is built, how do you address the fish problems? Major flood event is about a 10 year cycle. A levee system should be well designed to protect the Delta with high quality water, habitat, ecosystem, and environment.

Adan Ortega

Adan complimented Crawford for his presentation and knowledge. Proposes:

- Look at value, not only benefits
- Provide conveyance to Sacramento & Stockton to address growth pattern
- Create enough value for users from a closed system that they will be willing to pay for the system
- Possibility of having wetlands recovery ex-wetlands buy back program

Jim McLeod

Everyone is responsible for levee restoration and should scan the levee and ground imaging to prevent problems.

Mary Wells

The Board should look at land use opportunities. Easement programs do work. The land is appraised and bought. Zoning method takes away the rights but that is why there are general plans. Ag land preservation will continue if Ag is viable. Ag land has value that is not yet seen. Tremendous growth factor will cause problems in 10 years such as pollution that will be costly and difficult to protect the environment. The water will be converted to urban water to meet the growth demands.

Jay Chamberlain

The bond infrastructure allocates about \$200,000 million for other land opportunities.

**(8) CLOSING COMMENTS AND ADJOURNMENT**

Items to Accomplish:

- 1) Adan Ortega will take the lead in drafting the Board's public releases. Does the board need to vote on this and draft a resolution to give Adan the authority?
- 2) Board established a committee to draft a Water Resolution on what was discussed on water issues during the meeting. Adan, Charlie, and Marvin are the committee. The draft will be presented during the March Board meeting.
- 3) Karen Ross, Ann Silva, and Ashley Boren to assist with the selection of speakers for the March board meeting. Adan Ortega will provide a briefing on the Exotic Pest Committee.
- 4) April Board meeting will focus on immigration, affordable housing, and urbanization. Luawanna Hallstrom is committee chair.
- 5) May Meeting will be at the CIA. Karen Ross will be the committee chair.

With no further business before the Board the meeting was adjourned at 2:00 p.m.