

MOKELUMNE RIVER FORUM

MEETING No. 22

DRAFT MEETING SUMMARY

MEETING DATE: October 19, 2006

LOCATION: San Joaquin Farm Bureau
3290 North Ad Art Road
Stockton, CA 95215

ATTENDEES: Mike Harty
Tom Francis – East Bay Municipal Utility District
Tom McGurk – Stockton East Water District
Kevin Kauffman – Stockton East Water District
Bob Granberg – Stockton Municipal Utility District
Mel Lytle – San Joaquin County Pub. Works Dept.
Gary Goffe – Calveras Public Utility District
Rod Schuler – Amador County Public Works Director (Retired)
Hank Willy – Jackson Valley Irrigation District
Dave Andres – Calaveras County Water District
Charles Hebrard – Calaveras County Water District
Rob Alcott – East Bay Municipal Utility District
Jim Abercrombie – Amador Water Agency
Lena Tam – East Bay Municipal Utility District
Tom Orvis – San Joaquin Farm Bureau
John Skinner – East Bay Municipal Utility District
Gerald Schwartz – East Bay Municipal Utility District
Mike Floyd – Department of Water Resources
Ed Steffani – North San Joaquin Water Conservation District

ACTION ITEMS AND AGREEMENTS

1. The Inter-Regional Project description that will appear in both the Northeast San Joaquin Groundwater Banking Authority's (GBA) Integrated Regional Water Management Plan (IRWMP) and the Mokelumne / Amador / Calaveras (MAC) IRWMP may be modified as follows:
 - a. Mel Lytle of San Joaquin County (SJC) will prepare a section detailing how the GBA proposes to manage its groundwater basin. Specifically, the section will provide a discussion of San Joaquin County's existing groundwater export ordinance, noting that it may be modified and/or rewritten in the future to accommodate project participation by parties with jurisdictions outside of the County.

- b. Kevin Kauffman of Stockton East Water District (SEWD) will prepare a paragraph noting that water transfers and exchanges can be used as components to facilitate inter-regional project development.
 - c. Lena Tam of East Bay Municipal Utility District (EBMUD) will prepare a section that provides a description of the Mokelumne River Forum, including how the Forum may be used to foster the development of inter-regional projects.
2. A Forum subcommittee consisting of Lena Tam and John Skinner of EBMUD, Jim Abercrombie of Amador Water Agency (AWA), Kevin Kauffman of Stockton East Water District (SEWD), Dave Andres of Calaveras County Water District (CCWD) and Mel Lytle of SJC will convene in late October to review the proposed additions (as detailed above) plus any other suggested edits to the joint GBA and MAC IRWMP chapter (for example, they will consider whether to remove language making specific reference to pre 1927 water rights).
3. As a separate task / activity, Kevin Kauffman will lead the subcommittee (as listed above) in discussions aimed to further scope an inter-regional project. Specifically, the subcommittee will take the short description that currently exists and develop a much more detailed description (20 plus pages) of a potential joint project. The results of that discussion will be shared with Forum participants at the November meeting.
4. The next meeting of the Mokelumne Forum is schedule for November 16, 2006.
5. EBMUD will provide Breakfast for the November meeting of the Forum.

PRELIMINARY MATTERS

September Meeting Summary

An electronic version of the September 21, 2006 draft meeting summary was distributed via email in the days preceding the October meeting. Printed copies were provided to Forum participants at this meeting's onset. The only requested edit was to note that Mel Lytle of SJC attended the September meeting. Mike Harty will note the correction in the final September minutes.

Agenda

The primary agenda topic was to discuss a draft chapter that addresses inter- and intra-regional planning, including potential project options, that will appear in both the Northeast San Joaquin Groundwater Banking Authority's (GBA) Integrated Regional

Water Management Plan (IRWMP) and the Mokelumne / Amador / Calaveras (MAC) IRWMP.

At the request of Kevin Kauffman of SEWD, the group was asked to revisit the concept of whether a proposed Resolution should be developed. The Resolution would serve to provide mutual assurances and hence help enable entity participation in project development and technical studies.

AGENDA TOPIC: UPDATES FROM FORUM MEMBERS

San Joaquin County Public Works Department (SJC) – Mel Lytle of SJC noted that his agency had met with representatives of the Western Regional Office of the U.S. Bureau of Reclamation (Bureau) to discuss the results of the Bureau’s recently completed Appraisal Study as associated with SJC’s MORE Water Project. The Bureau, as summarized in their Appraisal Study, had the following finding regarding the More Water Project:

- There is a Federal interest in the MORE Water Project;
- The five (5) alternatives as identified and reviewed by SJC in their Phase 1 MORE Water Report were valid and should be carried forward into a subsequent Feasibility Study; and
- While there was a range of possible project cost / benefits, on the high-side the Bureau estimated that the C/B is greater than 1.

SJC understands that the Bureau will be sending the draft Appraisal Study back to their Washington DC headquarters for final certification. SJC is currently working with the Bureau to develop a proposed cost-sharing agreement that will govern the financial arrangements as needed to jointly prepare the next-step Feasibility Study for the MORE Water Project. The Bureau’s consultant (Camp, Dresser and McKee, Inc. (CDM)), is currently preparing a Plan of Study that will serve as the scoping document for the Feasibility Study.

Mel also provided an update regarding a federal funding effort that SJC has been working to move through congress. S. 203 was passed by the U.S. Senate and the House earlier this fall. It included a provision (Title V) authorizing \$3.3 million in funds to be used to study the feasibility of the MORE Water Project. Those monies would be spent by the Bureau and will require federal appropriations (likely in 2007). S. 203 awaits the President’s signature. S. 203 replaces past legislation (H.R. 3812 and H.R. 4045) that was developed to gain the \$3.3 million authorization. S. 203 Title V language includes a 50% local cost share requirement.

Dr. Lytle also mentioned that SJC is nearly completed with the development of their MOCA (Mokelumne, Cosumnes, American) hydraulic computer model. Calibration

runs have been performed and simulation runs will begin shortly. That work is being performed by a consultant to SJC (HDR, Inc.).

Mel next noted that SJC had met with EBMUD staff in early October to discuss EBMUD comments to a report prepared by WRIME, Inc. regarding the concept of SJC utilizing a portion of EBMUD's available unassigned capacity in the Freeport Regional Water Project (FRWP). He indicated that it was a positive meeting and that parties were committed to holding future meetings to further review the option and/or refine the concept.

Dr. Lytle clarified (in response to a question asked by a Forum participant) that the meeting with EBMUD did not focus on a discussion of the required encroachment permit that EBMUD must obtain from SJC to facilitate construction of the FRWP. Instead the meeting focused on options for how SJC may utilize the FRWP system to move water from the Sacramento / American River system into San Joaquin County (water that SJC either would obtain via a water right or via a water transfer).

Jackson Valley Irrigation District (JVID) – Hank Willy of JVID noted that his agency (which already is under contract with a law firm led by Bob Maddow) has recently obtained the approval of their Board to hire Jim Hanson to provide additional assistance regarding Mokelumne River water rights matters.

East Bay Municipal Utility District (EBMUD) – Rob Alcott of EBMUD noted that as a follow-up to the September Forum meeting, a sub-group meeting was held on September 29th in Sacramento to discuss the joint chapter that will appear in the MAC and GBA's respective IRWMPs. The meeting was also attended by Jim Abercrombie of AWA, Mel Lytle of SJC and John Skinner of EBMUD.

Mr. Alcott mentioned that EBMUD staff met with the Bureau to receive a briefing regarding the results of the Appraisal Study conducted regarding SJC's MORE Water Project. Rob noted that a letter had been prepared and sent to the Bureau thanking them for meeting with us and reminding them of EBMUD's continued concerns regarding how the project could impact their operations. Mr. Alcott indicated that he would provide SJC a copy of the letter we sent to the Bureau.

Lena Tam of EBMUD noted that EBMUD's Board will shortly be asked to give their approval to fund repairs associated with the Rabbit Creek causeway crossing near the upper limits of Camanche Reservoir. Specifically, a seven foot diameter culvert will be installed and associated road repairs performed.

John Skinner of EBMUD agreed with Mel Lytle's assessment that the recent meeting between EBMUD and SJC staff to discuss the results of the WRIME report went well. Mr. Skinner also mentioned that at the recent Bureau meeting he attended (where the Bureau summarized the results of the MORE Water Project's Appraisal Study), Bureau

staff indicated a bit of concern that time commitments (2 yrs to complete the work) as provided in S. 203 may not give them enough time to complete the Feasibility Study. John noted that he assumed that the Bureau would likely be able to work around the timing matter via procedural avenues that would allow for a time extension.

San Joaquin Farm Bureau (SJFB) – Tom Orvis of SJFB provided an update regarding recent legislation that his agency is particularly interest in tracking. S.B. 1556, providing authority for the Delta commission to study the Great Delta Trail (a proposed 1,000 mile long trail weaving through the Delta and connecting to the existing Bay Trail), was signed by Governor Schwarzenegger. The SJFB did not support the Bill and has concerns regarding the trail.

H. R. 6014 has passed the U.S. House and has been forwarded to the Senate. As introduced by Rep. Pombo, H.R. 6014 authorizes the Secretary of the Interior, acting through the Bureau of Reclamation, to improve California's Sacramento-San Joaquin Delta and water supply. The bill includes a provision for appropriations of \$10,000,000 for each fiscal year (2007 through 2012).

Tom expects the matter of a proposed Peripheral Canal (a drainage way to circumvent the Delta) to come up again in next year's California legislative session.

The SJFB is tracking the efforts underway by State environmental interests regarding possible changes to the Bay Delta Conservation Plan.

Mr. Orvis also noted that the SJFB together with representatives from SJC hosted a Dutch delegation visiting the region. Dutch experience regarding flood control / levees was of particular interest in terms of how it compared with the controls currently in place to control Delta flooding.

State of California Department of Water Resources (DWR) – Mike Floyd of DWR noted that his agency conducted a workshop for MOU partners on Tuesday October 18, 2006. Tim Harrison of AWA and Mel Lytle of SJC attended, as did Ana Ulloa of EBMUD. Mike viewed it was a good workshop, one which provided an opportunity for the various MOU partners to share their respective experiences (include their challenges and successes). DWR also used the workshop as an opportunity to introduce MOU partner agencies to a new data portal / link that DWR is establishing. The portal will enable interested parties to access data collected by various local and state agencies via a single website.

Mike asked Mel Lytle of SJC to share his thoughts on the workshop. Mel commented that he was impressed with the data management tool under development by DWR / that it could prove to be very useful. In general he viewed the workshop as worthwhile and productive.

Stockton East Water District (SEWD) – Kevin Kauffman of SEWD provided an update regarding his agency's water rights applications (for water from the Stanislaus River, Calaveras River and Little John Creek). SEWD is working with the State Water Resources Control Board (SWRCB) to review the protests that have been received. The SWRCB will determine which protests to accept and which to reject. Following that process (which could take up to 1 year to complete), SEWD will embark upon preparing the required environmental documentation.

SEWD is awaiting the San Diego Water Authority's (SDWA) review of a groundwater banking / transfer proposal SEWD prepared in partnership with Semitropic Water Storage District. SEWD is competing against two other groups that submitted in response to a SDWA request for proposal (RFP). SEWD's proposal calls for making currently under-utilized surface water available to SDWA.

SEWD is presenting information regarding a proposed Habitat Conservation Plan (HCP) to the public on November 9th. A four (4) hour workshop will take place at the Linden Lions Club. The public (including interested water agency representatives) are invited to attend. Specific meeting details are available by contacting SEWD.

Mr. Kauffman also mentioned that a trial starts next week where the court will determine whether the Bureau was in breach of contract (due to a failure to deliver contracted flow from their New Melones project to SEWD as well as to the Central San Joaquin Water Conservation District (CSJWCD)) and whether there was a taking of water (water that was provided to meet other needs vs. those of the contractors). The trial will begin on Monday, October 23, 2006. It will take place at the Federal District Court House in Sacramento, California and is expect to last two weeks. Judge Christine Odell Cook Miller is presiding. If there is a ruling in SEWD's favor, further hearings would be held to determine penalties / awards. SEWD and CSJWCD are asking for \$500 million in damages.

Mr. Kauffman noted that SEWD has been in discussions with a private developer regarding their potential interest and/or participation in a large groundwater banking project. Kevin views that working with the private sector may allow the project to move forward at a much quicker pace that relying on state and local government support to advance similar efforts. The project under discussion would also involve City of Stockton participation. The developer has long term plans (i.e., 15 years to full build out) to construct housing for up to 60,000 residents on approx. 3,500 acres (in the proposed Mariposa Lakes development). The City of Stockton requires that new development not place an undue strain on the City's water supply, and hence the requirement that supplemental supplies (such as groundwater banking) be considered. Kevin expects that discussions will continue for some time as the details of the proposed partnerships are worked out and the developer's EIR process continues.

AGENDA TOPIC: JOINT IRWMP CHAPTER

Mike Harty began the discussion by noting that a Forum subcommittee had met in late September to further refine the language that would be present in the joint IRWMP chapter. The Subcommittee consisted of Jim Abercrombie of AWA, John Skinner and Rob Alcott of EBMUD, Mel Lytle of SJC, and Dave Andres of CCWD. Mike asked the subcommittee to discuss the joint chapter.

Rob Alcott noted that the chapter was formulated with a view that a potential joint project could be a vehicle for further Forum discussions. Having a project in development may also help agencies be more accepting of the required participation assurances (as have been discussed at past Forum meetings). Rob mentioned that the joint chapter currently includes discussions of projects such as “Enlarge Pardee Reservoir” and “Raise Lower Bear Reservoir”. He also noted that Mel Lytle of SJC has asked that the MORE Water Project also be mentioned in the joint chapter.

Jim Abercrombie mentioned that impetus for the completion of the joint chapter is the State of California Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) requirements that IRWMPs be completed and adopted by the end of 2006 (in order to be eligible to apply for the next round of implementation grant funding). He also viewed that having a joint chapter in both the GBA’s and MAC’s IRWMPs will be useful to illustrate to DWR and SWRCB the sound reasoning behind the need to keep the regions separate as well as to illustrate that there is a willingness to cooperate on joint projects where linkages are possible and further where said projects could lead to mutual benefits.

John Skinner of EBMUD noted that the subcommittee tasked with the joint chapter wanted to develop an accompanying inter-regional project description that could be implemented. He viewed that perhaps a small project that would allow most participants to move forward was most appropriate. A project that could be scalable should the small project prove successful. Envisioned was an idea to use wet year surface water supplies, perhaps a new assignment from 1927 filings, and directly bank that water in the ground and/or put it to use directly as in-lieu supply. Users would shift off the surface water supply in dry / drought years and switch to banked groundwater. The key was to illustrate that every agency involved receives a water supply improvement.

Mel Lytle of SJC commented that it was a good subcommittee discussion. When he presented the joint chapter concept to the GBA members, there was a request to also include discussion of Duck Creek Reservoir and the MORE Water Project. There continues to be confusion at the GBA regarding matters relative to water rights and/or the water rights process. Questions included how would the parties go about applying for water rights for a joint project (i.e., would SJC’s filing be included in addition to references to up country agency County of Origin filings?). Mel also viewed that the

joint chapter should include a section that provides details regarding the Mokelumne River Forum (its history and its importance to the development of a joint project).

Jim Abercrombie of AWA noted that he viewed there was a need to include an additional section in the joint chapter regarding the existing Groundwater Export Ordinance in San Joaquin County and GBA's intention to modify the ordinance to facilitate the development of an inter-regional project.

Mel Lytle of SJC commented that the GBA is aware that to encourage participation in a regional banking project some changes to the County's existing groundwater export ordinance may be warranted. He envisioned that either the existing ordinance would be modified and/or a replacement ordinance written. Mel indicated that revisions to the ordinance would likely be discussed by the GBA sometime next year (2007). Mel further indicated that he was willing to prepare a discussion that could be included in the joint chapter regarding how San Joaquin County will manage their groundwater basin.

Following that discussion by the subcommittee, the Forum was directed to review the draft version of the inter-regional project (a written copy of which was provided to all members present at the meeting).

John Skinner review a figure that is included to illustrate how the project concept developed would operate in wet years vs. dry years. Ed Steffani noted that it may be helpful to illustrate (on the figure) that there were dual systems in place within the San Joaquin County for farmers to switch from a surface water source to a groundwater supply (and vice versa) dependent on year type. Mel Lytle of SJC commented that there would be other sections of the GBA's IRWMP that discuss that need, and hence it may not be necessary to edit this figure.

John Skinner noted that he was particularly cautious not to include specific details in this project description, since it appeared that the group would prefer to detail a concept at this stage (not necessarily a fully developed project option).

Mike Floyd of DWR was asked to comment regarding what level of project detail was necessary for IRWMP inclusion (in order for the project to be considered for funding should an IRWMP implementation grant application be forwarded). Mike noted that the description should be as detailed as is practicable based on the stage the project is currently at. More details can be fleshed out when and if an implementation grant is applied for. Mike commented that due to the intense competition for grant funding, there was the possibility that applicants who have projects that are clearly ready to implement will score more favorably than those where the projects are more conceptual. That said, he also noted that the State would likely look favorably upon the fact that the Forum's proposed project is described in multiple IRWMPs and hence would benefit both regions.

Mike Floyd noted that the second round of implementation grants would begin sometime in the second quarter of 2007. By then, it would be important to have further developed the inter-regional project should the Forum wish to be in a position to apply for grant monies. Mike also mentioned that if Proposition 84 passes as part of the upcoming Nov. ballot initiatives, more monies would be made available and hence the funding atmosphere could be a bit less competitive. He viewed that groups with IRWMPs that miss the end of year deadline with regard to adoption still wouldn't be excluded from applying for grant monies (so long as they were able to get their IRWMPs adopted by the spring of next year).

Mel Lytle noted that the purpose of the joint chapter (and the inter-regional project description) was larger than just having a project capable of capturing grant monies. His view was that grant monies, even if they were obtained, would be a small component of the overall project costs. What was important was to identify what would be a good project for all participants. In his view, good projects seem to be capable of capturing funding (whether it be through grants and/or loans or some other avenue). Most Forum participants agreed that the goal of the group should remain the development of a mutually beneficial project that all can support (vs. strictly looking to develop a grant-worthy project).

Kevin Kauffman of SEWD commented that he viewed that the joint chapter and inter-regional project description appears to be coming along well. However, he wanted to see the project details fleshed out a bit more. Beyond that comment, he also was hoping to see some mention of the concept of water transfers and exchanges included in the joint chapter (as an additional means to encourage development of water resource options). Kevin indicated a willingness to draft the section on transfers and exchanges. He'll take part in joint chapter development as part of any ensuing subcommittee meetings.

Kevin also asked why Alpine County wasn't referenced in the joint project description. Jim Abercrombie commented that Alpine County had not been a recent participant (in the Forum and/or the MAC IRWMP) and hence the subcommittee viewed it would not be appropriate to include them in a project at this stage.

Kevin also requested that on page 4 of the Joint Chapter, the group consider making the language more general (to remove reference to 1927 water rights).

Jim Abercrombie pointed out that AWA has a concern that protections that they are afford as a result of having area of origin water rights must be considered as the Forum moves forward in the development of an inter-regional project, hence he cautioned that even while language regarding water rights could perhaps be removed from the joint chapter, it nevertheless is a matter that would have to be addressed as project details are fleshed out.

To close the discussion of the Joint Chapter and inter regional project, Kevin Kauffman committed to working with the Forum subcommittee to develop a more detailed description of an inter regional project (taking the 5 pages or so that had been written and expanding it substantially – perhaps to 20 or more pages). Plans are to bring the more detailed project description back to the Forum members for discussion at the next meeting.

Jim Abercrombie will work with other members of the Forum Subcommittee to further refine the joint chapter. Mel Lytle of SJC committed to provide a paragraph regarding San Joaquin County's groundwater management plans, Lena Tam of EBMUD committed to provide a paragraph regarding the Mokelumne Forum and Kevin Kauffman of SEWD committed to provide a paragraph regarding water transfers and exchanges.

AGENDA TOPIC: RESOLUTION

The topic of whether a resolution (identifying agency assurance matters) was needed was briefly discussed. Kevin Kauffman noted that the topic should be included in next month's agenda, since in his view if inter-regional project details are fleshed out sufficiently (to the 20+ pages as he hopes will result as part of upcoming Forum subcommittee work), there may be an ability to address assurance concerns and to contemplate the preparation of a resolution document worthy of consideration by respective governing boards.

CLOSING

The October 19, 2006 Mokelumne River Forum Meeting was adjourned at approximately 12:00 noon.

NEXT FORUM MEETING

The next meeting of the Forum is scheduled for Thursday, November 16, 2006 at 9:00 a.m. at the SJFB's meeting facilities in Stockton.

Lena Tam of EBMUD agreed to provide breakfast at the next Forum meeting.

NOTE: The initial draft of these meeting minutes was prepared by Tom Francis of EBMUD. Mike Harty reviewed and edited the draft. Please send comments or questions to Mike.