

BEFORE THE
STATE WATER RESOURCES CONTROL BOARD

In the Matter of:)
)
)
Amendment to the Water Quality Control)
Plan for the San Francisco Bay/)
Sacramento-San Joaquin Delta Estuary:)
San Joaquin River Flows and Southern)
Delta Water Quality and on the Adequacy)
of the Supporting Recirculated Draft)
Substitute Environmental Document (SED))
_____)

VOLUME I

PUBLIC HEARING

Modesto Centre Plaza
Tuolumne River Room
1000 K Street
Modesto, CA 95340

Tuesday, December 20, 2016

9:00 a.m.

Reported by:
Peter Petty

APPEARANCES

Board Members Present:

Felicia Marcus, Chair
Frances Spivy-Weber, Vice Chair
Tam M. Doduc
Steven Moore
Dorene D'Adamo

Staff Present:

Thomas Howard, Executive Director
Eric Oppenheimer, Chief Deputy Director
Les Grober, Deputy Director of Water Rights
Will Anderson, Water Resources Control Engineer
Jason Baker, Staff Services Analyst
Tina Cannon Leahy, Senior Staff Counsel
Erin Mahaney, Senior Staff Counsel
Yuri Won, Senior Staff Counsel
Daniel Worth, Senior Environmental Scientist
Yongxuan Gao, Water Resources Control Engineer
Katheryn Landau, Environmental Scientist

Also Present:

Bob Lloyd, Audio Visual Technician

Public Comment (Volume I):

Anthony Cannella, Senator, 12th Senate District
Heath Flora, Assemblyman, 12th Assembly District
Kristin Olsen, Supervisor-Elect, Stanislaus County,
District 1
Chris Vierra, Mayor, City of Ceres
Elaine St. John, Calaveras County Republican Party
William O'Brien, Supervisor, Stanislaus County,
District 1
Dennis Miles, Supervisor-Elect, Calaveras County,
District 4
Adam Gray, Assembly Member, 21st Assembly District
Vito Chiesa, Supervisor, Stanislaus County, District 2
Steve Brandau, Council Member, City of Fresno
Jim DeMartini, Supervisor, Stanislaus County, District 5
Tom Changnon, Superintendent of Schools, Stanislaus
County

APPEARANCES (Cont.)

Public Comment: (Volume I Cont.)

Terry Withrow, Supervisor, Stanislaus County, District 3
Robert Rucker, District Director for Congressman Jeff
Dunham
Cathleen Galgiani, Senator, 5th Senate District
Paul Campbell, Modesto Irrigation District
Katherine Borges, Salida Municipal Advisory Council
David White, Opportunity Stanislaus
Jack Cox, Lake Tulloch Alliance
David Minch
Todd Sill
Dennis Larson
Vance Kennedy
Jennifer Shipman, Manufacturer's Council of the Central
Valley
Greg Mayer
Duane Marson
Edwin Genasci
Marty Lanser
Don Barton
Don Swatman
Ted Brandvold, Mayor, City of Modesto
Bill Zoslocki, Vice Mayor, City of Modesto
Tony Madrigal, Council Member, City of Modesto, District 2
Larry Parlin, Director of Utilities, City of Modesto
Tom MacDonnell, Sierra Mac River Trips
Patrick Koepele, Tuolumne River Trust
Seth Connolly, Tuolumne River Trust
Scott Schuettgen
Dave Lyghtle, Denair Unified School District
Martin MacDonnell, Sierra Mac River Trips
Eric Gaine
Will Derwin
Meg Gonzalez, Tuolumne River Trust
Paul Van Konyenburg
Sandra Anaya
Ted Heilman
Peter Stavrianoudakis
Rodney Smith, Stratacon, Inc.
Jason Bass, EcoGlobal Natural Resources

Public Comment (Volume II):

Doug Ridenour, Jr.
Greg Tucker
Michael Crowell

APPEARANCES (Cont.)

Public Comment: (Volume II Cont.)

Christina Bertia
Nina Gordon-Kirsch
Jessica "Jessie" Raeder
Carol Fields
Milt Trieweiler
Kelly Covello
William Wong, City of Modesto
John Davids, Stanislaus and Tuolumne Rivers Groundwater
Basin Association
Wrangler Wheeler
Dave Wheeler
Jeff Fairbanks
Carlen Jupe
Chris Guptill
Kent Mitchell
Marisol O'Connor
Stephen Endsley
Jeralyn Moran
Camille King
Bob Triebisch
Elaine Gorman
Steve Boyd, Turlock Irrigation District
Casey Hashimoto, Turlock Irrigation District
Dr. Noah Hume, Stillwater Sciences
Michael Frantz, Turlock Irrigation District
Christine Gemperle
John Stokman
Joan Rutschow
Kevin Kauffman, Eastside Water District
Robert Marchy
Jimi Netniss
Phil Osterli
David Quesenberry
Danielle Veenstra, California Almond
Gordon Hollingsworth
Michael Cooke, City of Turlock
Trish Anderson
John Duarte
Dan Lamb
Pamela Sweeten
Joey Gonsalves
Wayne Zipser, Stanislaus County Farm Bureau
Paul Wenger, Stanislaus County Farm Bureau
Bill Lyons, Jr., Former California Department of Food and
Agriculture Secretary
Paul Vermeulen

APPEARANCES (Cont.)

Public Comment: (Volume II Cont.)

Ric Tilbury

Jacob "Jake" Verburg

Joyce Parker

Matt Dickens

Miguel Denoso

Leonard Van Elderen, Yosemite Farm Credit Association

Julianne Phillips

Greg Salyer, Modesto Irrigation District

Jake Wenger, Modesto Irrigation District

John Davids, Modesto Irrigation District

Ronda Lucas, Modesto Irrigation District

Anja Raudabaugh, Western United Dairymen

Paul Sousa, Western United Dairymen

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P R O C E E D I N G S

DECEMBER 20, 2016 9:06 A.M.

CHAIR MARCUS: We are here to receive public comments concerning potential changes to the Water Quality Control Plan for the San Francisco Bay -- okay -- Sacramento-San Joaquin Delta Estuary and the Supporting Recirculated Draft Substitute Environmental Document. Throughout the hearing we're going to refer to these documents as the Plan Amendment, the Plan and the SED.

I'm Felicia Marcus, Chair of the State Water Resources Control Board. With me today on my left, Vice Chair Fran Spivy-Weber. To her left, Board Member Dorene D'Adamo. To my right is Board Member Tam Doduc. And to her right is Board Member Steven Moore.

Other State Water Board staff are present in the front and the back of the room to provide assistance as needed.

I have a number of general announcements to make, and some are procedural and some will provide some context to start us off, before turning to staff for an overview. I'm making

1 substantially the same announcement at each of
2 our hearings for consistency.

3 First, some general announcements.

4 Please look around now and identify the
5 exits closest to you. If you hear an alarm,
6 we'll evacuate the room immediately. Take your
7 valuables, your friends, walk to the nearest exit
8 and follow facility staff direction to evacuate
9 the building. If you need assistance, please
10 inform facility staff and someone will assist
11 you.

12 Today's hearing date is being webcasted
13 and recorded. So when speaking, please use the
14 microphone, but don't get so close to it that
15 you're doing the rock star thing, because that
16 creates static over the recording and the
17 airwaves for folks who are listening. Always
18 begin by stating your name and affiliation. If
19 you'd like to speak, please fill out a blue
20 speaker card.

21 I'm looking to staff. The cards, are the
22 cards here? Here and in the back of the room,
23 and you can turn them in here and in the back of
24 the room?

25 Okay, turn them in here. And the key is

1 to please fill them out as early in the day as
2 possible so we can have an estimate of the number
3 of people who will be speaking. That's going to
4 have an impact on how much time folks have.

5 A court reporter is present today and
6 will prepare a transcript of this entire
7 proceeding. The transcript will be posted on the
8 State Water Board's Bay-Delta Phase 1 website as
9 soon as possible. And if you'd like to receive
10 the transcript sooner, please make arrangements
11 with the court reporting service during one of
12 the breaks or after the hearing day.

13 As a reminder, today is day four of five
14 days of hearing on the adequacy of the SED. Day
15 one of the hearing was held in Sacramento on
16 Tuesday, November 29th, day one was. Day two of
17 the hearing was in Stockton on Friday. Day three
18 of the hearing was held in Merced yesterday. And
19 the hearing will conclude with day five of the
20 hearing in Sacramento on Tuesday, January 3rd,
21 2017.

22 Additionally, for planning purposes,
23 please be aware that the hearing days could be
24 very long days, since we do want to hear
25 everyone's comments. We'll take a short break in

1 the morning and a short break in the afternoon,
2 or as needed for the court reporter, who has been
3 an Iron Man so far, pretty impressive. We'll
4 also take a lunch break which may well be less
5 than an hour, but it will be at least 30 minutes
6 to give you time to get food. We expect to
7 continue into the early evening or beyond, if
8 necessary.

9 Finally and most important, please take a
10 moment to turn off or set on stun or silence your
11 cell phones or other noise-making devices. Even
12 if you think it's muted, please take a moment to
13 double check it.

14 I know everyone is eager -- oh, I forgot
15 one other thing.

16 Because it's being recorded, there is --
17 I think this is the only -- there's a camera in
18 the back of the room over there. I think you're
19 fine. Just please make sure you're not blocking
20 it, because that will block the view of folks on
21 the webcast.

22 I know everyone's eager to get started,
23 but first I need to provide some background
24 information on how the hearing will be conducted,
25 and information regarding the order of

1 proceeding. Please bear with me through the
2 opening statement. As I said, this statement is
3 being read at the beginning of each hearing.

4 This hearing is being held in accordance
5 with the September 15th, 2016 Notice of Filing
6 and Recirculation, Notice of Opportunity for
7 Public Comment and Notice of Public Hearing on
8 Amendment to the Water Quality Control Plan for
9 the San Francisco Bay/Sacramento-San Joaquin
10 Delta Estuary and Supporting Draft Revised
11 Substitute Environmental Document and subsequent
12 revised notices issued on October 7th, 2016,
13 October 18th, 2016, and December 9th, 2016.

14 The purpose of the hearing is to provide
15 the public and opportunity to comment on the Plan
16 Amendment and on the adequacy of the SED. The
17 Board will not take formal action on the Plan
18 Amendment and the SED at the close of this
19 hearing on January 3rd. Rather, Board action
20 will occur at a later noticed Board hearing,
21 during which time the Board may reopen the
22 hearing to allow for more comments on any
23 potential revisions to the Plan Amendment or as
24 required by the Board's CEQA regulations. The
25 Final SED will likely be released in the summer

1 or late spring of 2017, depending on the comments
2 received.

3 The September 15th notice required joint
4 presenters who would like more than three minutes
5 to present jointly their -- to make their request
6 by noon on October 14th, 2016, which was
7 subsequently extended to noon on November 4th,
8 2016. Based on the requests received, staff
9 prepared a Draft Order of Proceedings which was
10 sent to the Bay-Delta notice email distribution
11 list on November 18th, 2016.

12 Additionally, the Draft Order of
13 Proceeding was posted on the Water Board's Bay-
14 Delta website. A revised Draft Order of
15 Proceedings dated December 6th, 2016, was posted
16 on the Water Board's Bay-Delta website on
17 December 14th, 2016.

18 Accordingly, we'll begin with any opening
19 comments that my fellow Board Members would like
20 to make. We are then going to hear an
21 abbreviated presentation from staff. We had a
22 two-hour session, which included us being able to
23 ask questions. This is -- because of the
24 proceeding, the five of us only get to talk about
25 these things in a duly-noticed hearing.

1 As a result, you'll get an abbreviated
2 staff presentation, and you will not get
3 responses to all of our questions and some of the
4 comments. It would be nice to do that. But
5 particularly given the number of people that have
6 come to speak with us, we're going to prioritize
7 hearing from you today. That can be a little
8 frustrating at times because there are things we
9 would like to either respond to or ask about.
10 But given that you've taken the time to come,
11 we'll bring it all in and we will be responding
12 to comments formally. We may well post some
13 interim information on our website for you. It's
14 just the choice that we're making.

15 Following the staff presentation, we'll
16 hear from elected officials, followed by public
17 comment.

18 As we allow and as I mentioned, some
19 groups asked to present panel presentations.
20 Rather than taking them all first, as we did
21 during the initial hearings in 2013, we're going
22 to alternate panels and a series of public
23 commenters to enable individual commenters to
24 begin earlier in the day. We take the individual
25 comments in the order they're received.

1 Sometimes people do need to leave
2 earlier, and we ask that you just let the staff
3 know. If it's not, you know, 20 or 30 people, we
4 will take you out of order. But please be
5 mindful of the fact that many people are here.
6 And many of the people who are here now will
7 still be here in to the early evening, as happens
8 at all of our hearings, so I just ask that you
9 work with each other.

10 But we're going to alternate. The
11 panels have been told that. But at this hearing,
12 we have more panels than at any of the other
13 hearings. We actually want to hear from them
14 all. It is very helpful, again, for all five of
15 us to be able to hear things at the same time.
16 Even though we can meet with folks and we will
17 meet with folks in between, individually or in
18 groups of two, just bear with us as we try to
19 move through this.

20 There will be no cross-examination. Per
21 the hearing notice, participants are limited to
22 three minutes, unless otherwise allowed by the
23 Draft Order of Proceedings, which basically means
24 we count the speaker cards and I keep the time to
25 two minutes, or even one, if necessary, to enable

1 more speakers to speak without going late into
2 the evening, so folks can get home to their
3 families. Speakers are limited to one
4 opportunity to speak during the course of the
5 five-day hearing. We've had a handful of
6 duplicates. And I ask that if you've already
7 spoken before, that you note it on your card and
8 we will put you towards the end of the line, just
9 in fairness to people who have not already spoken
10 to us during this hearing.

11 We do read your comments, and I recommend
12 submitting them. And we found that a focused
13 comment on what you want us to consider in
14 reviewing the staff draft is actually quite
15 effective, whether one minute, two minutes or
16 three minutes. But I know that three minutes is
17 a more comfortable time frame for most folks to
18 say their peace. But please, a focused comment
19 actually really helps us a lot as we then go
20 through the documents again and go through all of
21 the other comments.

22 I talked about the speaker cards.

23 As I noted, a number of groups requested
24 to speak as panels at each of the hearings. They
25 do vary in number and approach. And we have, in

1 many cases, already shortened the time they
2 requested to enable us to hear from more of the
3 general public commenters.

4 For today the joint participant groups
5 that requested to speak as a panel with
6 additional time are: The City of Modesto, 20
7 minutes; Stanislaus County, 30 minutes;
8 Stanislaus and Tuolumne Rivers Groundwater Basin
9 Association, 15 minutes; Turlock Irrigation
10 District, 45 minutes; joint presentation by the
11 Stanislaus Regional Water Authority and City of
12 Turlock, 30 minutes; Stanislaus County Farm
13 Bureau, 15 minutes; Yosemite Farm Credit
14 Association, 15 minutes; Modesto Irrigation
15 District, 45 minutes; and the Western United
16 Dairyman, 30 minutes. So you can see, we have
17 about four hours of panel presentations. I hope
18 that the panels will try and shorten their
19 presentation.

20 Please, if you are a panel, you still
21 need to submit just one speaker card for your
22 panel that lists all of your speakers on it. If
23 you think you're going to need less time than was
24 agreed upon, please note your new estimated time
25 on the card. I know that you're going to please

1 the people in the room sitting behind you.

2 Please be ready to present your comments when
3 you're called.

4 A few points to emphasize about the
5 hearing.

6 First, please keep your comments limited
7 to the purpose of this hearing, which is to
8 comment on the Plan Amendment and the SED. It is
9 a formal hearing. I know there's a lot to say.
10 We had a number of speakers who wanted to express
11 themselves, I think at all of our hearings, about
12 the parallel or the other WaterFix proceeding
13 that is a water rights proceeding, evidentiary,
14 adjudicatory, quasi-judicial, and we cannot hear
15 from you or anyone, either here, in a grocery
16 checkout line, at home over the dinner table, we
17 just can't, unless we're in that duly noticed
18 forum. I know that's frustrating for some, but
19 that is -- those are the rules under which we
20 operate. It's not that we don't want to hear
21 from you, it's just we can't hear from you in
22 this forum.

23 Second, we're required to respond to the
24 oral comments we receive during the hearing.

25 However, staff won't respond today for the

1 reasons I said. Board staff will prepare written
2 responses, though, to comments on the Plan
3 Amendment and all significant environmental
4 issues raised orally and in writing, prior to the
5 Board's taking final action in the next year.

6 Third, while I or the Board Members may
7 ask staff for clarification or information in the
8 Plan Amendment and the SED, responses to your
9 comments will not occur during this hearing.
10 We've had and will continue to have opportunities
11 to speak with people outside the hearing, and
12 that's extremely valuable to us. But in the
13 interest of hearing what folks have come here to
14 say, we can't have a conversation with each of
15 you, as much as we might like to.

16 Fourth, because we're required to respond
17 to comments on the Plan Amendment and significant
18 environmental issues raised, please make the
19 essence of your comments clear to us, especially
20 for those making longer presentations, and in
21 your written comments. Folks have actually done
22 a very good job of this in the hearings. We'd
23 appreciate you making a summary of the key points
24 you have about the Plan Amendment and the
25 adequacy of the SED at the beginning or the end

1 of your presentation to make sure we have it
2 right.

3 Finally, I realize that after all the
4 presentations are heard, some of you might feel
5 the need to respond to what others have said. We
6 can't provide people an opportunity for rebuttal
7 of the comments in this hearing. But if you have
8 additional comments after your turn to speak at
9 this hearing, and we actually encourage you to
10 listen to everyone at this hearing, we've had a
11 mix of views, sometimes more, sometimes less, but
12 folks have -- it's been apparent in many of our
13 hearings that folks have been listening to each
14 other. But if you'd like to comment further,
15 just give it to us in writing by the January
16 17th, 2017 noon deadline, as stated in the second
17 revised notice.

18 Then finally, a little bit of context.
19 We're here today to hear input on a Substitute
20 Environmental Document and a staff proposal for
21 updating the Board's Bay-Delta Plan. The staff
22 proposal calls for updated flow requirements for
23 the San Joaquin River and its major tributaries
24 and updated salinity requirements for the
25 southern Delta.

1 The Bay-Delta ecosystem is in trouble and
2 has been for some time now. The Lower San
3 Joaquin River and its tributaries are a key part
4 of the Bay-Delta system. South Delta salinity is
5 also a vexing challenge, both for those in the
6 south Delta and for those who rely on exports
7 from the south Delta.

8 We're also in a separate process, and I
9 want to emphasize this, to deal with the rest of
10 the system, including the Sacramento and the rest
11 of the Delta inflows, outflows and the like.

12 The Bay-Delta Plan lays out water quality
13 protections to ensure that various water uses,
14 including agriculture, municipal use, fisheries,
15 hydropower, recreation and more, are protected.
16 In establishing these objectives, the State Water
17 Board must consider and balance all beneficial
18 uses of water, not pick one and discard the
19 others.

20 We know that flow is a key factor for the
21 survival of fish like salmon. But the flow
22 objectives for the San Joaquin River have not
23 been substantially updated since 1995, and since
24 that time, salmon and steelhead have declined.
25 We also know that there are other factors

1 effecting the fishery, such as degraded habitat,
2 high water temperatures, and predation, invasive
3 species of all kinds.

4 Staff is going to provide, as I said, a
5 short overview of their proposal today. In
6 order -- oh, I already told you. It's a shorter
7 version of the staff presentation given on
8 November 29th. That full presentation is
9 available on the Water Board's Bay-Delta Phase 1
10 website, if you'd like to take a look at it.

11 They have definitely proposed higher
12 flows on each of the tributaries. They also
13 proposed an implementation program that embraces
14 adaptive management and will accommodate
15 stakeholder settlements that can provide even
16 greater benefits to the ecosystem than flow
17 alone.

18 The proposed range is definitely less
19 than the 60 percent recommended in the Board's
20 2010 Flow Criteria Report, but still represents a
21 significant increase over current conditions.
22 Some have already argued in these hearings and
23 outside them that the proposed range is far too
24 low to improve conditions for fish adequately,
25 while others are just as adamant that it's far

1 too high and that the impacts on agricultural
2 communities are far too great. Some agricultural
3 communities feel they're being disadvantaged to
4 benefit other agricultural communities, which is
5 also a big part of this dialogue. Our challenge
6 is to navigate all of those strong feelings and
7 issues and try to find the best answer that we
8 can.

9 Unfortunately, and perhaps
10 understandably, there's a lot of misinformation
11 about the staff proposal out there, whether about
12 its provisions or its intent, that's created far
13 more heat than light. It saddens me to see that
14 because these issues are actually hard enough to
15 deal with based on the real facts, let alone
16 those that are mistaken or manufactured. I see
17 and hear the pain in the comments we've received
18 already from both sides, much of it based on
19 misunderstandings or misrepresentations of what
20 staff is actually proposing, and we need to
21 remedy that in our communications and how we
22 explain what we're doing and figuring it out, and
23 I ask others to help us with that.

24 In the end, as I said, the Board's job is
25 to establish objectives that provide reasonable

1 protection of the fishery and to balance that
2 with the other uses just as important to all
3 Californians, including agricultural and
4 municipal use. And we want to provide an
5 opportunity for people to come together to
6 propose better ways to meet those objectives by
7 working together to restore habitat, to manage
8 the flows intelligently, to deal with predation,
9 and other things. When people do that well, we
10 actually have a track record of accepting good
11 alternatives, so please help us do that.

12 Critiques can help and we are listening.
13 But what helps us more is to suggest how we can
14 actually improve on the proposal to meet
15 everyone's needs better. And many people have
16 started to do that and we're grateful for it.

17 Our first hearings were lively, there were
18 informative and helpful, a lot of disagreement,
19 including disagreement with each other, but also
20 a lot of suggestions and a lot for us to
21 consider, and we thank people for bringing those
22 things to us.

23 So thanks for your patience and for your
24 attentiveness, and for joining us today.

25 Next, I'll turn it to the short staff

1 presentation from the Division of Water Rights,
2 after hearing from other Board Members. Les
3 Grober, the Deputy Director for Water Rights,
4 will lead the staff's presentation after any
5 statements from other Board Members.

6 And Board Member D'Adamo, I'm assuming
7 you have one.

8 MS. D'ADAMO: Good morning. There we go.
9 Well, first of all, thank you for this
10 opportunity to provide some comments.

11 I'd like to welcome my fellow Board
12 Members to the San Joaquin Valley, and welcome
13 all of you who have taken time out during this
14 holiday season to participate in this hearing.
15 Thank you, also, for all of your letters and
16 comments that you've been providing over the
17 previous months.

18 Before I get started on my prepared
19 remarks, I see a lot of people in the back, and I
20 know there's not room. But if you have a seat by
21 you, if you could raise your hand so that there
22 could be an opportunity for the folks that are
23 standing to grab a seat?

24 So I've heard many say that this process
25 will be really hard, and that is definitely true.

1 Staff has laid out how conditions for the fish
2 are degraded and has given us their
3 recommendations as to how to improve the
4 conditions for the fishery, but that comes at a
5 cost which they have analyzed in the document
6 that's before us.

7 We're here to get your perspective as to
8 whether staff's plan actually accomplishes that
9 goal and to better understand how this Plan
10 impacts our community. I say our community
11 because, as many of you know, I am part of this
12 community. I live in Turlock where my husband
13 and I have raised our children. And my husband
14 farms in western Merced County. So I have seen,
15 in a very direct and personal way, how the loss
16 of surface water supplies can affect farms,
17 farmworkers, ag-related businesses, jobs and
18 communities.

19 But these rivers provide more than just
20 water supplies for farms. They also provide
21 habitat for fish and recreational opportunities
22 for all of us. The question is not whether to
23 protect all of these uses, but how best to
24 balance all of the uses, and that includes
25 agriculture, drinking water supplies, industrial,

1 recreation and fish and wildlife.

2 There are lots of tools in the toolbox
3 that can be used to improve conditions for
4 salmon, and flow is an important tool. But flow
5 is not the only tool. Much work needs to be done
6 on these rivers to restore habitat, address
7 invasive weeds, address predation and
8 contaminants.

9 Because of the significant impacts this
10 proposal will have upon agriculture and drinking
11 water supplies, groundwater basins and the
12 regional economy, I would much rather see a plan
13 that instead of just focusing on flow, includes
14 the use of all these tools, a plan that includes
15 a comprehensive suite of, yes, some additional
16 flow, but also the non-flow measures in order to
17 reduce the impact on water supplies and
18 communities.

19 Unfortunately, our attorneys are telling
20 us that we don't have the ability to force some
21 of these other non-flow measures. However, they
22 are also telling us that we have the ability to
23 consider a proposal from the local irrigation
24 districts that does just that.

25 So I'd like to ask your help here today.

1 Help us to better understand how this proposal
2 impacts this region. Tell us what our staff got
3 right and where they may have missed the mark.
4 Give us your ideas as to how this proposal can be
5 improved and how we can strike a better balance.

6 Many of you are involved in a local
7 agency or organization, whether an irrigation
8 district, farm bureau, or a local environmental
9 organization that's been studying these river and
10 knows the rivers have been degraded. You know
11 where the predators hang out, where the habitat
12 projects have made a difference, and what is
13 standing in the way of getting more habitat
14 improvement projects on the ground. Please don't
15 just tell us what you don't like about the
16 proposal, tell us how it can be improved. Maybe
17 just as important, tell us what you can do to
18 help shape a better plan or to support the others
19 who are working hard to come up with a better
20 local plan.

21 As the Governor said in his letter to our
22 Board that he sent on September 19th, and I'm
23 just quoting from the Governor's letter,

24 "Voluntary agreements in which water rights
25 holders improve stream flows and restore

1 habitat could offer a faster, less
2 contentious and more durable outcome.”

3 I couldn't agree more.

4 We've seen in other areas of the state
5 that healthy farms and healthy fisheries can go
6 hand in hand. And I believe with all the
7 creativity and strong leadership in this region,
8 this can be accomplished in the San Joaquin
9 Valley, as well.

10 Again, thank you all very much for being
11 here today. And I look forward to listening and
12 learning from you in your comments. Thank you.

13 CHAIR MARCUS: Thank you. Very well
14 said.

15 All right, with no further ado, I'm glad
16 you're back, I'm glad you're well or weller --
17 more well.

18 Sorry, we've all got the cold. I don't
19 know, I'm not going to ask you to raise your hand
20 if you've had it. She's the only one who hasn't
21 had it yet. But just check in with her in a few
22 days.

23 I'm going to turn it over to Les.

24 MR. GROBER: Good morning. My name is
25 Les Grober. I'm the Deputy Director for Water

1 Rights.

2 Good morning, Chair Marcus, Board
3 Members, everybody in the public, thank you very
4 much for coming here today.

5 I'm joined at the staff table, on my far
6 left by Tom Howard, Executive Director, and on my
7 right, Tina Cannon Leahy, Senior Staff Counsel,
8 and Dan Worth, Senior Environmental Scientist,
9 Will Anderson, Water Resource Control Engineer,
10 Jason Baker, Staff Service Analyst, and behind me
11 on the staff table, Xuan Gao, Water Resource
12 Control Engineer, and Katy Landau, Environmental
13 Scientist.

14 I'm having trouble advancing the slide.

15 So the project, you heard a bit about
16 this already, but I just to make a couple of
17 points.

18 We're updating two elements of the Water
19 Quality Control Plan for the Sacramento and San
20 Joaquin River-Delta Estuary, or the Bay-Delta
21 Plan. Those two elements are the flow objectives
22 for the San Joaquin River. That's to establish
23 reasonable protection for the fish and wildlife
24 resource, and in the southern Delta for the
25 reasonable protection of agriculture. And then

1 the Program of Implementation to achieve those
2 two objectives.

3 I'm emphasizing reasonable because, as
4 you already heard from Chair Marcus and Board
5 Member D'Adamo, this is all about the balancing.
6 So it's not about the absolute protection but
7 it's like, what is reasonable? So that's what
8 we're here -- all here today, is to hear from
9 you, to hear your thoughtful comments and
10 additional information to help inform what is
11 reasonable and how to do that balance.

12 This map shows the project area where
13 those two elements apply. On the east side, you
14 can see the major salmon-bearing tributaries of
15 the San Joaquin River, from south to north, the
16 Merced River, the Tuolumne River, the Stanislaus
17 River. That's where the flow objectives are
18 proposed to apply and through -- and protected
19 through the San Joaquin River at Vernalis. And
20 then north of Vernalis and to the west, that's
21 the area of the southern Delta where the southern
22 Delta salinity objectives would apply.

23 I'd like to first make four key points,
24 kind of repeating some of what Chair Marcus had
25 said, before I move on to some of the overview of

1 the proposal.

2 The first key point is that the Plan that
3 we're talking about, this Bay-Delta Plan, is out
4 of date. Its last major update was 21 years ago
5 in 1995. And since that time, conditions have
6 changed, a lot has happened. Our understanding
7 of conditions have changed. We've also seen
8 species decline. This was all identified in a
9 minor update to that Water Quality Control Plan
10 ten years ago in 2006, where it identified that
11 we needed to update the Plan, and specifically
12 these two elements.

13 And since that time, we've seen it's been
14 big in the press. We've had Endangered Species
15 Act concerns which have resulted on restrictions
16 of exports of water from the Delta. It also
17 contributes to some of the requirements on the
18 Stanislaus River controlling operation. So what
19 this is all about is providing that certainly as
20 to what are the requirements moving forward.

21 This is also part of the Administration's
22 California Water Action Plan which is directing
23 the Board to do the flow objective setting to
24 implement the co-equal goals for the Delta which
25 is for reliable water supply, and also for

1 protecting and restoring the Delta ecosystem.

2 The second major point that gets a lot of
3 view, and for good reason, is why are we focusing
4 on flow? Why is it just that, you know, one
5 thing? Well, it's really not that one thing, as
6 I'll describe. But flow is important because all
7 of the scientific studies show that flow is the
8 major factor in the survival of fish, like
9 salmon. There are many benefits to flow.

10 The big things that we can actually
11 evaluate, which are a big part of the SED, we can
12 look and see, what are the flow effects? What
13 are the effects of increased flow on things like
14 temperature and floodplain, lowering temperature,
15 increasing floodplain that improves the success
16 of salmon? And that leads to resiliency, the
17 ability to avoid predation and ultimately success
18 of the species in the San Joaquin River and in
19 the entire Central Valley.

20 That being said, the Board and staff are
21 very mindful of the importance, too, of non-flow
22 measures, that just throwing water at it isn't
23 enough, that there also needs to be some focus on
24 habitat improvements or directly controlling
25 things that can lead to the success of salmon,

1 which is why that's intertwined into the Program
2 of Implementation and the objectives for the
3 flows.

4 A couple of charts here to show you why
5 flows are so important.

6 This chart shows, on the left side you
7 see the access. This is showing the difference
8 in salmon abundance, and then on the lower access
9 in several different tributaries in the Central
10 Valley, and it shows the difference in that
11 abundance between two time periods, the time
12 before 1992 and after 1992. And as you can see
13 in looking at this chart, the three on the right
14 side, that's the Stanislaus, the Tuolumne and the
15 Merced River, these are the three tributaries
16 that have had the biggest declines in that salmon
17 abundance. There have been successes in the
18 watershed, the entire Central Valley Watershed,
19 but these three tributaries specifically have had
20 the biggest declines and are in most need of
21 assistance.

22 And this chart shows more directly the
23 importance of flow and why we see successes in
24 salmon associated with flow. There are two
25 vertical axes. On the left side it shows

1 escapement, which is just another word for saying
2 the returns of salmon that come back to the San
3 Joaquin River Watershed. And on the right side
4 it's the tributary flows that occur in the spring
5 about two-and-a-half years earlier, because
6 salmon is a multi-year species that returns to
7 the streams in which they were born two-and-a-
8 half years later.

9 And if you shift the flows two-and-a-half
10 years, you see it lines up almost perfectly with
11 the returns of salmon. So flows in the spring,
12 which is where we're proposing flow requirements,
13 are a very strong correlation to the improved
14 salmon numbers.

15 The third major point is that, and this
16 is an understatement and this is why there's, you
17 know, standing room only, and I apologize for
18 that today, this is very hard. It requires this
19 thing again that you've heard a lot about, the
20 balancing.

21 The 2010 Flow Criteria Report that Chair
22 Marcus had mentioned earlier, that was a report
23 that the State Water Board was required to do
24 under the Delta Reform Act in 2009. And what the
25 Board was directed to do was, well, do a purely

1 scientific assessment of what are the flow needs,
2 if you didn't consider any of the other uses of
3 water, so not considering the need for
4 agriculture, for hydropower, for municipal. It
5 was a purely scientific exercise to say, what
6 would you need to benefit fish?

7 And what we have is, in the documents as
8 they support now, we know that 80 percent,
9 sometimes even more than that of the total
10 quantity of water in the watershed is being used
11 consumptively for agriculture and other purposes.
12 Sometimes you have less than ten percent of this
13 thing called unimpaired flow, unimpaired flow
14 being the total quantity of water that would
15 occur if it weren't being stored or consumptively
16 used. So you have that immediate tension there
17 in terms of the needs and the uses of water
18 between agriculture, municipal, drinking water,
19 and for ecosystem uses.

20 So unlike that 2010 report where we did
21 just the science, what we've done now in the SED,
22 you know, and it's referred to, you know, the
23 3,000-plus pages because there's a lot of
24 information there where we've shown our work,
25 we've shown how we've done the analysis, we show

1 what the effects are, to help inform staff and
2 the Board in how to do this very difficult
3 balancing.

4 So the staff proposal recommends a range,
5 and that's mindful of this balancing, but also
6 mindful of the importance of non-flow measures
7 and uncertainties, it recommends a range of 30 to
8 50 percent of unimpaired flow, with a starting
9 point of 40 percent, so this is a big increase.
10 Though it's a big increase, it's less than what
11 the science said in that Delta Flow Criteria
12 Report. It's less than fishery interests and
13 environmental interests and fish agencies say is
14 needed, but it's a lot more than many people in
15 this room, many people involved in agriculture,
16 in concerns for drinking water, other uses, would
17 like.

18 So this is pointing out the obvious, that
19 this balancing is very hard, but it's what the
20 Board is called upon to do. And because it's so
21 hard, the Board is also encouraging settlements.

22 And that leads us to the fourth major
23 point. The flow proposal includes adaptive
24 implementation, and that's that operation with a
25 30 to 50 percent adaptive range. This is

1 allowing adjustments so that water can be used
2 wisely, effectively, getting the biggest bang for
3 the buck. How can we release smartest in our use
4 of water? And that's why we're down here,
5 because the Board and staff recognize that some
6 of those solutions are going to come out from the
7 local interests that know the most about the
8 rivers and know about the management of water.
9 The Board and staff are looking for durable
10 solutions to implement these flow objectives, and
11 that could involve those non-flow measures.

12 So thought the State Board is leading
13 this effort to develop the flow objectives and
14 the Program of Implementation, at the same time
15 the Administration's California Natural Resources
16 Agency is leading the settlement discussions to
17 look for those durable solutions to bring folks
18 together. And that's happening, not just for the
19 San Joaquin River, but also in the Sacramento
20 River and our other Phase 2 effort to look at
21 objectives for other parts of the Bay-Delta Plan.

22 So let me describe now what the proposal
23 is.

24 But before I jump to that, what do we
25 have now in place in terms of San Joaquin River

1 flow objectives?

2 Currently, we have in the San Joaquin
3 River, we a flow requirement at just one location
4 on the San Joaquin River, the San Joaquin River
5 at Vernalis. That's just the one point where
6 there's inflow into the Delta. It's in the form
7 of minimum monthly inflows, and it includes a
8 pulse flow requirement during April and May in
9 each year.

10 Because it's just at the one location,
11 the only responsible party is the United States
12 Bureau of Reclamation. And that means pretty
13 much all of the flow now comes down from the
14 Stanislaus River. So it's far less than optimal
15 in terms of where it's coming from and the
16 quantity of water.

17 The proposal is to apply to those three
18 salmon-bearing tributaries, the Merced, the
19 Tuolumne and the Stanislaus, and it's a two-part
20 objective. It has a narrative objective which is
21 about maintaining inflow conditions from the San
22 Joaquin River Watershed to the Delta at Vernalis,
23 sufficient to support and maintain the natural
24 production of viable native San Joaquin River
25 fish populations migrating through the Delta.

1 That's the ultimate goal, which is why you can
2 bring things to bear that that's not just flow,
3 but also those non-flow measures that are so
4 important.

5 But it has that numeric objective, as
6 well, that 30 to 50 percent adaptive range with a
7 starting percent of 40 percent. That adaptive
8 implementation, that 30 to 50 percent, is
9 intended to address the things like uncertainty,
10 change in conditions, but also if you can bring
11 to bear solutions that could achieve the goals
12 with less flow, that's exactly what we're looking
13 for. Adjustments can be made for that February
14 through June period using that total quantity of
15 water as a block of water. So we can also be
16 smart about when the water is applied during that
17 time period, and with some flow shifting allowed
18 to other times of year to avoid temperature
19 impacts.

20 So the Program of Implementation
21 envisions the formation of what we call the
22 Stanislaus, the Tuolumne and Merced, or STM,
23 Working Group. This group would be responsible
24 for doing the planning, monitoring, reporting,
25 the shaping of the water, but also critically

1 important, the development of the biological
2 goals. How do you evaluate success that you're
3 achieving that narrative objective?

4 And what's envisioned in this group.
5 This is pretty much one in the same thing with
6 the settlement group that would come in and step
7 forward to, hey, we have a great idea how we can
8 achieve this with less water and doing a suite of
9 actions, non-flow measures, and achieve the goal.

10 So now I'm going to move to the southern
11 Delta salinity objectives. The current salinity
12 objectives apply to four locations, one on the
13 main stem San Joaquin River at Vernalis that was
14 on the map that I showed earlier, and three
15 locations in the interior southern Delta in the
16 tidal area of the southern Delta downstream of
17 Vernalis. The objective varies year-round from
18 0.7 millimhos per centimeter requirement during
19 the principal irrigation season for April through
20 August, and 1.0 for the rest of the year. And as
21 I said, it has four specific salinity compliance
22 locations.

23 As part of this effort, however, we've
24 identified that 1.0, and on the form here it's a
25 different unit because we're updating in the

1 meantime to the Standard International Units of
2 deciSiemens, but it's the same as the millimhos I
3 described, but we're changing it. We're
4 proposing to change it to 1.0 year-round because
5 the science has shown that that will fully
6 protect all crops currently grown in the southern
7 Delta. And that kind of harkens back to that
8 issue of reasonable. So it shouldn't be any
9 lower than is necessary to achieve the goals of
10 protecting the use in the southern Delta.

11 We're also proposing to change the three
12 compliance locations in the interior southern
13 Delta routed to three channel reaches, so that we
14 can better represent and understand what the
15 salinity conditions are, not just at a point and
16 location but at reaches, to assure that we're
17 protecting the use throughout the southern Delta.

18 As part of this proposal the Bureau of
19 Reclamation would continue to be required to meet
20 that lower 0.7 standard through the April through
21 August period to provide assimilative capacity to
22 the interior southern Delta stations so that
23 there's margin for the continued input of salt as
24 the water is consumptively used, and salt put
25 back in the southern Delta by various interests.

1 The other requirements include a
2 Comprehensive Operation Plan to better monitoring
3 and assess the variability and salinity in the
4 southern Delta, and also would require then that
5 the Department of Water Resources and the United
6 States Bureau of Reclamation to evaluate the
7 impact of their project to the State Water
8 Project/Central Valley Project on water levels
9 and salinity in the southern Delta, and
10 monitoring and reporting.

11 A key point to identify here is that
12 there would be incidental benefit in the southern
13 Delta at a critical time period, that February
14 through June period, as part of the flow
15 objectives there would be increased flow, which
16 is actually one of the things that has been
17 missing in the southern Delta. So it would
18 provide that incidental additional benefit of
19 improving conditions during that early growing
20 season.

21 So now let's move to see what the effects
22 of the proposal are.

23 This bar chart shows on the left side
24 there's a series of four stacked bars. That's
25 showing the long-term average assessment of what

1 the increase in instream flows would be under the
2 flow proposal averaged over all years. And over
3 all years, it would result in about a 288,000
4 acre-foot increase for that February through June
5 period, which is about a 26 percent increase in
6 the flows that occurs, compared to the current
7 condition.

8 And as you can see, in the remaining
9 stacked bars to the right of that for the
10 different year types, for the wet to above
11 normal, below normal, dry, critically dry years,
12 the bigger benefits occur in those most
13 challenging years for fish and wildlife, during
14 the below normal, dry, critically dry years,
15 where in critically dry years you're pretty much
16 doubling the quantity of flow available because
17 that's when there's been the biggest negative
18 effects on the fish and wildlife.

19 So it's not just all about the water just
20 for water's sake. It's because the ecosystem
21 benefits of the flow proposal is that that flow
22 is restoring to some measure of the magnitude and
23 the timing of the flows that have occurred to
24 which species have adapted. And even more
25 importantly, it results in direct improvements in

1 terms of temperature, lower temperatures and
2 increased floodplain. Those are things that we
3 can measure and those are the things that we gage
4 in terms of what are the benefits to be gained
5 from the proposal.

6 A very quick snapshot of what those
7 benefits look like.

8 This chart shows the temperature benefits
9 of increased flows, just in the Tuolumne River
10 and just for one month, the month of May, and
11 it's showing a cross-section. From the right
12 side it's showing it from La Grange Dam all the
13 way down, over about 50 miles, to the confluence
14 with the San Joaquin River. That top line is
15 showing what the flows are under the current
16 condition. And the dotted line below, fully ten
17 degrees less at the confluence, is what would be
18 achieved with the increased flows for that one
19 month or one year with the increased flow. The
20 report has much more detail of what occurs in all
21 year types and over the full period of record
22 that was modeled. But this is showing a snapshot
23 of why this is important.

24 Why is it important for floodplain?

25 Here, this is showing it, again, for

1 those toughest years, below normal, dry and
2 critically dry years, and showing it for April
3 through June. You can hardly see the quantity of
4 floodplain in terms of time and space for the
5 baseline condition. That's in blue, which is
6 that very small bar on the left side of each of
7 the series of bars. And you can see the marked
8 improvement that occurs under the 30, 40 and 50
9 percent of unimpaired flow.

10 But that flow augmentation doesn't come
11 without a cost. This next series of charts is
12 showing what the water supply costs. That's the
13 principle effect and adverse effect of the
14 project, the impact that has been assessed. And
15 on the left most bar what you see again, that's
16 an average for all year types of the flow
17 proposal over the entire plan area, so it's
18 includes the Merced, the Tuolumne and Stanislaus.
19 And it's an overall 14 percent reduction in water
20 availability, which is about 290,000 acre-feet
21 per year of surface water.

22 And just as for the benefits, you see
23 there's not -- there's no effect in wet years,
24 very little effect in above normal, but the
25 biggest effects occur in below normal, dry, and

1 particularly critically dry years; years in which
2 there's already a water supply effect that occurs
3 because of shortages related to that.

4 The next series of charts are showing,
5 specifically, this one is for the Stanislaus
6 River. And you can see it has the same pattern.
7 The reductions are somewhat lower than the
8 overall because the Stanislaus is starting with
9 relatively higher flows than the Merced and the
10 Tuolumne. But here then are the Tuolumne and the
11 Merced with overall 14 and 16 percent reductions,
12 respectively, in water supply.

13 So this is a grand summary statistic.
14 And there's been much concern, because sometimes
15 this is all that people have looked at is just
16 some of this presentation. But I encourage
17 everyone to look at the -- even the Executive
18 Summary.

19 And if you want more details, in the full
20 body of the report it shows, in lots of detail,
21 what the effects are for, you know, many dry
22 years, and then specifically in dry years and
23 different year types, exceedance probabilities.
24 But the overall effect, the summary effect,
25 because this is the bottom line that's terribly

1 important, is that the 40 percent flow proposal
2 would result in a 14 percent, that's 1-4, a 14
3 percent reduction, or 293,000 acre-feet per year,
4 in water available for surface water diversion.
5 The range for that 30 to 50 percent of unimpaired
6 flow would go from a 7 percent reduction to a 23
7 percent reduction, so higher at the higher
8 percent of unimpaired flow.

9 The report recognizes and has relied upon
10 recent information from the drought to show in
11 response to the shortage of surface water supply,
12 there would be increased groundwater pumping.
13 And if you look at the increased groundwater
14 pumping based on 2009 level of development and
15 pumping capacity, there would be an increase in
16 groundwater pumping by an average of 105,000
17 acre-feet per year. So that would offset some of
18 the reduced surface water supply that has now
19 another effect on groundwater, that we know is
20 already an issue in this area.

21 And we've looked at it a couple of
22 different ways. We've looked at what would be
23 the increase in bottom-line unmet agricultural
24 demand. Looking at two different rates or
25 capacities of groundwater pumping, it would be

1 higher, 137,000 acre-feet per year, if we based
2 it on that 2009 rate of pumping. But if there
3 were actually greater rates of groundwater
4 pumping, like has happened in the recent drought
5 of 2014, it would reduce that unmet demand to
6 only 69,000 acre-feet a year. But again, there's
7 much discussion in the report in terms of talking
8 about what is sustainable, what is reasonable.

9 But the bottom line, based on those 2009
10 rates, when you fold in those water supply
11 effects and you run it through the agricultural
12 effects and the economic effects, the result, the
13 determination is it would reduce economic output
14 by about \$64 million per year, which is a two-
15 and-a-half percent reduction from baseline ag --
16 annual average ag economic sector output of \$2.6
17 billion. So these are bigger effects, and this
18 why it's a very hard thing for the Board and
19 staff.

20 The effects of the flow proposal. These
21 are the major effects and why there are a lot of
22 chapters in this document that describe these
23 effects. It affects the surface water reductions,
24 then how does it effect on groundwater resources.
25 Because we expect it would result in an increase

1 in groundwater pumping and reduced recharge. It
2 would also be lowered, therefore groundwater
3 levels. There would be effects on agriculture.
4 It would change cropping patterns and reduce
5 irrigated acreage. And it would reduce
6 agricultural revenue.

7 There would also be drinking water
8 impacts. There would be need to construct new
9 wells, deepen existing wells. And it would also
10 affect groundwater quality. There's much more
11 detail in the report. And I encourage you then,
12 as Chair Marcus had said, to go to our website,
13 because we have an expanded PowerPoint
14 presentation and staff presentation on these, as
15 well as workshops.

16 This slide is showing the next steps.
17 We're here in the fourth day of hearing here
18 today. We'll have our final day of hearing on
19 January 3rd in Sacramento. The comment period
20 closes on January 17th. And depending on the
21 number of comments, we're expecting at this point
22 to respond to those comments and release an
23 updated final SED and Plan in May, and have it
24 before the Board for their consideration of
25 adoption by the summer.

1 And at the bottom of this slide it shows
2 that website where you can get more information
3 and find all of these presentations that I and
4 Chair Marcus referred to.

5 And that concludes my presentation.

6 CHAIR MARCUS: Thank you very much, Les.
7 Excuse me.

8 We're going to move on to the elected
9 official comments. I'm going to give it in a
10 series of three so that folks can know to be
11 ready to come to the microphone, three minutes.

12 First, Senator Anthony Cannella, followed
13 by Assemblyman Heath Flora, followed by
14 Supervisor-Elect Kristin Olsen.

15 SENATOR CANNELLA: Good morning.

16 CHAIR MARCUS: Good morning.

17 SENATOR CANNELLA: Thanks for having the
18 ability to speak today.

19 And, Ms. D'Adamo, I'm glad you're feeling
20 better. Welcome.

21 So I also want to just take a minute to
22 thank you again. I mentioned this yesterday. We
23 asked for a couple of things. We first asked
24 that you would come into our communities and, you
25 know, hear what we have to say, because it's very

1 difficult to go up to Sacramento, and you're here
2 and I appreciate that.

3 We also asked that would give us
4 additional time to comment on the Plan, and
5 you've given us additional time. And I would
6 argue, we need a lot more time, but thank you
7 very much for the additional time.

8 So, you know, I spoke on this issue first
9 about three years ago, and we keep talking about
10 the same thing. And hopefully, after these
11 impassioned pleas by all these folks that it
12 would change your mind a little bit and really
13 rethink this Plan.

14 Your proposal to dedicate 40 percent
15 unimpaired flows to fish and wildlife will
16 devastate the district I represent. My district
17 is a very big district. It's an agricultural
18 district which includes Stanislaus County, Merced
19 County and a few other counties. And I
20 introduced Merced to you. I want to introduce
21 Stanislaus to you, as well. We have one-and-a-
22 half times the state average for unemployment, so
23 one-and-a-half times the state average. Also --

24 MR.LLYOD: Can you bring the microphone
25 closer to your mouth?

1 CHAIR MARCUS: Oh, yeah, you're tall. I
2 guess it needs to be closer --

3 SENATOR CANNELLA: Yeah. Okay.

4 CHAIR MARCUS: -- to your mouth. Sorry.

5 SENATOR CANNELLA: Also, one in five of
6 us live in poverty in Stanislaus County, so we're
7 an area that has lots of challenges. I've lived
8 in this area for 47 years. I love this area, but
9 we certainly have our challenges.

10 The recession and drought has stressed
11 our economy and our residents but, thankfully,
12 agriculture has been a bright spot. Now this
13 proposal stands to devastate an already troubled
14 region. The significant damage to the region's
15 economy would dry up, by some estimates, over
16 200,000 acres of farmland, causing an overall
17 loss, economic loss of \$1.6 billion, and
18 something in excess of 6,500 jobs. And as I
19 mentioned yesterday, these totals do not include
20 the proposal for carryover water. I would argue,
21 the carryover water is probably more destructive
22 to our area than the unimpaired flows.

23 If this Plan were adopted with the
24 carryover requirement, TID would have provided
25 zero water to all their farmers over the last two

1 years, that's 150,000 acres, it would have
2 provided zero water. That would be a disaster
3 for our area.

4 This proposal would also adversely impact
5 hydropower production by taking water from
6 reservoirs during the spring, which would leave
7 less water available in the summer when it's
8 critically needed to irrigate crops and take
9 pressure off the state's power grid.

10 Groundwater pumping would increase by
11 over 25 percent. I'm hopeful that the recently
12 passed federal water legislation will increase
13 storage, but that will not solve our problems
14 immediately, and certainly not in the near
15 future. This proposal takes water at a time when
16 it's most valuable and sends it down the river
17 with only a hope it will benefit the fish
18 population. Water is too valuable to waste on
19 the hope that it will make a difference.

20 As I mentioned yesterday, the Governor
21 wants a voluntary settlement. But I'll be
22 honest, as I mentioned yesterday, how can we be
23 part of a voluntary settlement when we haven't
24 been part of the discussion? In fact, the TID
25 and MID --

1 (Applause.)

2 The TID and MID, who manage these rivers
3 and, I think, have higher expertise than your
4 staff, they've offered information, and it's
5 either been ignored or misused.

6 Just in closing, again, I want to talk
7 about the 150,000 acres. The last two years, TID
8 has been able to provide 18 inches of water. If
9 that water was gone and everybody was required to
10 pump, it would have taken 450,000 acre-feet of
11 groundwater at a time when we cannot provide any
12 more groundwater.

13 So again, thank you for being here. I
14 hope this impacts you. And I certainly hope
15 you'll rethink this Plan. So thank you for your
16 time.

17 (Applause.)

18 CHAIR MARCUS: Thank you, sir, very much.

19 Assemblyman Flora, followed by
20 Supervisor-Elect Olsen, followed by Mayor Vierra
21 of Ceres.

22 ASSEMBLYMAN FLORA: Good morning, Board.

23 CHAIR MARCUS: Good morning.

24 ASSEMBLYMAN FLORA: Can everybody hear me
25 okay? Good morning, Chairman, and Good morning,

1 Board. And thank you to the members of the
2 community that have joined us today. It's
3 incredibly important to have the amount of
4 support that we have today. And we all are
5 united in finding a solution together.

6 I just want to make a couple comments.

7 I stand in front of you today in support
8 of MID, TID, or local elected officials and our
9 concerned citizens in opposition to the Plan that
10 the Board has put before us today. I want to
11 point out a couple key things, and then I want to
12 encourage the Board on a particular issue.

13 Within Stanislaus County alone, we are
14 one of the few if not the only region whose
15 groundwater basins are not listed as critically
16 overdrafted. And why is that? It's because we
17 have elected incredibly intelligent experts to
18 our irrigation boards, to our city councils, to
19 our boards of supervisors, and our community is
20 very knowledgeable on this particular issue.

21 So I would encourage the Board -- and I'm
22 going to keep my remarks very short because of
23 the amount of people that we have here today --
24 but I would encourage the Board, I implore the
25 Board to reach out to those experts, because they

1 know this area, they know this issue, and they
2 are willing to negotiate and settle, but we have
3 to be brought to the table.

4 On our arch outside the City of Modesto,
5 it says, "Water, Wealth, Contentment, Health."
6 And I think possibly Modesto Bee said it best,
7 "Without our water, our health, wealth and
8 contentment could disappear."

9 I appreciate your time, and good luck to
10 all of you, and thank you to the community.

11 (Applause.)

12 CHAIR MARCUS: Thank you very much. It's
13 interesting, we actually all -- or many of us
14 have participated in early meetings hosted by the
15 irrigation districts. And we'll have to see
16 where that broke down, because that was years
17 ago. So we'll -- we're absolutely open to that.
18 We'll have to figure that one out.

19 Supervisor-Elect, pleasure to see you.

20 MS. OLSEN: Thank you. Pleasure to see
21 you, as well. Welcome to Stanislaus County. As
22 Senator Cannella said, we really appreciate you
23 all taking the time to be here. We know that's
24 in response to repeated requests and letters
25 requesting public hearings. And the fact that you

1 held one last week in Stockton, yesterday in
2 Merced and today in Modesto means a lot. So
3 thank you for coming here.

4 Today, as you can see, you will hear from
5 hundreds of people representing hundreds of
6 thousands of people throughout our county who
7 have grave concerns about how this proposal will
8 affect our families and our quality of life and
9 our economy.

10 You know me as an Assembly Member. But
11 in about three weeks, I will be sworn in as a
12 County Supervisor. My supervisorial district
13 covers parts of Modesto Irrigation District as
14 well as Oakdale Irrigation District, to give you
15 a picture of the boundaries. And I thought I'd
16 give you a briefing on who we are as a county.

17 The proposal most impacts, as you know,
18 San Joaquin, Stanislaus and Merced counties.
19 There are over a million people that live in
20 those three counties alone. And if you add the
21 people affected to the east of us, much less the
22 people in San Francisco, the number is double.

23 Our community is diverse. We have a lot
24 of different industries. But there's no denying
25 the fact that the bread and butter of our economy

1 continues to be agriculture and food processing.
2 I am not a farmer, but as a lifelong resident of
3 Stanislaus County, I have certainly benefitted
4 from the agricultural industry, as does everyone
5 how lives here, either directly or indirectly.
6 It is central to our hopes for the present and
7 the future in terms of jobs and economic
8 development.

9 We're a very low-income area. Stanislaus
10 County and the Central Valley Region is not the
11 Bay Area. It's not the Silicon Valley. It's not
12 the California Coast. And it's certainly not the
13 thriving centers of commerce in San Diego and
14 parts of Los Angeles. But we make do. We invest
15 in our own community because we've learned that
16 we cannot rely on the state and we cannot rely on
17 others to do it for us, so we've been responsible
18 investing in our own community. But I will tell
19 you, we cannot survive if the state makes our own
20 condition, our current conditions worse.

21 I'd like to provide you with some
22 numbers, compared to the rest of the state.

23 In health care, Stanislaus ranks 45th out
24 of 58 counties for access to quality care.

25 Education; we have the lowest educational

1 attainment levels in the entire State of
2 California.

3 Poverty, as was mentioned, 24 percent of
4 the children in Stanislaus County are living in
5 poverty. And to make that number even worse, we
6 have some of the highest levels of people under
7 18 than any other county in California. Nearly
8 30 percent of our population is under 18.

9 Drinking water violations and air
10 quality, perhaps the most striking statistic. We
11 rank 51 out of 58 counties. And this proposal
12 will make our ability to provide solutions to
13 improve our drinking water far worse.

14 The one plus we have in our community is
15 water, and we can't have you take that away from
16 us. Your Board staff is recommending action that
17 would significantly and unavoidably, in your
18 staff's own words, make our situation much worse.
19 Taking this water would devastate an already
20 struggling region. Water is what gives us hope
21 for the future.

22 And yet at this point, so far, the
23 Board's proposals have ruled out mitigation. How
24 can that be?

25 Our area has stepped up to the plate many

1 times in statewide efforts, the 2014 Water Bond,
2 conservation mandates that we met, Measure L most
3 recently. We built our own water project systems
4 decades ago to prepare for our future. We
5 regularly invest in our future. And we are
6 willing to step up now and negotiate settlements,
7 but we can't do it alone. We need you to work
8 with us.

9 When negotiation a Water Bond several
10 years ago, Assembly Member Gray and I brought up
11 the flow proposal with Governor Brown. The
12 Governor told us that any proposal would be
13 reasonable and well vetted, but this Plan is
14 neither. It is certainly not reasonable, and it
15 certainly has not been well vetted. But today is
16 a step in that direction and we appreciate that.

17 There's been no mitigation, nothing for
18 schools, cities, agriculture, jobs, economic
19 dislocation, nothing for our future, except more
20 poverty and less hope.

21 The Board has admitted in hearings that
22 the modeling on the fishery impacts in the
23 proposal is flawed, that there are other
24 scientific bases that are flawed, and you will
25 hear about those today. We all want better

1 fisheries. We want a healthy Delta, and we can
2 achieve that better and more holistically if we
3 work together.

4 I will close with a quote from Governor
5 Brown. Just last week when commenting on the
6 economic and environment issues, he said,
7 "California is the future."

8 Well, I want to remind you all, Modesto
9 is a part of California's future.

10 (Applause.)

11 Riverbank is part of California's future.
12 Oakdale is part of California's future. And so
13 is Denair, Newman, Crows Landing, Ceres, Manteca,
14 Hughson, Waterford, and all the communities
15 throughout the Central Valley. So please listen
16 to us this time. Please don't make our
17 conditions worse. The adoption of your report
18 will bring millions of Californians to a future
19 that neither the Governor, you, nor anybody else
20 would want.

21 Thank you for being here. And we implore
22 your willingness to work with us and your
23 listening ears today.

24 (Applause.)

25 CHAIR MARCUS: Thank you very much.

1 Mayor Vierra, followed by Elaine St.
2 John, representing the 4th District Calaveras
3 County Republicans, followed by William O'Brien
4 with the Board of Supervisors, Stanislaus County.

5 MAYOR VIERRA: Good morning.

6 CHAIR MARCUS: Good morning.

7 MAYOR VIERRA: And thank you for being
8 here and hearing our comments. My name is Chris
9 Vierra, and I'm the Mayor for the City of Ceres.
10 I also serve as the Vice Chairman for the
11 Stanislaus Regional Water Authority, commonly
12 referred to as the SRWA. The SRWA is a joint
13 powers authority between the cities of Ceres and
14 Turlock. The purpose of the SRWA is to develop a
15 potable drinking water treatment plant, using
16 surface water from the Tuolumne River supplied by
17 Turlock Irrigation District. The SRWA proposes
18 to serve over 120,000 Central Valley residents
19 with treated surface water.

20 Currently the cities of Ceres and Turlock
21 are entirely dependent upon groundwater for our
22 drinking water supply. Through the years, our
23 cities have struggled to keep up with ever-
24 changing state-mandated water quality standards.
25 We have seen numerous wells taken out of

1 production and can no longer be used.

2 In fact, in 2013, the City of Ceres
3 worked with Stanislaus County and the state to
4 provide potable water to a remote disadvantaged
5 community known as the Monterey Park Tract. In
6 the Monterey Park Tract there were nearly 200
7 citizens that were drinking water that exceeded
8 state and federal standards for arsenic and
9 nitrates. It was not a good situation, and it
10 was one that was a significant health and safety
11 issue.

12 Thus, we understand firsthand the
13 hardships families can suffer when their drinking
14 water is inadequate or contaminated. And we have
15 done our part to help disadvantaged communities
16 in need, but treating groundwater no longer is a
17 long-term solution. We must augment our
18 groundwater supplies with a surface water
19 solution that allows for blending. That is why
20 the SRWA was created and is moving toward the
21 ultimate construction of a multi-million dollar
22 water treatment facility that is desperately
23 needed. However, what you are proposing by your
24 actions severely jeopardizes our project.

25 We often hear at the state level that

1 this is a water-rich region that needs to
2 conserve more. I'd like to point out that our
3 City has been committed to water conservation and
4 has far surpassed the state conservation goals.
5 We are doing our part to conserve.

6 We are very sensitive to the fact that we
7 are entirely dependent upon the Turlock Subbasin
8 for our water supply, and our groundwater in our
9 region is a diminishing resource. One average
10 rain year will not recharge the aquifer. So
11 alternative solutions, like the proposed surface
12 water plant, must be developed.

13 Not only with the SRWA project provide an
14 alternative source of quality drinking water, but
15 it will also assist our region to comply with the
16 Sustainable Groundwater Management Act of 2014.

17 I want to conclude my comments by saying,
18 in the end, while I am the mayor and serve as the
19 Vice Chairman for the SRWA, I'm also a degreed
20 engineer and licensed by the State of California.
21 So by default, that makes me a scientist and
22 someone who keenly understands the CEQA process.

23 CHAIR MARCUS: And can talk to Tam.

24 MAYOR VIERRA: Yes. But I'm also an
25 environmentalist. And I believe in clean air,

1 clean water, and the restoration of fish and
2 wildlife habitat.

3 Often times there needs to be a balance
4 to be struck between both parties for a
5 successful process. I urge you to listen to the
6 comments being made today and the impacts that
7 your proposed flows will have on our communities.
8 It's not as easy to say, go ahead and punch more
9 wells for groundwater, because we've been trying
10 that and it doesn't work.

11 Selfishly speaking, your proposed flows
12 will be devastating to our community's drinking
13 water supplies. And I urge you to modify the
14 report accordingly.

15 Thank you.

16 CHAIR MARCUS: Thank you very much, sir.

17 (Applause.)

18 Representative St. John, followed by
19 Supervisor O'Brien, followed by Bill Berryhill,
20 former State Assembly. Great.

21 MS. ST. JOHN: Good morning.

22 CHAIR MARCUS: Good morning.

23 MS. ST. JOHN: I hope this is close
24 enough to me. My name is Elaine St. John and I
25 represent the 4th District of the Calaveras

1 County Republican Party.

2 We have the New Melones and Lake Tulloch
3 in my particular district. And I can tell you
4 that everyone that I've spoken to in Calaveras
5 County is against this new proposal. We're
6 concerned, basically, that there was not a full
7 CEQA done. Instead, there was the Substitute
8 Environmental Document.

9 And I'm here today to talk about
10 cyanobacteria. As you probably know, there was a
11 bloom in the San Luis Reservoir this year, and it
12 was closed to swimmers and dogs because of this.
13 We're concerned that Melones and Tulloch could
14 possible grow the cyanobacteria because of the
15 lower water levels, which will give us more warm
16 water which is what it thrives in. The drought
17 also adds to this danger. As you know, we've
18 been under the drought for a long time, so that's
19 a problem too. This could be an unintended
20 consequence of increased water flow from Melones,
21 and we're very concerned about it.

22 I live near Pinto Lake in Watsonville.
23 And as you know, that particular lake is
24 considered to be one of the most toxic lakes in
25 all of California, and that has the

1 cyanobacteria. And there were a number of sea
2 otters that were killed from that, so it's a
3 major problem.

4 I believe the cyano should have been
5 discussed with local water districts, and it was
6 not. I reached out to the manager of our
7 particular water district and found out that he
8 was not contacted. There was no discussion or
9 plans on how to treat water, should there be
10 cyanobacteria in our reservoir or Lake Tulloch,
11 or perhaps New Melones.

12 The problem with the challenge of
13 treating the water is that there are extra toxins
14 and intracellular toxins. And the intercellular
15 toxins will explode when they die, which will
16 contaminate the water treatment plant.

17 CHAIR MARCUS: Right.

18 MS. ST. JOHN: So I believe that the
19 Delta Plan should have had these discussions. We
20 all believe that. We believe that a lot of the
21 water districts, and there's probably people here
22 from water districts that are ill-prepared for
23 this possibility. And we would like to have this
24 changed and have you maybe do some workshops with
25 water districts to investigate what the

1 possibility of this particular bacteria could
2 cause. You know, it's a very deadly disease that
3 the liver can be a problem with it, nervous
4 system.

5 I guess I'm out of time. But anyway, we
6 would like to see you reach out to the water
7 districts and investigate that. Thank you so
8 much.

9 CHAIR MARCUS: Thank you very much.

10 (Applause.)

11 Supervisor O'Brien, followed by former
12 Assemblyman Berryhill, followed by Supervisor-
13 Elect Dennis Miles.

14 MR. O'BRIEN: Good morning. William
15 O'Brien, Board of Supervisors, Stanislaus County
16 District 1.

17 The stakes are high and it's essential
18 that the Board's balancing decision be based on
19 good information and an adequate assessment of
20 the effects of unimpaired flows implementation.
21 For this reason, it is particularly distressing
22 that the SED fails to even consider the effects
23 that unimpaired flows implementation might have
24 on complying with SGMA. We all recognize that
25 SGMA is the new cornerstone of the California

1 water policy and the Governor's Water Action
2 Plan.

3 Stanislaus County has a long history of
4 conjunctively managing surface and groundwater.
5 In most of the county, we've done a pretty good
6 job. But we also face some significant
7 challenges, especially in areas where surface
8 water is not available or reliable.

9 Most of our cities and unincorporated
10 communities are heavily dependent on groundwater.
11 Water quality issues and limited surface water
12 availability are making it a challenge for these
13 communities to meet their forecast water demands,
14 especially since forecasted growth in this area
15 is greater than the state average. And remember,
16 it's the State of California who sets our
17 regional housing needs, not us. Many hundreds of
18 domestic wells have dried up during this drought,
19 many in my district.

20 We are hard at work informing GSAs and
21 planning for SGMA compliance. As you know, this
22 is a very challenging process. But through a lot
23 of hard work and collaboration, we are making
24 progress.

25 The proposed unimpaired flows

1 requirements will radically change the local
2 groundwater balance and put all of these efforts
3 into serious uncertainty at what probably is the
4 most critical time ever in groundwater management
5 planning in this region. The SED does not
6 analyze the impacts of unimpaired flows on local
7 SGMA compliance. It includes a much generalized
8 analysis of groundwater impacts and concludes
9 they'll be significant and unavoidable of first
10 impacts, but does not provide any information
11 where those impacts will occur or how severe it
12 will be.

13 The SED implies, and the Board staff has
14 stated, that the burden of analyzing and
15 addressing groundwater impacts falls to the local
16 communities under SGMA. The state -- they state
17 that they are areas that are already in
18 overdraft, and the issues already have to be
19 addressed on a local level. They argue that
20 since the local responses can't be predicted, the
21 evaluation of unimpaired flows impacts on SGMA
22 implementation would be speculative. You have
23 tools available, C2VSim model that could be used
24 to analyze these impacts.

25 The areas that currently have overdraft

1 have been working hard to achieve sustainability,
2 a key component for these areas to find
3 additional surface water sources to decrease
4 groundwater dependence or for the use of recharge
5 groundwater. Now these very plans are just
6 thrown into a state of uncertainty because more
7 surface water will be used to support unimpaired
8 flows, but the effects are completely unknown.

9 It's inconsistent and unfair that the
10 state would require implementation of SGMA,
11 threaten local basins with a state takeover if
12 they don't comply, then completely change the
13 playing field for what is needed to comply and
14 take the position that they have no
15 responsibility.

16 Four recommendations.

17 First, we urge the state to use the tools
18 you have available to provide an analysis of the
19 impact of unimpaired flows on SGMA compliance and
20 make the SED accessible and intelligible in this
21 regard. The analysis does not need to be
22 perfect, but it needs to be better than what it
23 is now.

24 Second, the SED should evaluate
25 programmatic mitigation measures that could help

1 the region successfully transition to unimpaired
2 flows implementation and SGMA compliance. The
3 SED currently does not discuss any mitigation
4 measures, including what could help promote
5 collaboration and a potential settlement.

6 Thirdly, without a rational sensibility
7 and methodology, the risk that GSA formation and
8 GSA implementation will be unsuccessful as a
9 result of unimpaired flows implementation is a
10 very serious potential outcome.

11 And finally, until all cards are on the
12 table the state will never come up with a good,
13 logical water policy. Significant and
14 unavoidable environmental consequences on humans
15 should be a priority of the State of California.
16 I just ask --

17 (Applause.)

18 I just ask you to come clean. We know
19 you have your marching orders. We know it's
20 about seawater intrusion. We know it's about the
21 tunnels.

22 Thank you.

23 (Applause.)

24 CHAIR MARCUS: Not helpful. That was
25 very helpful, up until that last part.

1 Assemblyman Berryhill? Assemblyman

2 Berryhill? I'll take him when he comes back.

3 Supervisor-Elect Miles, Assemblyman Adam
4 Gray, and then Supervisor Vito Chiesa from
5 Stanislaus County.

6 MR. MILES: Good morning Board.

7 CHAIR MARCUS: Good morning. Yeah, make
8 sure it's --

9 MR. MILES: Thank you for stepping into
10 the lion's den.

11 CHAIR MARCUS: No, no, no.

12 MR. MILES: We appreciate you being here.

13 CHAIR MARCUS: It's a great community.

14 MR. MILES: Yes.

15 CHAIR MARCUS: And so it's good to be
16 here, it really is.

17 MR. MILES: You may recall that in April
18 of this year, I came before the Board in
19 Sacramento to discuss the New Melones Project and
20 how it was to be implemented for the remainder of
21 the year. And at that time I mentioned that
22 Calaveras County had just suffered the seventh
23 most devastating fire in the history of
24 California while New Melones was being turned
25 into a mudflat. The economic devastation to our

1 communities, which are already devastated because
2 they are disadvantaged communities, is
3 insurmountable. And as a result, we are losing
4 population at our county. We've lost 2,000, just
5 in the last year.

6 All of this goes back. And I'd like to
7 bring you back to a point in time in 1977-1978
8 when there was a fight over whether or not New
9 Melones was going to be filled. I was an
10 executive secretary of a group called Fill the
11 Dam. And I brought my little cards to remind
12 everybody of that. But it's very important to
13 understand that with that focal point and the
14 decision to fill New Melones, it gave the state
15 and the federal government an opportunity to make
16 full use of New Melones for other uses. So the
17 promises that were given to Calaveras County for
18 recreation, for other uses just didn't happen.

19 And the result is, is that even last
20 year, we were forced to buy power off grid
21 because New Melones was being shut down as a
22 power generation location. As you recall, we
23 actually had to do an extension of Lake Tulloch,
24 because that is part of my area, to ensure that
25 we were going to provide adequate water supplies

1 to our consumers there.

2 All of this plays into whatever happens
3 to us and the watershed and the headwaters area
4 of this part of California also happens here. So
5 people should realize that there is a conjunctive
6 use that needs to be looked at. I'm involved in
7 the creation of the CSA (sic) for Calaveras
8 County. And I can understand that there is going
9 to be a bump against SMGA as to how do we make
10 this all work as we look at these flows, and then
11 we also look at how SGMA is going to play out.
12 This is a -- this has to be a long-range effect.

13 But, without a full New Melones over
14 these last 35 years, a lot of what's been able to
15 be accomplished with flows and with salmon, et
16 cetera, wouldn't even be a discussion because
17 there wouldn't be a reservoir there.

18 So the first thing we've got to do is
19 ensure that we build adequate reservoirs and
20 adequate water supplies to service our areas.
21 That has to come first. It has to be people over
22 fish, that's the bottom line. If we can't
23 sustain our people --

24 (Applause.)

25 If we can't sustain our people and the

1 economy of our area, there's no point in talking
2 about fish. And unfortunately, I think this
3 conversation needs to come back to the reality of
4 what can we do to support our communities in this
5 area as we go forward.

6 And thank you for your time.

7 (Applause.)

8 CHAIR MARCUS: And thank you for your
9 help.

10 Assembly Member Gray, followed by
11 Supervisor Chiesa, followed by Fresno City
12 Councilman Steve Brandan (sic).

13 Assemblyman Gray, nice to see you.

14 ASSEMBLY MEMBER GRAY: Good morning,
15 Madam Chair, Members. Welcome to Groundhog's
16 Day.

17 Appreciate you being here in Stanislaus
18 County. We enjoyed the opportunity to speak with
19 you yesterday in Merced. These local hearings
20 have both helped the community access these
21 proceedings. But perhaps more importantly, I
22 hope it's given you an opportunity to see how
23 tone deaf this Plan sounds to us.

24 (Applause.)

25 With the economic realities we face in

1 this region, and as we continue to struggle with
2 the fifth year of drought, to choose now to move
3 forward with plans to create, in the words of
4 your own staff, a permanent regulatory drought is
5 just absolutely unacceptable to us.

6 What's worse, your plan is riddled with
7 incomplete and inaccurate information, it has
8 been made clear by our local governments and
9 irrigation districts who have more robust and
10 historic scientific data on these rivers than
11 anyone else in the world. They are the experts.
12 Despite that fact, you decided to ignore our
13 offers to help and instead cherry-picked
14 selective science to promote your preferred
15 narrative. There's only one reason to do that.
16 If your plan actually stated the true negative
17 impacts, we would not be here today because it
18 would have already been scrapped, hundreds of
19 millions of dollars, some benefit, but at too
20 much cost. A plan which sacrifices thousands of
21 jobs, hundreds of millions of jobs in lost
22 economic productivity and jeopardizes the
23 drinking water supplies to one of the poorest,
24 most underserved and most disadvantaged
25 communities in the state is obviously a dead-on-

1 arrival plan.

2 So instead of these hearings focusing on
3 the merits of your plan, we have instead fought
4 just to get a fair trial. If you sincerely
5 prefer voluntary settlements, and I will take
6 this Board at its word, we've had many
7 discussions on that, then we need to drop this
8 Plan and go back to the drawing board. We need
9 to engage in those discussions. This report,
10 held up as a gun to our head, just does not make
11 settlements possible. It does not encourage
12 those efforts.

13 I want to finish by submitting 1,100 new
14 petitions. You all are aware, we have a
15 StopTheRegulatoryDrought.com site. We've
16 previously submitted, Assemblywoman Olsen and I,
17 I think a little over 3,000 signatures to this
18 Board. We've got another 1,100 to leave with you
19 today, people in our community who want to send
20 this message to this Board: that this Plan is not
21 going to work, that we need a settlement. We
22 need an opportunity to have a fair plan that
23 treats everyone and every aspect and every
24 community with a fair shot.

25 So I would implore you to drop this Plan.

1 Let's work together. You know, let's get a
2 comprehensive plan. I have talked for four years.
3 When we did the Groundwater Sustainability Act,
4 when we did the Water Bond, as we've talked about
5 the flows issues and the work that you all are
6 doing, this has to work together; right? And
7 unfortunately, the way government is set up with
8 the Water Board, the Water Commission, Fish and
9 Wildlife, it doesn't work together. Everybody's
10 operating in a silo and you can't take actions.
11 I mean, your own report up here says we're going
12 to impact the groundwater in one of the most, you
13 know, impacted regions in the whole state. That
14 is absurd. It's laughable.

15 And so if we can't do it through a formal
16 process, let's do it through the informal process
17 and let's put it all together. Let's do habitat
18 restoration. Let's do some water. Let's do
19 predator suppression.

20 CHAIR MARCUS: Yeah.

21 ASSEMBLY MEMBER GRAY: And let's do
22 storage.

23 (Applause.)

24 I'm confident that if we take that
25 approach we can fix California's water problems,

1 and we can stop just robbing Peter to pay Paul.

2 Thank you for your time.

3 CHAIR MARCUS: You're welcome.

4 (Applause.)

5 Supervisor Chiesa, followed by Councilman
6 Brandan (sic), followed by Stanislaus County
7 Supervisor Jim DeMartini.

8 Good morning.

9 MR. CHIESA: Good morning, Chair Marcus
10 and fellow Board Members, and engineers, too, who
11 are never recognized. Good morning and welcome
12 to Stanislaus County, on behalf of our Chairman
13 Dick Monteith.

14 CHAIR MARCUS: If you say Go Bears, she'd
15 be yours forever, if you added that.

16 MR. CHIESA: Unfortunately, it's a Go
17 Mustang for me, so --

18 CHAIR MARCUS: Well, that's important.
19 That's good. That's appropriate.

20 MR. CHIESA: Very nice. Well, I'm glad
21 you made it. I know we've been trying for about
22 the last two years to get an audience with you.
23 I would tell you that December 20th on a Tuesday
24 is a suspect day, but I'm still glad you're here.
25 And I would suspect that if we had this on

1 Christmas Day, we would still have the same
2 audience because it is so important.

3 (Applause.)

4 So to you, all you folks in the audience,
5 I know you have better things to do. And I know
6 that this means a lot to you. And I appreciate
7 you myself because this is how we move mountains
8 in government. And to the folks in the next
9 room, I appreciate there's a full room on the
10 right side.

11 So I'm in the incoming Chair of the
12 California Partnership for the San Joaquin
13 Valley, and I'll talk about that in just a
14 second. But first, I want to roll back to
15 statistics I've heard, but I'm going to put a
16 little different spin on it. I'm going to tell
17 you the statistics for the San Joaquin Valley
18 versus the State of California.

19 Poverty level, 12.6 for the State of
20 California, 20 percent for the valley. Violent
21 crimes, 395 per 100,000 in California, 563 for
22 the San Joaquin Valley. Physicians per 1,000
23 people, 2.75 for California, 1.52 for the valley.
24 Bachelor's degree, 31 percent for California,
25 16.1 percent. And unemployment tracks about four

1 percent over the state average as a whole, it
2 always has and always will.

3 So going back to the Partnership of the
4 San Joaquin Valley, we knew that there, we knew
5 that there were struggles back in 2005. Then
6 Governor Schwarzenegger, through Executive Order,
7 established this, and Governor Brown has since
8 continued it. But it was really convening an
9 engagement of civic leaders, as well as elected
10 leaders, to try and lift the valley up, and
11 dealing with issues such as a well-trained
12 workforce, diversified ag economy, a model
13 education system and health care system. So it
14 was very timely that our 2016 report came out. I
15 will also tell you that Member D'Adamo is also on
16 this board, as well as many cabinet-level
17 secretaries.

18 CHAIR MARCUS: Uh-huh.

19 MR. CHIESA: And the number one priority
20 is water quality and supply. We've been working
21 on making sure people have adequate and reliable
22 and good quality drinking water, as well as an
23 adequate supply.

24 So I move on. So there's this huge
25 distrust in government. It's been going for

1 many, many years. And here we have a government
2 created entity that's trying to lift people up
3 and help them, and then we have a government
4 created entity who potentially harms those
5 people. So people, I can see why there's this
6 dynamic of distrust. So I'm hoping, again I'm
7 going to hope, that things are going to get
8 better.

9 The balance? Les spoke at our Board of
10 Supervisor meeting and he said "balance" many
11 times. I've heard it already today, we're
12 balancing municipal and industrial use, we're
13 balancing ag's use, and we're balancing the
14 environmental use. I would offer up to you today
15 that no one in this room thinks 40 or 50 percent
16 unimpaired flow is a balanced approach.

17 (Applause.)

18 But I will tell you that I'm here to
19 challenge you and offer something. The challenge
20 is that you listen today to the passion. There
21 will probably be some anger, but I can tell you
22 that people are scared, they really are, with
23 what this could do to them, what this could do to
24 the valley. We're working so hard to lift our
25 community up and do better for all people.

1 And then the offer is that I'm here to
2 help facilitate. The Stanislaus County Board of
3 Supervisors, the irrigation districts are not the
4 enemy. We are here. We want to see the
5 environment survive. We want to see ag survive.
6 We want to see drinking water survive. So I'm
7 here to offer my assistance, as I always do. But
8 please listen to the people. Please listen to
9 their passion. It's going to be very important.

10 Thank you for coming to Stanislaus
11 County. And thank you, to all of you, for
12 showing up.

13 (Applause.)

14 CHAIR MARCUS: Yes. Thank you --

15 MR. CHIESA: This means a lot.

16 CHAIR MARCUS: -- very much. It's been
17 helpful so far.

18 Councilman Brandan (sic), followed by
19 Supervisor DeMartini, followed by Superintendent
20 of Schools Tom Changnon. You'll have to tell me
21 how to pronounce that.

22 Councilman.

23 MR. BRANDAU: Thank you, Madame Chair. My
24 name is Steve Brandau. I think I --

25 CHAIR MARCUS: Brandau.

1 MR. BRANDAU: -- probably scribbled a
2 little --

3 CHAIR MARCUS: No. I'm sorry.

4 MR. BRANDAU: -- on that card. But I'm a
5 Fresno City Councilman and I represent 75,000
6 people in Northwest Fresno. I also sit on the
7 San Joaquin River Conservancy Board. And I drove
8 a couple hours today, got up really early to be a
9 part of this meeting because it is so critical
10 that the message that has already been expressed
11 by previous speakers, and probably by hundreds
12 more throughout the day, is heard by the five of
13 you and, by extension, Sacramento and our
14 leadership there.

15 Somebody might ask, why is somebody from
16 Fresno driving all the way to Modesto? Do
17 increased flows upon the Tuolumne River and the
18 Stanislaus River really connect with the City of
19 Fresno? And I believe they do.

20 And the reason I believe they do and the
21 reason I'm here today is because I believe the
22 Central Valley is a region connected by water, by
23 agriculture, by the economic opportunities that
24 those two things bring to us. We have that in
25 common all across, realistically, from Sacramento

1 all the way down to Bakersfield. And we need to
2 begin to let our voice be heard as a region, and
3 even really as a super region. And that's why I
4 drove from Fresno today to talk about this water
5 grab that I'm hearing and learning more about.

6 In the city -- so I'm going to talk a
7 little bit about my area. And I think most
8 people in here can relate really well. There are
9 communities in Fresno County that have 40 percent
10 unemployment, okay? These are -- the land in our
11 valley is so beautiful, it's unique in the whole
12 world.

13 CHAIR MARCUS: Uh-huh.

14 MR. BRANDAU: It's very unique. We can
15 grow almost anything. But we need one thing to
16 make that happen and that's water, and that's why
17 we're all coming before you today. Without water
18 in Fresno County, we have hundreds of thousands
19 of acres that are just sitting fallow, no crops,
20 beautiful land, the best land in the world, no
21 crops being grown on it, hundreds of thousands of
22 acres sitting fallow. They bring in no economic
23 benefit. And they're actually beginning to lead
24 to a humanitarian crisis. And I'm using that
25 with a small H. It's nothing like you see in

1 Aleppo, Syria, where a war is breaking out, but
2 it is a humanitarian crisis as far as I'm
3 concerned. And I believe that's spreading in our
4 Central Valley and we need to stop that.

5 And just like there is a war going on
6 against the citizens of Aleppo, in many ways, in
7 my opinion, there is a war going on, on the
8 citizens of the Central Valley of California.

9 (Applause.)

10 And I'm begging you to please consider
11 the humanitarian cost of the decision you've got
12 to make.

13 And I want to thank you. I want to thank
14 my friends, Tom Berryhill and Jack Cox and others
15 for helping me get up to speed on some of these
16 issues. Thank you very much.

17 (Applause.)

18 CHAIR MARCUS: Thank you.

19 Supervisor DeMartini, followed by
20 Supervisor Changnon, followed by Supervisor Terry
21 Withrow.

22 Hello again.

23 MR. DEMARTINI: Hello. I'm Jim
24 DeMartini, County Supervisor for the 5th
25 District. Thank you for coming to Stanislaus

1 County today for this hearing, so we don't have
2 to drive to Sacramento.

3 CHAIR MARCUS: Oh, happy to.

4 MR. DEMARTINI: I want to talk briefly
5 about the economic impacts of this proposal on
6 the Stanislaus County economy.

7 The SED grossly underestimates the
8 impacts to this county. Ag is Stanislaus
9 County's number one industry. It is a \$4 billion
10 farm gate industry and it employs 38 percent of
11 the population that either works directly or
12 indirectly in agriculture. Eight out of ten of
13 the county's largest employers are ag related.
14 Companies such as Gallo Winery, Del Monte,
15 Seneca, Foster Farms and others employ
16 thousands of people.

17 A 40 percent unimpaired flow from our
18 rivers will devastate this area. The county
19 believes that this will fallow as much as 200,000
20 acres and cause \$1.7 billion in farm gate value
21 loss, along with 14,000 jobs. The effects on
22 property values, employment and the economy will
23 be tremendous.

24 Much of our land in this county is in
25 orchards, peaches, almonds, walnuts. Although we

1 grow about 200 different crops, there's a lot of
2 it in trees. And permanent crops have to have a
3 reliable source of water. There have been
4 billions of dollars spent on orchards and
5 infrastructure of pipelines, irrigation systems,
6 processing plants in ag-supported industries. We
7 are reliant upon the water to keep this economy
8 going.

9 The SED says that we can use groundwater
10 to make up the difference in the loss of surface
11 water. But I can tell you, there is not enough
12 sustainable groundwater supply to go around. In
13 this county, we've had scores of wells go dry
14 this year during the drought. And just relying
15 upon groundwater to make up the surface water
16 loss is just not going to do it.

17 The SED does not include any analysis of
18 the interplay between the unimpaired flows and
19 how much groundwater would be available under
20 SGMA. If we have our groundwater taken away
21 through SGMA or very regulated, then the surface
22 water is being reduced. It puts us in an
23 impossible situation to continue with our
24 economy.

25 Irrigation districts have had the water

1 rights on the Tuolumne River for 130 years. The
2 Don Pedro Dam is privately owned. There no state
3 or federal money in this system, and the water
4 just cannot just taken away.

5 (Applause.)

6 Do I have to stop? I have just a little
7 bit more. Okay.

8 In the 2014 Water Bond the people of
9 California voted to increase water supply. They
10 realized that California does not have enough
11 storage. Yet with this proposal the storage that
12 we have will be eliminated. The Don Pedro,
13 Exchequer --

14 (Applause.)

15 -- and Melones Dam will never be full
16 again. And this is just exactly the opposite of
17 what the people of this state really wanted. The
18 reservoirs are there for the benefit of the
19 people. They're owned by the people and the
20 irrigation districts, and they should be left
21 alone.

22 The SED is a weak and misleading
23 document, void of any honesty, science or common
24 sense. And the theft of our surface water would
25 destroy our economy, reduce property values and

1 our tax base, and throw thousands of people out
2 of work, and impact our drinking water supply.
3 And this is for an increase of 1,100 salmon, all
4 of this.

5 If this is really about increasing the
6 salmon numbers, there are many ways to do that.
7 The irrigation districts have a plan, and so does
8 the county. This can be done without destroying
9 the economy of this region.

10 And I thank you.

11 (Applause.)

12 CHAIR MARCUS: The 1,100 fish is one of
13 those issues that we'll have to put something out
14 on, because that's not -- it's not based just on
15 that, and that, there's a problem with that.
16 It's not -- that's just one of the things -- I
17 understand people have heard it, but it's not
18 actually what it's based on. But still, hard
19 thing and hard impacts, helpful to hear.

20 Superintendent, if you can please tell me
21 how to pronounce your name. And I'm happy to
22 give you a cough drop. I almost came over and
23 gave you one, if you want.

24 MR. CHANGNON: Oh, no, fine.

25 CHAIR MARCUS: You sure?

1 MR. CHANGNON: Thank you, I'm fine.

2 CHAIR MARCUS: You didn't need it before?

3 MR. CHANGNON: Welcome.

4 CHAIR MARCUS: Followed -- let me just --

5 MR. CHANGNON: Welcome. My name is Tom

6 Changnon --

7 CHAIR MARCUS: Changnon? Okay.

8 MR. CHANGNON: -- County Superintendent
9 of Schools for Stanislaus County. I've lived in
10 this county for 40 years. And like most of the
11 people in this audience today, we're very proud
12 of our communities and the area that we live in.
13 I'm a big outdoors person, hunter and fisherman.
14 But today I come to you and I do thank you, like
15 the other speakers, for attending and coming to
16 Stanislaus County to listen to the concerns that
17 we have.

18 I'm wearing two hats today for you today.
19 The first one is the personal hat, is my John
20 Deere hat. I come from -- my in-laws are
21 farmers. They're fourth-generation rice farmers.
22 And I can tell you that the last six years of
23 drought have caused great concern among them and,
24 obviously, water is the big part of that. They
25 can't drill more wells. They can't pay for more

1 water allocation by the state. And as a result,
2 the last five years they've reduced what they
3 have planted by 15 percent.

4 And I've sat around the dinner table with
5 my family members and I have heard them talk
6 about what they're going to have to do for the
7 employees that they've had for 40 years on their
8 farm and what they're going to have to tell them
9 to release them because they have to make a
10 decision, are they going to keep their boys
11 employed or some of these people that they've had
12 for all these years.

13 So this cuts at the heart of family. It
14 cuts at the heart of the employees who are like
15 family to them for generations. And I can tell
16 you, those dinner table discussions have been
17 filled with angst and a lot of heartache that
18 goes on about this. So this is very personal.
19 And I know that there's many people in the
20 audience that have the same story because without
21 water, we can't continue in the ag business. And
22 we need that water to be embedded in our
23 groundwater and our wells to be built back up.

24 Then secondly, the hat I'm wearing is as
25 the County Superintendent of Schools. I'm

1 wearing these years ago, and I used to teach and
2 coach at one of our local high schools. I
3 represent -- I'm the voice of 106,000 children in
4 Stanislaus County. We represent the 14th largest
5 number of students that we educate in the State
6 of California. You have heard previous speakers
7 talk to you today about the hardships, the
8 challenges that we have to overcome with families
9 and students, and yet every day we do the very
10 best that we can to provide them the necessities
11 so that they can be successful in the classrooms.

12 We have 25 school districts in Stanislaus
13 County, six of which are what we call direct-
14 service school districts. That means the county
15 office provides direct support because their
16 budgets are so tight, there's very little wiggle
17 room. Those six districts are already
18 experiencing silt coming up into their wells that
19 students can't drink.

20 And I want to make sure you understand
21 the picture of what this is going to look like in
22 the future. Students drinking bottled water.
23 Okay. We'll just go to the store and provide
24 bottled water. But think about the basketball
25 courts and the playgrounds being lined with Porta

1 Potties. If you're a parent and your second-
2 grade child is going to school that has to use
3 Porta Potties as their sanitary facility, is that
4 something, as a parent, you're going to want to
5 stay at that school? I'm already taking phone
6 calls from families saying we're looking
7 elsewhere if we don't do something about our
8 water situation at our school.

9 We are already in a crisis state. This
10 Plan does nothing to help that. We need to work
11 together to make sure that our priorities and
12 what we value are put number one, and that's our
13 children who are the future of this state and
14 this great nation of ours.

15 Thank you.

16 (Applause.)

17 CHAIR MARCUS: Thank you very much.

18 Supervisor Terry Withrow, followed by Bob
19 Rucker, on behalf of Congressman Jeff Denham,
20 followed by State Senator Cathleen Galgiani.

21 MR. WITHROW: Good morning.

22 CHAIR MARCUS: Good morning.

23 MR. WITHROW: My name is Terry Withrow.

24 I am a CPA here in town. I have a firm just here
25 in Modesto. And my wife and I farm here in

1 Stanislaus County, and we also farm down in
2 Westlands Water District.

3 We thank you guys for being here today.
4 This is very important to us, as you know, as you
5 can tell from the crowd we have here just what a
6 critical issue this is.

7 I'd have to say, Les, Mr. Grober, this is
8 probably the third or fourth time we have
9 listened, or I have personally and a group of us
10 has heard your presentation, and it gets more
11 painful and frustrating every time we hear it,
12 I'll tell you.

13 (Applause.)

14 But we do appreciate you being here, and
15 we appreciate all being a part of this.

16 You're going to hear from Stanislaus
17 County here. Our panel will be before you
18 soon --

19 CHAIR MARCUS: Uh-huh.

20 MR. WITHROW: -- today and talk about the
21 economic impacts to our county with a study that
22 we've done. We put together a study. It was
23 paid for by the county, by Merced County and San
24 Joaquin County, to look at the impacts of what
25 this increased flows is going to be here. And

1 you'll see from that study, as you've heard
2 before and you'll continue to hear today, just
3 how devastating the impact is going to be here on
4 the county.

5 You know, as a county, we live and die by
6 property taxes, by revenues, by property values.
7 And as we lose values, we lose revenues. And as
8 we lose revenues, we lose our ability to provide
9 services to all of our citizens of this county.
10 And in addition to all the jobs and everything
11 that will be lost, everything that we provide in
12 the county comes from our property taxes. So as
13 land is fallowed, as industries disappear, as
14 they leave our county our revenues continue to
15 drop and we are unable to provide services.

16 So the last thing I want to say, just
17 talk about real quick, because there's going to
18 be a lot of conversations here, and you guys have
19 heard a lot up to this point and you're going to
20 continue to hear how we feel about this, and we
21 have spent, myself and a group, probably, of
22 other individuals here in this room today have
23 spent the last two years working on negotiations,
24 on settlements, trying to find a place to meet in
25 the middle. And that's what it's all about,

1 really.

2 CHAIR MARCUS: Uh-huh.

3 MR. WITHROW: Life is about balance. I
4 mean --

5 CHAIR MARCUS: Right.

6 MR. WITHROW: -- you talk about balance
7 in your presentation. You talk about settlement
8 in your presentation. And we have spent two
9 years meeting here, meeting up in Sacramento with
10 the powers that be there. We've met here at my
11 office. My wife made dinner for everyone one
12 night as they all sat here. And we have, as we
13 negotiate, we have found ourselves negotiating
14 with ourselves. There has been no response.
15 There's just been crickets on the other side as
16 we attempt to put together and put offers
17 forward. There has been -- offers have been
18 placed on the desk and there's been no response.

19 So that's the answer to this thing.
20 Really, the only way we're going to get somewhere
21 is somewhere in the middle, somewhere where we
22 negotiate. As long as it's a true middle, we can
23 get there. We're all concerned about the
24 environment. We're all, you know, very good
25 stewards of the land. And we're willing to find

1 that sweet spot in the middle. And maybe some
2 call it a bittersweet spot, but we're willing to
3 get there.

4 CHAIR MARCUS: Good.

5 MR. WITHROW: But we need the other side
6 to be negotiated in good faith, and that just has
7 not happened at this point.

8 So I guess my request to you today is to
9 think about, there are some settlement talks that
10 are still going on, and I understand that they're
11 getting a little more productive. So I ask you
12 to let that settlement process happen, to let
13 that play out, to not come out with a decision
14 here, to just let us work through this until we
15 get to a spot that we feel we all can live with
16 and not to mandate or implement something on us
17 that just won't work, because we'll end up in
18 court. You know we'll end up in court on this
19 thing, and we'll all lose if we end up in court.
20 The attorneys will win and we will all lose.

21 So I ask you to trust in this process.
22 Let the settlement process continue on. Let us
23 negotiate. Postpone, if you have to, any type of
24 decision you have to make here and let us,
25 between the two sides that are involved in this,

1 work out a deal that we feel we all can live
2 with.

3 CHAIR MARCUS: Good. Thank you very
4 much, Supervisor.

5 MR. WITHROW: Thank you.

6 (Applause.)

7 CHAIR MARCUS: I had seen comments. I
8 think there is a little disconnect on that. I
9 agree with you completely. Part of why we've
10 brought in Natural Resources is that, A, they can
11 talk in confidential negotiations where folks
12 don't want to necessarily talk to us. And then
13 ultimately we need to approve settlements, so
14 there's a bit of a wall, but we're very
15 supportive. And so -- but there's some
16 disconnect where folks think they've submitted
17 things to us that haven't been to us, but we'll
18 figure it out.

19 MR. WITHROW: Yeah. No, we --

20 CHAIR MARCUS: We'll figure it out.

21 MR. WITHROW: Yeah.

22 CHAIR MARCUS: And I want to -- I'll
23 follow up with you, because I do want to
24 understand the disconnect.

25 MR. WITHROW: Yeah. And we feel there's

1 been no disconnect on our part. We've been doing
2 everything we can, faithfully trying to
3 negotiate. And we feel the disconnect has come
4 from the other side, so we hope that that is
5 settled.

6 Thank you.

7 CHAIR MARCUS: Thank you, sir.

8 (Applause.)

9 Mr. Rucker, followed by Senator Galgiani,
10 followed by Paul Campbell, Director of Modesto
11 Irrigation District. And then I'll give the last
12 one, unless Assemblyman Berryhill has returned.
13 Salida Municipal Advisory Council Chairman
14 Katherine Borges.

15 Hi.

16 MR. RUCKER: Good morning. I'm Bob
17 Rucker, District Director for Congressman Jeff
18 Denham. The Congressman is out of state and
19 asked me to convey a few thoughts to you this
20 morning. He asked that I read you this letter.

21 CHAIR MARCUS: Great.

22 MR. RUCKER: "Dear Chair Marcus and
23 Members of the Water Board, welcome to Modesto.
24 This is a good week for California agriculture
25 and for the valley. President Obama has signed

1 the Water Bill my colleagues and I have worked
2 all -- have all worked so hard for. Senator
3 Feinstein, Congressman Costa, Congressman
4 McCarthy all express support for the California
5 provisions. These items were not as
6 controversial as some have said. Every member of
7 the Valley Caucus of the state Legislature of
8 both parties in both houses signed a letter to
9 the congress and to the President asking for
10 support.

11 "The bill will provide a much greater
12 flexibility in meeting the challenges brought by
13 the drought and limited water supplies. It will
14 also allow some efforts to control predation on
15 the salmon, making it healthier -- making for
16 healthier fisheries on the tributaries. This is
17 a win-win for the environment and for the salmon,
18 for the rivers, for the economy and for the
19 valley and our agricultural industry.

20 "That brings us to today's issue on the
21 flows. I strongly stand by my colleagues in
22 congress and representatives in the assembly and
23 the senate, and with the cities, counties and
24 districts of this area recommending that your
25 draft report be substantially altered. Your flow

1 regimen does not guarantee that we will meet
2 these goals. In fact, in terms of fish, it is
3 even hard to find where the goal is supposed to
4 be.

5 "But there is one thing most of us can
6 agree on, and that is that the health of the
7 salmon requires more than just flow increases.
8 We also need habitat and predation control. So
9 in your rewrite, I suggest that you tie these two
10 together.

11 "Assemblyman Gray made a suggestion along
12 this line. Put in triggering points, flows take
13 once the habitat effects are funded and approved
14 and the predation efforts are funded and have the
15 start dates.

16 "Once, when he was asked about this
17 nuclear treaty with the Soviet Union, President
18 Reagan was challenged by someone who didn't trust
19 that the nation can keep its word. The
20 president's response was simple, 'Trust, but
21 verify.'

22 "The Governor called for honest efforts
23 to find reasonable settlements on the Bay-Delta
24 items. Everybody of goodwill in this room
25 support that. But we have to recognize that the

1 path that has led us to today's hearing has not
2 always been easy. There have been jumpstarts,
3 and then hurry up and wait periods. As you have
4 focused on other issues, the stakeholders in this
5 region were left in the dark and had their
6 questions ignored. But we can now start over.

7 "Please continue the goodwill you have
8 shown by spending time in the valley. Work with
9 us on long-term solutions that help all of
10 California, but don't burden just one part of the
11 state. Don't penalize a part of the state that
12 has invested in water infrastructure beyond that
13 of most Californians. All the taxpayers funded
14 the state and federal projects, but only the
15 ratepayers of our local districts and the City
16 and County of San Francisco paid for the dams at
17 issue here.

18 "I am optimistic. I think men and women
19 of goodwill can make this work. And I stand
20 ready to do all I can to make this happen.

21 Sincerely, Jeff Denham."

22 CHAIR MARCUS: Thank you very much.

23 MR. RUCKER: Thank you.

24 (Applause.)

25 CHAIR MARCUS: Very helpful.

1 Senator Galgiani, followed by Director
2 Campbell, followed by Chairwoman Borges.

3 Hi.

4 SENATOR GALGIANI: Thank you. And first
5 of all, I would like to thank you for responding
6 to the request of myself and my colleagues in the
7 senate and the assembly, and our Board of
8 Supervisors here, for agreeing to hold a hearing
9 in Stanislaus County, in addition to the hearings
10 that were held in Stockton and Merced.

11 CHAIR MARCUS: Thank you for asking. We
12 should have come up with that ourselves. We
13 appreciate it.

14 SENATOR GALGIANI: Well, you're welcome.
15 You're welcome.

16 We are very concerned, obviously, and we
17 know that this has the potential to completely
18 decimate our ag economies here. And therefore,
19 it's extremely critical that we do have the
20 opportunity to be here and to be heard.

21 Although I appreciate the 60-day
22 extension of the original 60-day comment period,
23 I don't believe it is adequate for stakeholders
24 to thoroughly review and respond to a complex
25 4,000-page document that was put together over

1 four years, suggesting a significant reallocation
2 of water from the three rivers that will have
3 dire impacts on the three-county area and beyond.

4 Studies and estimates by local economists
5 and water and ag agencies clearly suggest that
6 the assumptions in the SED in regard to the
7 impacts on the local economy, groundwater,
8 drinking water and ag production are greatly
9 underestimated. Most experts indicate that the
10 potential for increase in the salmon population
11 may be very minimal and is very speculative.
12 And, in fact, I did see one analysis which spoke
13 to the fact that it may provide an additional
14 1,100 salmon, 1,100, at the expense of our ag
15 economy here.

16 The SED acknowledges that the region
17 would have to make up the loss of surface water
18 by increased pumping of groundwater. This
19 directly contradicts the goals of the Sustainable
20 Groundwater Management Act process by reducing
21 irrigation water, which is the large recharge
22 factor in this area, which already has some
23 significantly overdrafted basins. The SED
24 suggests no forms of mitigation for these
25 economic and groundwater impacts, but merely

1 states that the impact will be significant but
2 unavoidable. This is a less than acceptable
3 response to these three counties which have not
4 yet recovered from the economic downturn, and the
5 mortgage crisis, and the drought that we have
6 suffered since 2009.

7 I have proposed for years that California
8 needs a comprehensive and consistent approach to
9 water planning, taking into account all projects
10 and development and all proposed projects, large
11 and small. A plan that does not take into
12 account 165 years of alterations to the Delta and
13 the rivers that feed it, as well as the
14 introduction of invasive species and subsequent
15 predation seems unlikely to succeed on its own
16 without the expertise and assistance of our local
17 water agencies.

18 The Water Board staff presentations to
19 the Merced, Stanislaus and San Joaquin Boards of
20 Supervisors included a suggestion that the best
21 approach would be to work with our water agencies
22 to achieve the desired goals, rather than spend
23 years and monetary resources in litigation. I
24 respectfully request that the Board concentrate
25 its efforts in this direction.

1 Thank you.

2 (Applause.)

3 CHAIR MARCUS: Thank you very much.

4 Director Campbell, Chairwoman Borges, and
5 then Assemblyman Berryhill, if he's here.

6 MR. CAMPBELL: Thank you very much for
7 having me.

8 CHAIR MARCUS: Thanks for coming.

9 MR. CAMPBELL: After Heath said that some
10 of us elected officials at this local level in
11 the districts are such geniuses, I hope that I
12 can live up to that.

13 CHAIR MARCUS: Yeah. Yeah. It's on you
14 now.

15 MR. CAMPBELL: I kind of doubt it.

16 Listen, I'm just going to be a bit
17 reactionary. And, Ms. Marcus, I'm going to
18 remind you of a challenge I gave you at an ACWA
19 meeting, if you remember, when -- and my
20 challenge is that it seems to me that these
21 processes are counterintuitive to real solutions.
22 And the other elected officials have given the
23 statistics far better than I could as to what the
24 damage potentially will be to our economy here
25 locally.

1 My problem is with the process itself,
2 because it just does not seem to provide for
3 adequate solutions. And I'll use that 25 percent
4 declared reduction in use that the Governor put
5 in place that everybody jumped onboard with, an
6 enormous amount of money was spent on, and a lot
7 of people killed their lawns and took five-minute
8 showers for a savings of two-and-a-half percent
9 supply. That's all we got out of that, which is
10 negligible with respect to what this state needs.

11 The fact of the matter is, is that on the
12 balance sheet this state is bankrupt with respect
13 to water. If you believe in the climate change
14 that's being propagated, you know that there's
15 not going to be the amount of snow that is what
16 has kept us alive, which is cash flow. So
17 therefore, if adequate surface storage is not
18 built, which is where the effort needs to be,
19 this is not going to work. What you're proposing
20 isn't going to work. It's going to sacrifice
21 this valley to accomplish some short-term goals,
22 and then we're going to be out of the water that
23 we say that we need.

24 And so I would suggest that, it just
25 seems to me, that if you've actually heard the

1 people that you've met with the last three times
2 and you see this group here in this room, you
3 realize you have to start over. This isn't going
4 to work. What you're proposing is not going to
5 accomplish your goals and it's going to destroy
6 our economy.

7 And so I would ask you to please --

8 (Applause.)

9 -- please table for a moment that you're
10 in this unelected and unaccountable position to
11 this people in this room. The elected officials
12 are but you guys are not, and it puts you in a
13 position to ignore a lot that maybe you
14 shouldn't.

15 So thank you very much.

16 (Applause.)

17 CHAIR MARCUS: Thank you.

18 I'm so sorry, I'm probably mangling your
19 name, so help me.

20 MS. BORGES: Thank you. And I do have
21 that cold you were talking about, so forgive me
22 for my voice.

23 Welcome to Stanislaus County. My name is
24 Katherine Borges, and I serve as Chairman of the
25 Salida Municipal Advisory Council. My comments

1 before you today are on behalf of our community,
2 and as a life-long resident of the San Joaquin
3 Valley.

4 If you've driven on 99 through Modesto,
5 then you also drove through Salida. It's a small
6 community at the northern border of Stanislaus
7 County with just under 14,000 residents. But
8 there are several large businesses in Salida who
9 are dependent on our surrounding agricultural
10 community, including Holt of California, Flory
11 Industries and Blue Diamond Almond. Odds are, if
12 you've eaten fruits, nuts, vegetables, beef, and
13 drank milk or wine, you've been nourished by
14 foods produced in Stanislaus County.

15 There are no corporate farms surrounding
16 Salida, just small family farms and dairies
17 which, in some cases, have been in the same
18 pioneering farm families for over 100 years. On
19 the northern-most border of Salida is the
20 Stanislaus River, which combined with the Hanford
21 sandy loam soil makes this part of the county
22 especially fertile and a prime area for aquifer
23 recharge.

24 Our local farmers have been good
25 stewards, conserving water through these tough

1 drought years. Needless to say, depleting their
2 water supply any further will cause a domino
3 effect which will cause a domino effect which
4 will topple business and commerce in our region,
5 and for what?

6 No, it's not about the salmon. I think
7 the salmon are just a straw man for the real
8 reason to demand more water. It's no coincidence
9 that the amount being demanded --

10 (Applause.)

11 -- is the same as what's needed to offset
12 the water from the Sacramento River to ship
13 south. If it were about the salmon the state
14 would first implement measures, like banning the
15 commercial fishing of salmon, which has not been
16 done since 2009, or dredging the rivers, but
17 you're not doing these things. If it's not about
18 the tunnels, then why not just have one tunnel
19 instead of two. But instead, the state is going
20 to do what it wants to anyway.

21 But you need to remember that for every
22 action there's a reaction. Our local irrigation
23 districts have already given notice of what that
24 reaction will be if the state moves forward on
25 this water grab. Their slogan, it's worth your

1 fight, and fight we will. But it won't be a
2 fight with farmers' pitchforks, it will be with
3 lawyers.

4 The resilient residents of the Central
5 Valley are in this fight for our lives. So
6 perhaps reconsider the compromise you were
7 already offered.

8 Thank you.

9 (Applause.)

10 CHAIR MARCUS: Thank you.

11 Is Assemblyman Berryhill here? All
12 right, if he comes back, we'll be happy to hear
13 from him.

14 We're going to take a brief break. There
15 were a couple of people, not elected officials,
16 who asked to speak before 11:00. We may have
17 missed that window. And I apologize to those of
18 you who would like --

19 UNIDENTIFIED FEMALE: (Off mike.) I know
20 this meeting is for the farmers to speak. But it
21 would be nice not to have our elected officials
22 speaking before us. I think these family farms,
23 and I come from a family farm since World War I
24 in this country, dirt poor. And yesterday there
25 were even more poor farmers.

1 UNIDENTIFIED MALE: (Off mike.) Give her
2 a mike.

3 CHAIR MARCUS: I recognize. I will get
4 to it. I do agree with you, but our policy
5 process has always been to take elected
6 officials. They represent hundreds, if not
7 thousands of folks. And I apologize if I didn't
8 get their timing.

9 So let me see if David White is still
10 here? Okay, David White, and please stick to the
11 time. There's a red light/green light sort of
12 system there, followed by Rod Walker if Rod
13 Walker is here. And then we'll take a short
14 break.

15 MR. WHITE: Thank you, Madame Marcus.
16 Thank you, Members of the Water Board. It's a
17 pleasure and honor to be here today to represent
18 economic development in Stanislaus County. I'm
19 the CEO of Opportunity Stanislaus. And I'm here
20 to voice opposition to this proposal and to speak
21 on behalf of the many companies and employers
22 that we have in our region.

23 You've heard a lot of discussion about
24 economic impact. And I had the opportunity to
25 serve on the economic panel where we recently

1 heard the Water Board's economic impact analysis
2 for this proposal. And I've been in this
3 business for a long time. I have a master's
4 degree in urban and regional planning. I know
5 economic impact studies. I've been doing these
6 for 30 years all around the country.

7 That economic impact study is seriously
8 flawed. It did not --

9 (Applause.)

10 It did not take into account all of our
11 processors, the supply chain, residential uses.
12 Just think, if water rates rise here, think about
13 all the people who are underprivileged, who
14 suffer from lack of income and other challenges
15 they face, think about what it will mean to them
16 when the water rates go up. Think about all the
17 people on fixed incomes in our county who can't
18 pay their bills when their water rates go up. So
19 I just want you to consider the impact.

20 I would also argue and ask that we take
21 our time. You know, in 1787 our Constitution was
22 created. The way it was created is people with
23 very divergent opinions came together and the
24 worked it out, people from small states,
25 people -- the delegates from large states, they

1 worked it out. Their whole intent was to find a
2 solution that worked for everybody. If that can
3 be done at a national scale, it certainly could
4 be done in the State of California.

5 Thank you for your time.

6 (Applause.)

7 CHAIR MARCUS: Thank you very much. I've
8 seen it happen.

9 Mr. Walker? Mr. Walker probably had to
10 go. Sorry.

11 All right, we will now take a -- I'm
12 looking at the Court Reporter. Can we take a
13 ten-minute break?

14 A ten-minute break, and then I'm going to
15 start with about ten speaker cards before going
16 to City of Modesto. We do have a lot of your
17 local agencies to present, and we really do want
18 to hear what they have to say and want you to be
19 able to hear it, as well, so ten minutes.

20 (Off the record at 11:07 a.m.)

21 (On the record at 11:19 a.m.)

22 CHAIR MARCUS: -- to help us here.

23 Jack Cox, Chair, Lake Tulloch Alliance,
24 David Minch, Dennis Larson, Vance Kennedy,
25 Jennifer Shipman, Greg Mayer, Duane Marson, Edwin

1 Genasci and Marty Lanser together -- thank you --
2 Don Barton, and Dr. Don Swatman.

3 So our first three speakers will be Jack
4 Cox, David Minch and Dennis Larson.

5 Mr. Cox? Well, hello, Mr. Cox. I knew I
6 recognized you when I saw you before.

7 MR. COX: My name is Jack Cox and I'm
8 with the Lake Tulloch Alliance. I'm a former
9 chief of staff to a U.S. Congressman and worked
10 on these issues for many years.

11 CHAIR MARCUS: Right.

12 MR. COX: Frankly, the Board's policy of
13 draining water when you're looking for solutions,
14 last year one flow of 30,000 acre-feet of water
15 was taken out of Tulloch and Melones, that moved
16 at a cost of \$21 million, and we basically moved
17 nine fish at a cost of \$2 million a fish. Your
18 new proposal would move 104 fish down the rivers,
19 but you might say that's wrong, so let's inflate
20 it by a factor of ten and move it to 10,000.

21 Well, you're using fish flows to increase
22 salmon. Fish hatcheries run by the State of
23 California and the U.S. Department of Fish and
24 Game are releasing salmon into our rivers. Do
25 any of you know how many fish will be --

1 salmon -- will be released in the California
2 rivers this year? We conducted a study last
3 week. We found the answer. This year, between
4 37 and 42 million salmon were released into
5 California rivers, just by the federal and state
6 agencies. Therefore, the very idea of making a
7 difference of 1,104 -- or let's say 11,000 fish
8 is ridiculous.

9 We can now -- and you're looking for
10 solutions. Your solution is the new federal law
11 which now allows hatchery fish to be counted
12 towards the ESA, and you're trying to basically
13 adhere to the environmental -- the Endangered
14 Species Act. Well, under -- all this all changed
15 when President Barack Obama signed this law.
16 Basically, the number of fish, if you go to the
17 11,000, that amounts to 1/370,000th of 1 percent
18 of the fish this year that will be planted in
19 California rivers, salmon, by state and fish
20 hatcheries.

21 So every elected federal and state
22 representatives of the region, democrat and
23 republican, share a view that you need to cancel
24 this order, end it now. And I think the United
25 States Congress and President Barack Obama have

1 given you a perfect way out by using hatchery
2 fish and ending a policy that simply doesn't
3 work.

4 (Applause.)

5 CHAIR MARCUS: Thank you.

6 Mr. Minch, followed by Mr. Larson,
7 followed by Mr. Kennedy.

8 MR. MINCH: Thank you. My name is David
9 Minch and I live in the Connor Estates
10 development at Lake Tulloch, which is off the
11 Stanislaus River. I'm going to start with my
12 conclusion, since we have two minutes.

13 So to conclude, I would like to remind
14 the State Water Board that their highest
15 priority, based on their own authorizing
16 legislation, the Porter-Cologne Water Quality
17 Act, states as follows, this is directly quoted
18 from Section 106:

19 "It is hereby declared to be the
20 established policy," of this State of California,
21 that's my inclusion, "that the use of water for
22 domestic purposes is the highest use of water,
23 and that the next highest use is for irrigation."
24 It doesn't say anything about fish, I'm sorry.

25 (Applause.)

1 CHAIR MARCUS: There's fish stuff in
2 there, but, yes, you're right. You're right.

3 MR. MINCH: So you have asked for a
4 couple of recommendations, so I have a couple of
5 recommendations.

6 Number one, the analysis in the SED did
7 absolutely nothing about probabilistic
8 determination of drought years, of increasing
9 levels of drought years, coupled with the
10 increasing -- or the decreasing amount of water
11 available because of the snow melt happening
12 earlier and rains instead of snow, we're going to
13 have less snow. The end result of that analysis
14 needs to look at our ability to store water for
15 the latter parts of the summer. Because if we
16 don't, as you already know, we're going to end up
17 with dry rivers, which I suspect won't help
18 either the fish or the salinity levels.

19 Second, the experts that evaluated the
20 SED made a comment about, essentially, the fact
21 that even given the flows, there is no way to
22 really guarantee or determine what the impact
23 will be on the fish. So the second
24 recommendation is do some probability analyses to
25 figure out whether or not this solution would

1 even work, given the other environmental factors
2 necessary.

3 Thank you.

4 (Applause.)

5 CHAIR MARCUS: Thank you very much.

6 Helpful.

7 I'm now going to take someone out of
8 order. Mr. Todd Sill has a challenge back at the
9 ranch. So, Mr. Sill, are you here? I see him.
10 Good. I know. I understand what you have to get
11 back for, so please.

12 MR. SILL: Thank you. You asked for
13 suggestions to help you meet everyone's needs.
14 And I want to talk about the strategy, and then
15 I'll try to offer suggestions for your strategy.

16 Your strategy is to create a government
17 board with total control of a certain resource,
18 in this case, water. So why don't we reorganize
19 the Board? Let's get elected members from
20 certain districts so there's some accountability
21 to the people.

22 (Applause.)

23 That's one.

24 Your next strategy is through
25 legislation, regulations, restrictions and

1 environmental activism, prohibit the means to
2 create an abundant supply of the controlled
3 resource, in this case, water storage. So why
4 don't we allow the process to begin to build
5 enough water storage to meet everyone's needs?
6 The founders of MID and TID had the wisdom,
7 common sense and foresight to do so for our
8 community. Should we not expect the same from
9 you?

10 (Applause.)

11 Then your third piece of your strategy is
12 think of false reasons to steal the resource from
13 those who legally control the rights to the
14 resource, in this case, the protection of fish,
15 which is a farce. So my suggestion is stop
16 blaming your actions on the fish. Hell, you make
17 me feel sorry for the fish, only as a scapegoat
18 though.

19 The fourth, band together people who are
20 foolish enough to believe your false reasons and
21 willing to speak on your behalf and fund your
22 false reasons, in this case, radical
23 environmentalists. So my suggestion for them
24 would be ask your people to give up 40 to 60
25 percent of their water they currently use and

1 instead -- and help fund the creation of water
2 storage.

3 I have one more point.

4 CHAIR MARCUS: All right. Just do it
5 quickly, please.

6 MR. SILL: Fourth -- the fifth strategy
7 is force those who oppose you to spend billions
8 in research and legal fees to disprove your
9 reasons, which are false reasons anyway, and hope
10 their funds and their will to fight run out. My
11 suggestion is stop forcing us to have these
12 meetings, listen to our science, our voices, and
13 realize we will never stop fighting.

14 (Applause.)

15 One more thing. Benjamin Franklin said,
16 "If you make yourselves out to be wolves -- I
17 mean sheep, the wolves will eat you." There's no
18 sheep in this audience today, ma'am.

19 CHAIR MARCUS: I understand.

20 MR. SILL: But if you don't -- but if you
21 still view us as sheep, then I guess I would say,
22 beware of sheep -- no, beware of wolves in
23 sheep's clothing.

24 Thank you.

25 (Applause.)

1 CHAIR MARCUS: And good luck today.

2 Mr. Larson, followed by Mr. Kennedy,
3 followed by Ms. Shipman.

4 UNIDENTIFIED FEMALE: (Off mike.) We
5 need a Donald Trump elected to the Board.

6 CHAIR MARCUS: Please, we're here to
7 listen, really here to hear from you.

8 MR. LARSON: Good morning, Chair Marcus
9 and Board Members. My name is Dennis Larson. I
10 am a small farmer. I wanted to put a face on a
11 small farmer for the Board. I farm 40 acres of
12 almonds and walnuts. I'm fortunate that I'm in a
13 good water area temporarily, until the SGMA gets
14 into play and the water resources issues that
15 we're talking about today.

16 My grandfather was a farmer was in 1915,
17 a couple of years after the Board was first
18 formed. He came here for two reasons, one, for
19 the water and, one, for my grandmother, whom he
20 met. My family has been involved off and on in
21 agriculture.

22 As a small farmer, I produce income that
23 probably feeds at least 20 or 30 other people in
24 the course of my normal purchasing of goods,
25 services, farm labor, we could go on and on and

1 on. And the dollar that I spend probably has at
2 least a ten points multiplier on it.

3 So I would like to just have the Board
4 consider that small farmers need that surface
5 water and they need the groundwater. And without
6 it, this entire valley will dry up and blow away.

7 Thank you.

8 CHAIR MARCUS: Thank you, sir.

9 (Applause.)

10 Mr. Kennedy, followed by Ms. Shipman,
11 followed by Mr. Mayer.

12 Mr. Kennedy? All right.

13 Ms. Shipman, followed by Mr. Mayer,
14 followed by Mr. Marson.

15 MR. KENNEDY: This will be short.

16 CHAIR MARCUS: Mr. Mayer?

17 MR. KENNEDY: I'm a retired researcher
18 and hydrologist. And I've been interested in the
19 interaction between surface water and groundwater
20 for a long time. And my feeling is that at this
21 point there is not nearly enough effort and money
22 being spent on understanding that interaction.

23 The environment, there's a lot of inertia
24 in the environment. And so what happens
25 frequently is that decisions are made on a short-

1 term basis and they have long-term impacts that
2 are not appreciated, and that's what's going on
3 here.

4 For example, the City of Modesto had a
5 major drop in the groundwater elevation until
6 they started using surface water. Now, that has
7 recovered, but we don't know where that recovery
8 came from. Did it come from the Tuolumne River?
9 Did it come farmers flood irrigating? We don't
10 know that. There are some potential techniques
11 using tracers that you might be able to figure
12 that out, and that's fundamental to seeing what
13 the long-term effect is.

14 So I would urge that a lot more effort
15 and money be put into understanding what's going
16 on before you carry on.

17 CHAIR MARCUS: Thank you.

18 MR. KENNEDY: Thank you.

19 (Applause.)

20 CHAIR MARCUS: Thank you, sir.

21 Ms. Shipman? Oh, great. Followed by Mr.
22 Mayer, followed by Mr. Marson.

23 MS. SHIPMAN: Chairwoman Marcus, Board
24 Members and staff, thank you so much for the
25 opportunity to comment. Jennifer Shipman with

1 the Manufacturers Council of the Central Valley.
2 Our council is headquartered here in Modesto,
3 where we represent a variety of manufacturing
4 interests throughout the valley, concentrated
5 within the three counties that you've been in the
6 last few days. And we represent -- a majority of
7 our members are in the food processing or related
8 manufacturing.

9 On behalf of my membership and the tens
10 of thousands of people that they employ, we are
11 deeply concerned with the flawed economic impact
12 analysis. We found that the analysis has
13 completely failed to capture the region's
14 economic and social picture. The analysis
15 demonstrates potential losses in the agricultural
16 sector only. Although those impacts are vast,
17 they are not the only factors to be considered.

18 For example, did you know the right now
19 you are sitting in the food processing Mecca of
20 the state? Seriously. Seriously, it's pretty
21 amazing. Some of the largest food processing
22 companies in the world are located and
23 headquartered right here, companies like Gallo
24 and Foster Farms and Hilmar Cheese, Morning Star,
25 just to name a couple of them. These

1 organizations not only create amazing products,
2 but they also provide the much needed employment
3 opportunities for our severely disadvantaged
4 communities.

5 Stanislaus County alone produces \$8.6
6 billion in output in the food processing sector
7 and employs 25,000 workers. In our three-county
8 northern San Joaquin Valley, food processing
9 produces \$17 billion in output and employees
10 50,000 workers. And I'm sure the City of Turlock
11 will mention this when they have their
12 presentation, but in the small little City of
13 Turlock, which actually has grown a lot, it's not
14 that small anymore -- just a moment more please.

15 CHAIR MARCUS: Just because there are a
16 lot of people, just try to go quickly.

17 MS. SHIPMAN: They have -- 33 percent of
18 their jobs are from food processing.

19 Socially, we're completely disadvantaged.
20 We face housing inadequacies, low education
21 levels, high crime rates. Disadvantaged is an
22 understatement. So when you take into
23 consideration all those other factors, you'll see
24 that your economic impact is, again, severely
25 flawed.

1 Please do not add to the problems that
2 our region faces with what this plan has
3 proposed. I implore you to talk with the
4 Districts. They know the rivers well. We want a
5 vibrant and healthy river system. They want it
6 to. You want it. We all want the same thing. We
7 just have to start rowing in the right direction
8 together.

9 So please --

10 CHAIR MARCUS: Thank you.

11 MS. SHIPMAN: -- come back with a
12 different plan that has all those considerations.

13 Thank you.

14 (Applause.)

15 CHAIR MARCUS: Thank you very much.
16 That's helpful.

17 Mr. Mayer, followed by Mr. Marson,
18 followed by Mr. Genasci and Mr. Lanser.

19 MR. MOORE: One thing, Chair Marcus.

20 CHAIR MARCUS: Yeah, sure.

21 MR. MOORE: My mike wasn't working
22 before. But I wanted to thank Mr. Vance Kennedy
23 for being here and give him a lot of credit for
24 the discussions that led to the Sustainable
25 Groundwater Management Act. And he's come to the

1 Board many times, and we respect his long-term
2 commitment to science and understanding water in
3 this region. And I just wanted to thank him for
4 being here.

5 (Applause.)

6 CHAIR MARCUS: Thank you.

7 MR. MAYER: My name is Greg Mayer, and
8 I'd like to follow up on this little different
9 perspective that we have in my area. My concerns
10 are specifically the consequences of current
11 policy and proposed policy affecting the Lake
12 Tulloch/Stanislaus Watershed.

13 I'm pleased that the concerns of our
14 communities throughout our basically seven-county
15 valley region and the negative effects of the
16 policies that put the fish above people has been
17 recognized. Increasing the amount of water used
18 for fish flows from our rivers and reservoirs,
19 when we should be primarily focused on conserving
20 and creating new storage, will be disastrous, of
21 course, like you've heard for our economy, our
22 local ecologies, our recreational uses, and
23 agriculture and our rural communities.

24 In Calaveras County, I recall the
25 benefits of local -- of water -- of local water

1 use and recreational use was promised to be
2 provided in return for local acceptance when the
3 Corps of Engineers needed to support and get the
4 supported for the New Melones Reservoir
5 Project --

6 CHAIR MARCUS: That's right.

7 MR. MAYER: -- in the '70s. It seems as
8 if, as sometimes is the case, it's very --
9 there's very little institutional memory in that
10 regard.

11 In February of 2015, the residents of
12 Copperopolis area were put on notice that a
13 possible draw down of Lake Tulloch would occur.
14 This warning ignited a significant response from
15 our community. And the media coverage did, by
16 and large, an excellent job of reviewing the
17 impact of failed environmental policy on our
18 community. The Copperopolis community and
19 communities throughout the valley and mountain
20 region of California are engaged.

21 Now it's being proposed to nearly double
22 the unimpaired flows portion of these water uses
23 for our fish flows from our rivers and
24 reservoirs. What happened to the concept with
25 conserving water in a drought? There seems to be

1 no accountability for the ramifications and these
2 negative consequences that are affecting people.

3 I see that I'm out of time. I'll skip to
4 my final paragraph.

5 I suggest that the State Water Board
6 staff and Board Members focus more on non-flow
7 measures. And I support taking suspend water
8 releases for fish flow above the minimum
9 necessary levels until reservoirs are filled. And
10 I urge limiting or eliminating unimpaired flows
11 until our reservoirs are refilled and responsible
12 policies are put in place, policies that consider
13 the best interest of the agricultural community
14 and the people of the rural counties that are the
15 counties of origin for the water that we are
16 discussing.

17 And I thank you for your consideration.

18 (Applause.)

19 CHAIR MARCUS: Thank you.

20 Mr. Marson? All right. Mr. Marson,
21 followed by Mr. Genasci and Mr. Lanser together,
22 followed by Mr. Barton.

23 MR. MARSON: Hello.

24 CHAIR MARCUS: Hi.

25 MR. MARSON: My name is Duane Marson and

1 I have a dairy in the northern part of Merced
2 County. And I get my irrigation water from the
3 Turlock Irrigation District. I'm a third-
4 generation farmer. My grandfather started the
5 dairy in 1917, and next year will be 100 years
6 that we've been in business.

7 (Applause.)

8 CHAIR MARCUS: That's great.

9 MR. MARSON: There have been many
10 challenges to keep the business going for 100
11 years. But if this proposal goes through as
12 written, this will be the one that ends our
13 business. Without the ability to raise much of
14 our crops we need to feed our animals, we will
15 not be able to stay in business. Pumping
16 groundwater is not a sustainable option.
17 Increased pumping will only hasten the
18 destruction of the aquifers. Once subsidence has
19 occurred and those water stratas have collapsed,
20 the ability to store water there is gone forever,
21 helping to destroy California's largest
22 reservoir, the underground one, which is just
23 another devastating consequence of this proposal.

24 I would like for you to do me a favor, if
25 you would. When you go to bed tonight and your

1 head hits the pillow, when there's finally peace
2 and quiet from all the day's activities, and you
3 lay there warm and secure in the knowledge that
4 you'll be able to pay your mortgage, pay your
5 bills, put food on the table, I would like you to
6 think about the thousands of people that you will
7 be taking this away from, businesses you will
8 cause to fail, workers who will lose their jobs
9 and wonder how they'll pay their rent, put food
10 on the table, and even elderly people on fixed
11 incomes whose electric bills you will drive up.

12 This is not a single -- there is not a
13 single person who lives in this area who will not
14 be harmed through this proposal. It would be one
15 thing if there was no other way to protect the
16 fish, but there is. I don't know if what you're
17 proposing is legal, but I guess the courts will
18 decide that. But what I do know is what you're
19 proposing to do to the good people of this area
20 is immoral when there is other ways to protect
21 the fish without devastating this area.

22 Thank you for your time.

23 (Applause.)

24 CHAIR MARCUS: Thank you, sir. Thank
25 you.

1 Mr. Genasci and Mr. Lanser, followed by
2 Mr. Barton, followed by Dr. Swatman.

3 Hi.

4 MR. GENASCI: Hello. My name is Edwin
5 Genasci. I represent a dairy-farm family that's
6 been in this county for over 100 years, four
7 generations active.

8 (Applause.)

9 We have a fifth generation that
10 hopefully, prayerfully, will be able to dairy
11 farm also.

12 I asked Marty Lanser to help me with the
13 public comments, because when Marty Lanser
14 speaks, people listen.

15 MR. LANSER: Thank you very much.

16 Ed and I are friends. We met at the
17 Men's Group at Big Valley Grace Community Church
18 in Modesto. I'd briefly like to go to the bible
19 for a real quick history.

20 In Genesis, Chapter 1, the bible speaks
21 of God's creating the earth and everything on it.
22 On the sixth day he created man, gave him domain
23 over the land, and that does come with a
24 responsibility not to be taken lightly.

25 So how do we carry out this

1 responsibility in the context of the situation
2 facing us here? What does good stewardship look
3 like? Sometimes to know what something is, we've
4 got to know what it isn't.

5 I don't think good stewardship is saying
6 to heck with the fish. I'm too busy to fish
7 anyway, so who cares? I don't think good
8 stewardship means too bad that you folks in the
9 Bay Area and So Cal. We told you not to move
10 there but you wouldn't listen, so live with the
11 consequences. And I don't think it means
12 stripping the valley of its economy just to
13 benefit a couple select groups of people and a
14 select group of wildlife.

15 In Matthew, Chapter 4, Verses 25 and 26,
16 Jesus talks about how God takes care of his
17 creatures, and how we as human beings are the
18 most valuable of those creatures. People over
19 fish is biblical.

20 During baseball season my wife says to
21 me, "Marty, sometimes it takes an Act of Congress
22 for you to get anything done around here."

23 In 1913 the Raker Act was passed. It was
24 an Act of Congress. The farmers got the benefit
25 of that. And it worked well because it was a

1 collaboration of the agricultural community and
2 government.

3 You know, it's Christmas. One of the
4 things we sing at Christmastime is peace on
5 earth, goodwill toward men. Do we mean it or is
6 it something that we just sing about a couple of
7 times a year, then put it back on the shelf and
8 sing it next year? Is the mantra going to be
9 peace on earth, goodwill toward men to the San
10 Joaquin Valley, while we grab your water? Oh,
11 it's not personal, it's just political. Good
12 luck to you.

13 In conclusion, Matthew, Chapter 7, Verse
14 12 says, "So in everything, do unto others as
15 what you would like them to do to you, for this
16 sums up the law of the prophets."

17 I've lived here in the valley for 27
18 years. It's home. I've been able to keep
19 working here, even though 70 percent of blind
20 people are unemployed in this country. I don't
21 want to leave. Being blind, I've never seen a
22 sunset, the mountains, the ocean, my wife's face,
23 or even the signs about "Worth the Fight" or the
24 slides today telling you what your website was.
25 But I can see, as things currently stand today,

1 December 20th, 2016, this proposal is not fair.

2 I don't have to have 20/20 vision to see that.

3 (Applause.)

4 So let's get it figured out. Let's do
5 the right thing, even if we have to go back to
6 the drawing board, it's worth it. Excellence is
7 worth it.

8 Thank you.

9 CHAIR MARCUS: Thank you very, very much.

10 (Applause.)

11 MR. GENASCI: We're confident you'll do
12 the right thing.

13 CHAIR MARCUS: Thank you.

14 MR. GENASCI: Thank you.

15 CHAIR MARCUS: Thank you. Great. Great.

16 (Applause.)

17 UNIDENTIFIED FEMALE: (Off mike.) Amen
18 to that, Marty. Just remember, it's traitors,
19 not the Lord, that decides what happens to our
20 water. Keep praying for that water, we'll get it
21 back.

22 CHAIR MARCUS: Mr. Barton, followed by
23 Dr. Swatman.

24 Follow that.

25 MR. BARTON: Yeah. That's a tough act to

1 follow.

2 CHAIR MARCUS: I know, really.

3 MR. BARTON: My name is Don Barton. My
4 family has been farming in San Joaquin and
5 Stanislaus Counties since 1912. We grow walnuts
6 and olives for olive oil. Our business is now
7 managed by the fourth and fifth generations of
8 the family. We are not corporate farmers. We
9 didn't just show up, trying to make a fast buck.
10 The business has survived two World Wars, the
11 Great Depression, the Great Recession. But if
12 you take our water, the most basic resource that
13 we as farmers need to continue our livelihood,
14 then this will end that livelihood and the
15 business will fail.

16 I'd like to address what this debate is
17 really about and what it's not about. It is most
18 emphatically not about the survival of native
19 fish species. And the reason I say that is that
20 over the past several years, hundreds of millions
21 of gallons of water have been released from the
22 New Melones Dam down the Stanislaus River and the
23 fish population has not increased, in spite of
24 those efforts.

25 So what is this really about? Well, I

1 would posit that the real reason that we are
2 having this debate is that the State Water
3 Control Board and the Governor have tunnel
4 vision.

5 (Applause.)

6 The Modesto Bee on Sunday fairly framed
7 for the public what this really is, it's a water
8 grab targeted at an industry, agriculture, and
9 valley communities which in this Plan's cynical,
10 political calculation are expendable in order to
11 provide water for the larger population centers
12 in the south. Ultimately, you need our fresh
13 water to push back encroaching saltwater in the
14 Delta so the twin tunnels remain theoretically
15 viable.

16 Staff's estimate of \$64 million impact is
17 laughably low. That is almost insulting. The
18 impact will be horrendous. And we ask that you
19 please reconsider this Plan.

20 Thank you.

21 (Applause.)

22 CHAIR MARCUS: Thank you. We clearly
23 need to look at that. I just want to say that
24 impugning the intent and making up an intent and
25 then tearing it down might feel good, but it

1 doesn't help us do our jobs. I think we all have
2 to deal with each other as good. We're all
3 people who are just trying to get by. And we are
4 here trying to listen to make sure we hear, and
5 it has been very effective most of the time. But
6 I think that accusing people of doing something
7 they are not is not the most effective way to
8 convey what you need to convey. And there's
9 plenty to convey that we need to fix in this.

10 So I'm not saying it to you, picking you
11 out personally, but I'm just saying, we are all
12 trying, as human beings, to listen to each other.
13 We all care about agriculture. Agriculture is a
14 miracle. And California is the miracle of
15 miracles. Salmon are also a miracle. Fisherman
16 are miracles. There are people all over who are
17 concerned. So let's try and give us suggestions
18 on how to make it better.

19 (Applause.)

20 Mr. Barton? Mr. Barton?

21 MR. SWATMAN: Don Swatman.

22 CHAIR MARCUS: Mr. Swatman. Oh, we just
23 did Mr. Barton. Okay. Got it. Thank you.

24 MR. SWATMAN: Yeah. I am Don Swatman.
25 I've been in Modesto since 1962. When I was at

1 Berkeley in environmental public health, my
2 thesis was the first attempt to really determine
3 the pollution issues of the entire Bay Area. And
4 that was taken by the Navy, I understand, when
5 they finally, in the '60s, decided to do
6 something about it. But I'm talking about 1954.

7 Recently, in Coronado, Governor Brown
8 said, and I quote:

9 "We are taking whatever steps we can to
10 find allies and partners to forestall the
11 catastrophic changes that are occurring in the
12 air, in the water, in the lands, and to our
13 habitats."

14 I can relate to the Governor's concerns,
15 but I do not believe the proposals for our water
16 at this time have really anything to do with
17 that. Stanislaus County alone can expect over
18 the next 45 years to have a population of 836,000
19 people. The population of California is to grow
20 in that same time to at least 50 million people.
21 We do not expect any more rain to fall from the
22 sky to accommodate our increasing population.
23 Taking our present water sources, our lifeblood,
24 our water bank and spending it elsewhere, I
25 believe, is a willful disregard of our county's

1 needs.

2 Briefly, I'd like to also mention, and
3 I'm skipping through because of the time frame,
4 regarding your salmon, there are many reasons the
5 fishery has declined --

6 CHAIR MARCUS: Just wrap. Finish your
7 thought. Sorry. Please.

8 MR. SWATMAN: I've got something new to
9 tell you about.

10 CHAIR MARCUS: Good.

11 MR. SWATMAN: The salmon is really not
12 just a local problem. Salmon all up and down
13 California to all the way into British Columbia
14 are in decline, as well as they are on the East
15 Coast, as well as they are in Europe. There is,
16 however, one bright spot in all of this. There's
17 an Indian -- I should say a native, the first
18 person fishing village on Vancouver Island that
19 has done the first salmon factory high and dry,
20 away from the ocean so there's no contamination
21 of anything that might be native. And the
22 'Namgis First Nation has had an incredible stride
23 in production in a pristine, controlled factor
24 that has set high standards for ecofriendly
25 aquaculture.

1 It has been recognized by the Monterey
2 Aquarium for its friendly -- excuse me, for its
3 innovative, practical, forward-thinking approach
4 to the production of valuable food sources. They
5 are growing salmon twice as fast in ideal
6 conditions with half as much food. Other
7 locations across the country are starting similar
8 land-based facilities. There is an option for
9 our food source.

10 Meanwhile, the introduction of native
11 salmon in any locale is costing millions of
12 dollars to introduce.

13 CHAIR MARCUS: And I'm actually very
14 interested in what you have to say, and I'm
15 hoping you'll submit it. But I need you to wrap,
16 just because there are so many other people --

17 MR. SWATMAN: Okay.

18 CHAIR MARCUS: -- and so many other
19 panels today.

20 MR. SWATMAN: One more paragraph.

21 CHAIR MARCUS: All right, just as long as
22 it's not a really long one. It's interesting.

23 MR. SWATMAN: We're here today to help
24 prevent the catastrophic changes the Governor
25 recently spoke about. And we are concerned for

1 our people, now and in the future. The plan for
2 this water grab is deeply flawed and is the heart
3 of the taking plan and should not be implemented.
4 The people built their lives here. They depended
5 on the sustainability of our water source for the
6 present and for posterity's sake. We should not
7 be forced to depend -- or to expend our water
8 bank beyond the realistic needs of our county.

9 This is a basic principle. Our
10 forefathers created a fertile valley on good soil
11 with their dams. We are already sharing the
12 bounty of the Tuolumne from the Hetch Hetchy to
13 Crystal Springs near Silicon Valley. And we
14 strongly believe that there are other
15 considerations for your plan that have been
16 overlooked.

17 I have much more to say, but I can't.

18 CHAIR MARCUS: Please submit it.

19 MR. SWATMAN: Thank you.

20 CHAIR MARCUS: Thank you very much.

21 (Applause.)

22 We're now going to move to the City of
23 Modesto panel, planned for 20 minutes. And I
24 still need cards from Panel 1 from Modesto,
25 Stanislaus and Tuolumne Rivers Groundwater Basin

1 Association and Stanislaus -- can you just hand
2 them cards when they come up and they can just
3 fill it out for you? I know there's a lot going
4 on. And then we'll take -- that's 20 minutes.

5 And then we'll take a late lunch, I meant
6 to say that. We'll take a bunch more speaker
7 cards and then go to the second panel. I don't
8 know if we'll get to the second panel before
9 lunch, but let's see. I want to take a bunch of
10 individual speaker cards too.

11 So City of Modesto panel, thank you for
12 joining us. Twenty minutes.

13 Excuse me. How -- do they have a red
14 light/green light so they know, or they should
15 just look over there? Okay. Just so that they
16 have a shot at watching their own time, that
17 would be great.

18 Hello. Thank you.

19 MAYOR BRANDVOLD: Hello. I'd like to
20 thank you for joining us here today in Modesto.
21 I'm name is Ted Brandvold, and I'm proud to the
22 Mayor of this vibrant city.

23 As you may have noted when you drove in,
24 we welcome people to the City of Modesto with a
25 giant sign that proclaims "Water, Wealth,

1 Contentment, Health.”

2 CHAIR MARCUS: I love that sign.

3 MAYOR BRANDVOLD: I’m here today to speak
4 to you about the water portion of that sign,
5 obviously. And we are concerned that the flow
6 alternatives being proposed and considered by
7 your Board here would take away from the water
8 piece of our city, of our sign, which is a key
9 piece to maintaining the vitality of our
10 community.

11 The SED recognizes that the flow
12 alternatives being proposed for the Lower San
13 Joaquin River put the City of Modesto’s water
14 supplies at, quote, “a particular risk.” My
15 fellow City Council members and I must inform you
16 that this is unacceptable for our community.

17 Water is the lifeblood of this valley and
18 the valley communities, such as the City of
19 Modesto. Any alternative compromises our -- any
20 alternative that compromises our water supplies
21 in this manner does not reflect an appropriate
22 weight being given to the local needs and the
23 critically important balancing of interests here.

24 Over the last 20 to 30 years the City of
25 Modesto, here, has taken innovative steps and

1 invested hundreds of millions of dollars in
2 infrastructure to create a viable, sustainable
3 water system that can serve as its growth engine
4 here. Prior to 1995 the city met all of its
5 water needs by pumping groundwater. Beginning in
6 the 1940s, increased water demands resulting from
7 growth, along with periodic drought conditions,
8 contributed to a reduction in groundwater levels
9 and created a cone of depression under our city
10 here.

11 To their credit, the city's leaders and
12 staff at that time recognized the need to address
13 this problem. In 1983, more than 30 years before
14 the passage of the Sustainable Groundwater
15 Management Act, the City of Modesto commissioned
16 a study of its groundwater supply. Simply put,
17 the study concluded that the city's continued
18 reliance on groundwater was not sustainable,
19 based on both quantity and quality concerns. The
20 study recommended implementing a Conjunctive
21 Water Use Program that would supplement the
22 city's groundwater supply with surface water from
23 the Tuolumne River. That's exactly what the city
24 leadership did.

25 Out of this the city formed a partnership

1 with MID and struck a deal that allowed us to use
2 a portion of MID's surface water. Surface water
3 deliveries from MID began in 1995. And our data
4 show the groundwater levels under the city began
5 to stabilize that same year.

6 Ten years later, in October 2005, MID and
7 the city approved a new contract which authorized
8 and expansion of the water treatment so that MID
9 would be able to deliver an annual average supply
10 of up to 67,200 acre-feet of treated water to our
11 city here. The water treatment plant involves
12 state-of-the-art technology to ensure both
13 reliability and water quality. And it was
14 completed less than seven months ago, in May of
15 2016. It took the city more than ten years to
16 approve, design, build the expansion of the water
17 treatment plant because this was a substantial
18 undertaking, backed by expensive analysis and
19 planning. All told, the city had invested over
20 more than \$300 million in this project.

21 The project was expected to generate
22 additional surface water supply of 11,200 acre-
23 feet per year by 2020. For obvious reasons, the
24 alternatives the Board is now considering
25 threaten the progress the city has made to ensure

1 that its water supplies are reliable and
2 sustainable, and call into question the very
3 viability of the water treatment expansion
4 project.

5 While we all understood that surface
6 water supplies could be reduced in times of
7 drought, we did not anticipate that this Board
8 would propose regulatory actions -- cut surface
9 water deliveries by 30 to 60 percent.

10 Here in the city, we recognized the value
11 of groundwater resources early on. We undertook
12 costly, difficult efforts to actively manage our
13 groundwater pumping and prevent overdraft and
14 ensure sustainable use of our precious
15 groundwater resources, decades, again, before the
16 Sustainable Groundwater Management Act imposed
17 this as a requirement. The city has been very
18 successful in this regard.

19 As I stated above, surface water
20 deliveries began in 1995. The groundwater levels
21 in the city's service areas have been stable.
22 The unbalanced flow alternatives that have been
23 proposed or our Lower San Joaquin River threaten
24 to undo all of the city's hard work on this
25 important topic. The city has had the foresight

1 to invest in innovative programs to make use of
2 recycled water to meet regional demands.

3 The city invested millions of dollars to
4 fund construction of a tertiary treatment plant,
5 and then entered into agreement to sell its
6 treated wastewater to help a neighboring
7 agricultural district, the Del Puerto Water
8 District. This reduced reliance upon supplies
9 that would otherwise have been diverted from the
10 Delta. Contrary to incorrect assumption in the
11 SED, the recycled water is no longer available as
12 a new source for serving the future city demands.

13 The alternatives now being considered by
14 this Board put the city in a worse position than
15 others because it invested in this project to
16 help meet regional water demand with recycled
17 water supplies. The SED effectively penalizes
18 the City of Modesto for having been innovative in
19 funding a recycled water program.

20 This is not the only flaw in the
21 environmental analysis of the impacts that flow
22 alternatives will cause the city. The
23 fundamental problem with the SED's analysis is
24 that it simply assumes the city can develop new
25 water through substitution of groundwater,

1 aquifer storage and recovery, which is
2 essentially groundwater banking, or recycling to
3 make up the losses that the flow alternatives
4 will impose. None of these identified sources of
5 new water is viable, nor is the city aware of any
6 other sources that can be tapped.

7 If you choose to reduce our surface water
8 supply by 30 to 60 percent, the resulting deficit
9 cannot simply be wished away. For example,
10 neither groundwater pumping nor banking can make
11 up the difference to serve the city's needs if
12 the cuts in the surface water supplies are as
13 steep as have been proposed.

14 All of these subbasins -- all of the
15 three subbasins from which the city pumps
16 groundwater have been identified as either
17 overdrafted or critically overdrafted. As I
18 previously indicated, the city has taken great
19 pains to make significant investments to ensure
20 the current level of pumping from each basin is
21 kept at a sustainable level. But it's simply
22 false to assume that this pumping could be
23 increased without consequences.

24 This is even more true with the new
25 groundwater law taking effect than it was when

1 the city embarked on its Conjunctive Use Program
2 more than 30 years ago. The groundwater banking
3 requires a source for the deposit water. If you
4 cut our Tuolumne River supplies, we don't have
5 any source of water to store any groundwater
6 bank. In addition, more stringent drinking water
7 standards adopted by our board -- by your Board
8 also restrict the city's ability to rely on
9 groundwater to serve its customers.

10 The city needs a reliable supply to
11 support its residents, business and major
12 industry. Surface water is needed to support the
13 city's needs without overdrafting the groundwater
14 basin.

15 As my Vice Mayor will elaborate upon in
16 his comments, the city's planned growth, some of
17 which is mandated by other laws, cannot be
18 attained without sufficient water supplies. Yet
19 the SED fails to analyze or identify any
20 available economically viable sources of water
21 that could make up the deficit that would result
22 if these alternatives are imposed without
23 modification.

24 These impacts must be addressed, both
25 because the laws require it and because it's the

1 right thing to do. A government simply cannot
2 take actions that end up leaving a whole
3 community without adequate water supplies. It
4 wasn't acceptable for Flint, Michigan. It
5 shouldn't be acceptable for here either.

6 We believe the City of Modesto's
7 thoughtful approach to the integrated management
8 of local water resources should be supported by
9 this Board and considered a model for others
10 throughout the state.

11 As you have heard, the city has invested
12 a significant amount of time, resources and hard
13 work into developing a program that strikes and
14 appropriate balance between the needs of local
15 community and surrounding resources -- and its
16 surrounding resources. The proposed flow
17 alternatives not only fail to recognize the
18 city's hard work, they would actually undercut it
19 and impose deficits and hardships on our
20 community.

21 We ask you, as Board Members charged with
22 striking a fair balance among all competing
23 interests, to take a hard look at the impacts to
24 the city, which have been ignored in the analysis
25 performed to date. We urge you to give the needs

1 of our citizens, businesses and industry the
2 weight and attention deserved. And we ask that
3 you do as the city has already done and put in
4 the hard work necessary to find a viable solution
5 that reflects the appropriate balance of
6 interests without sacrificing the local
7 community's needs.

8 Thank you for your consideration of these
9 words.

10 CHAIR MARCUS: And thank you for --

11 MAYOR BRANDVOLD: Thank you very much.

12 CHAIR MARCUS: -- all of your innovative
13 work. I just want to clarify one thing, as I
14 understand it. The proposal isn't to take 30 to
15 50 percent off the current. It's 30 to 50 on --
16 it's still significant. I'm not saying it's not
17 significant.

18 MAYOR BRANDVOLD: Yes. Yes.

19 CHAIR MARCUS: But it's not quite that
20 big. But I know we've actually heard a lot in
21 these hearings, more so than in prior hearings,
22 from cities. And we do have to make sure that we
23 have the analysis down. But I know all of the
24 innovative things you've been trying to do. And
25 as a former city public works director, I support

1 you for -- I solute you for it.

2 MAYOR BRANDVOLD: We've been very
3 aggressive and progressive on this. Thank you.

4 CHAIR MARCUS: Thank you.

5 VICE MAYOR ZOSLOCKI: Hi. Thank you.

6 CHAIR MARCUS: Mr. Vice Mayor?

7 VICE MAYOR ZOSLOCKI: Thank you, Board,
8 for your time in coming here today. I know
9 you've had a number of hearings, and no doubt,
10 many, many more. And I just wanted to start out
11 by saying thank you for coming here open minded
12 and willing to hear the concerns that we have,
13 not only in the city, but also the county.

14 Myself, as a City Council member, I'm
15 also a member of our Joint MID Water Policy
16 Committee, the Modesto North Valley Regional
17 Recycled Water Project Committee, and the
18 Stanislaus Water Advisory Committee. I also
19 wrote a white paper called Sustainable
20 Groundwater which is somewhat salient right now.

21 I'm sure many of you have heard and are
22 quite aware that California is the leading
23 producer of agriculture. And the City of Modesto
24 is quite intrinsically connected to agriculture.
25 It is a great industry. We're very supportive of

1 it. And when agriculture survives here, of
2 course our city survives or thrives, I should
3 say. And conversely, when agriculture struggles,
4 we struggle also as a city.

5 In 2012 the California farms and ranches
6 accounted for about \$42.6 billion in output, with
7 milk production being California's largest
8 agriculture industry. It's no surprise that
9 dairy is the leading food in the state, and the
10 processing of that accounting for about \$3.37
11 billion in value. Now that's statewide. I'm
12 going to keep talking about statewide because it
13 rounds out to sort of who and what Stanislaus
14 County is.

15 California grape production, also this
16 state's second largest agricultural industry,
17 goes into producing wine and other grape
18 beverages, table grapes and raisins. It
19 represents about 3.65 in direct value in 2012,
20 \$3.5 billion, significantly, most of that right
21 here in Stanislaus County.

22 Rounding out the top five California food
23 and beverage processing sectors in 2012 in terms
24 of value added were baking, comprised of bread,
25 bakery products, manufacturing, cookie, crackers,

1 pasta manufacturing, tortilla manufacturing,
2 fruits and vegetable canning, pickles, and
3 drying, soft drink, ice manufacturing. These
4 sectors represent about \$2.6 billion, and
5 indirect, about \$1.75 billion in activity in the
6 state.

7 Now what that means is if you add all
8 that employment and you come back to Stanislaus
9 County, each and every one of those industries
10 largely is representative of Modesto. There are
11 about 25,000 people in Stanislaus County that are
12 employed directly because of food processing. So
13 when I say the city is intrinsically connected,
14 it is because of the product being processed and
15 provided for food right here in the bread basket
16 of the world.

17 Just to give you an idea, I've heard some
18 of these names mentioned before, but some of the
19 major processors that we provide water to is
20 Foster Farms. Stanislaus Foods, one of our
21 largest water users. Yosemite Meats, Olen
22 Properties, 7Up Company, EJ Gallo Winery, Seneca
23 Foods, SunOptica (sic), Del Monte, Rizo Lopez,
24 Frito-Lay, Nestle, Gallo Spirits, Gallo Glass,
25 Americold, and Pacific Southwest Containers and

1 Harris Moran Seed, all of those major users right
2 here and all of them very much in need of a
3 reliable water supply.

4 And so when we've seen the SED, it is a
5 big of a concern. Because the SED, this is
6 important, the SED does not acknowledge urban
7 uses of water as important beneficial use under
8 current state law. That's serious.

9 The alternatives put forth in the SED do
10 not offer a balance that appropriately reflects
11 the needs of the people in this city and in our
12 county. That's significant.

13 As the Mayor said, you drove in and you
14 saw our little motto. It started in 1911,
15 "Water, Wealth, Contentment, Health." That was
16 at the beginning when irrigation was just
17 flourishing. Modesto has planned extensively to
18 ensure reliable water supplies for not only its
19 citizens, but also for the many manufacturing
20 industries. And we completed, as the Mayor said,
21 a \$200 million plan, just completed last year.
22 Half the plan we had to scuttle because of water
23 conservation measures. And we planned it more
24 than a decade-and-a-half ago when there was no
25 way to understand or project what was going to

1 happen. Now, no one can project a drought, but
2 it was significant.

3 We also created -- and I would like to
4 thank Board Member Steven Moore, I don't know if
5 you remember me or not, but we talked. We came
6 up to talk to you about our Recycled Water
7 Project. And one of the challenges was could we
8 get that Recycled Water Project finished before
9 2017. I grabbed your hand. That's right. I
10 grabbed your hand and shook and said, "I'll get
11 it if you can help us with the money." You did.
12 That project is underway, ahead of schedule. Not
13 only will we finish by 2017, we figured Christmas
14 Day of 2017, it will be finished somewhere, we're
15 hoping ahead of schedule between September and
16 October of 2017. Thank you for helping us get
17 that done. It is a significant use of water.

18 (Applause.)

19 And as the Mayor said, up to 35,000 acre,
20 maybe 40,000, depending on the growth of Modesto
21 and Turlock and some of the other cities that
22 join in with us, of recycled water going back
23 into agriculture. And it's the perfect
24 partnership between the city and agriculture and
25 giving back. It's just a great opportunity. So

1 again, thank you, Board.

2 The economic mandate of state-mandated
3 drought restrictions, by the way, having a
4 significant -- and the significant reductions in
5 water usage has really affected our rates,
6 because we designed this \$200 million plan and
7 now we have to -- we can't use the water and
8 process it and reduce the water. Just last year,
9 we had a 25 percent rate hike for all of the
10 citizens in Modesto. That's pretty significant
11 for a lot of people. And if we have more
12 restrictions, we'll have this enormous plant that
13 we'll have to raise rates on a plant that we
14 can't even operate. So I would ask that cities
15 consider -- or, excuse me, that it is considered,
16 the impact on cities of municipal waters.

17 So I'm going to quickly jump forward on a
18 couple of things, because I know there's others.

19 Is that our time?

20 CHAIR MARCUS: Yeah.

21 VICE MAYOR ZOSLOCKI: Okay. Well --

22 CHAIR MARCUS: Don't think of the clock,
23 think of everyone that's sitting behind you.

24 VICE MAYOR ZOSLOCKI: Well, and I would
25 put it this way, this is a map of our aquifer.

1 And you can see, the only one in compliance is
2 Stanislaus County. This didn't happen by
3 accident.

4 CHAIR MARCUS: That's fantastic.

5 VICE MAYOR ZOSLOCKI: If we have to
6 enforce this, we're going to be in problems.

7 And finally the problems is -- the
8 problem for salmon can be solved. I'll put it in
9 writing later on. And we have cities that take
10 the water out of the Delta, a list of about 200
11 cities, and that's where the problem lies. I'll
12 explain it later so I can give --

13 CHAIR MARCUS: Great. And you'll have a
14 chance to do that.

15 Mr. Madrigal.

16 MR. MADRIGAL: Again, welcome to Modesto.
17 My name is Tony Madrigal, a Modesto City Council
18 Member for District Number 3 -- excuse me, Number
19 2. And before I go any further, I also want to
20 acknowledge the presence of fellow Council Member
21 Jenny Kenoyer, who is also here from our Modesto
22 City Council. And I think Council Member Kristi
23 Au You might be in the audience still.

24 Again, thank you for coming to Modesto.

25 Before I get started, I just wanted to

1 acknowledge these folks that are here --

2 CHAIR MARCUS: Thank you.

3 MR. MADRIGAL: -- took time out of their
4 day to join us. And these are the faces of the
5 families that this proposal is going to affect.

6 And at this time, if anybody in the
7 audience, as well, feels that their personal
8 health or their financial health is also going to
9 be affected by this, please stand up right now
10 with us in solidarity.

11 (Applause.)

12 CHAIR MARCUS: I think you're going to
13 get the entire room.

14 MR. MADRIGAL: Yes.

15 CHAIR MARCUS: I'd be surprised if you
16 did not.

17 MR. MADRIGAL: I'll be brief. I just
18 want to let you know, I want to bring you a
19 slightly different perspective, and that is the
20 perspective of these families.

21 I grew up, I was born in Turlock. I'm a
22 Central Valley native. I grew up, you know,
23 picking peaches, knocking almonds, picking
24 apricots in Patterson. And these farmworker
25 jobs, these farm jobs are so important to our

1 valley. We hear time and time again about how
2 these hands feed the world.

3 We in Modesto urge you to find another
4 way. Because these faces of these families,
5 these are the ones that are here to fight for our
6 future, fight for our waters, fight for our
7 farms. Because this is not just about local
8 economy, but this about all of us.

9 And more than anything -- I know my time
10 is up -- I just want to finish up real quick by
11 saying that you've heard our -- you've heard
12 about motto, you know, "Water, Wealth,
13 Contentment, Health." If you take away our
14 water, you will destroy our wealth, our
15 contentment and our health. Please think of
16 another way.

17 Thank you.

18 (Applause.)

19 CHAIR MARCUS: Thank you very much.

20 MS. D'ADAMO: Before you leave, I have a
21 couple of questions.

22 So thank you for your presentation. And
23 thank you for the hard work that you all and
24 those before you took with the surface water
25 treatment plant and the movement off of

1 groundwater and using surface water.

2 So one thing that I think would be
3 helpful would be for you to talk a little bit
4 more about the water quality issues. So I know
5 that you went off of groundwater, not just
6 because of water quantity concerns, but also
7 because of water quality concerns. So if you
8 could talk a little bit about the basin and some
9 of the contamination issues, I think that would
10 be helpful for the Board to hear.

11 MAYOR BRANDVOLD: I'm going to ask for --

12 MR. MADRIGAL: Larry.

13 MAYOR BRANDVOLD: -- Mr. Parlin to speak
14 in regards to that.

15 MR. PARLIN: Thank you. Yes, obviously,
16 as both --

17 CHAIR MARCUS: Oh, just, if you could
18 introduce yourself --

19 MR. PARLIN: Oh, I'm sorry.

20 CHAIR MARCUS: -- for the record?

21 MR. PARLIN: I'm sorry.

22 CHAIR MARCUS: Yeah.

23 MR. PARLIN: Larry Parlin, Director of
24 Utilities for the City of Modesto.

25 As many of the towns in the valley have

1 trouble with different constituents, nitrates is
2 obviously a problem that's accumulated over time,
3 arsenic, uranium, things like that. Here in
4 Modesto, primarily we've had to shut down wells
5 previously because of uranium. We have wellhead
6 treatment, expensive wellhead treatment that
7 we've had to add for many of our wells for DBCP,
8 PCE.

9 But what we're most concerned with is the
10 upcoming regulations that the State Water Board
11 is about to implement next year, which is for
12 1,2,3-trichloropropane, and that's at a standard
13 of five parts per trillion. And we've gone
14 through and evaluated our wells. And we have 16
15 wells currently that will require wellhead
16 treatment or will have to be taken out of service
17 because of the new MCL for trichloropropane.

18 The problem with that is, at the same
19 time, obviously, when you're talking about
20 reducing our surface water and require more
21 groundwater pumping, now it's going to require
22 millions of dollars of investment in wellhead
23 treatment, if we can get it done quickly enough,
24 and/or the elimination of that water source.

25 So as the SED addresses the fact that we

1 have to look for new water sources, on the other
2 hand, you're asking us, basically, to abandon an
3 existing water source going forward for the new
4 standard. That's the real constituent of concern
5 right now. We know there's more coming down the
6 line over time as more health effects studies are
7 done. So that's our real problem right now.

8 MS. D'ADAMO: Okay. Great.

9 And then the second question that I have
10 has to do with, well, actually responding to one
11 of the comments that was made, that the report
12 did not take into consideration municipal water
13 supplies, and I actually think that it does.
14 There's a section that goes through municipal
15 water supplies. And that's where, I believe,
16 staff recommends that other sources could be
17 considered, such as recycled water. And I think
18 you did a good job talking about how you've
19 already implemented a recycled water program, and
20 that water has already been put to use.

21 One of the other recommendations that the
22 staff has is that looking at the regions in the
23 valley that would be impacted, that they've done
24 well to respond to our Board's Conservation
25 Order, and that that sort of conservation could

1 be implemented in the future. And so we'd like
2 to speak to this issue.

3 First of all, what was your Conservation
4 Standard during the mandatory period? I believe
5 it was 28 percent. I'm not positive, somewhere
6 around there.

7 MR. PARLIN: It was 36 percent. Our
8 initial Conservation Standard was 36 percent. It
9 was reduced to 33 percent. Since we've gone --

10 MS. D'ADAMO: Okay.

11 MR. PARLIN: -- to the self-certification
12 process, we adopted a legal standard of 20
13 percent. But the city understood, in managing
14 the conservation, it was important for us to go a
15 little higher. So we have a 25 percent self-
16 imposed standard for conservation at this point
17 in time. Our cumulative to date, since it took
18 effect in June of 2015, is a 27 percent
19 reduction.

20 CHAIR MARCUS: That's right.

21 MR. PARLIN: Now I will also make it
22 clear, that's on top of the fact, we had already
23 met the 20 percent by 2020 reduction for water
24 conservation. So the city was, in essence,
25 penalized greatly by not meeting that. We kept

1 the target at 25 percent under the self-
2 certification program where 300 or so of the
3 urban water suppliers in California decided that
4 they could go to zero percent, which that's a
5 very difficult situation.

6 Once again, the people here in the area,
7 the county, and Modesto specifically, have taken
8 it upon themselves to preserve this precious
9 resource, not so that it can be diverted
10 somewhere else, but so that it can be managed
11 here locally in conjunction with our integrated
12 water management.

13 MS. D'ADAMO: Right. Good. So you
14 deserve to be complemented for those efforts.

15 My question to you would be, if you had
16 to employ sort of a permanent conservation as a
17 way to address the impacts here, how would you
18 manage for that, particularly in a drought period
19 where perhaps you might have to give additional?

20 MR. PARLIN: We haven't thought too far
21 ahead about making further reductions at this
22 point in time. It's pretty obvious that outdoor
23 irrigation is where the bang for the buck is.
24 We've had people, obviously --

25 CHAIR MARCUS: That's right.

1 MR. PARLIN: -- that potentially have
2 lost property values because of the lack of
3 watering. We're going forward. We've told
4 everybody, we don't ever expect to go beyond two-
5 day-a-week watering in the summertime. This is
6 an arid, hot area in the summertime. They're
7 using beneficial use of their landscaping, their
8 lawns, et cetera. So the people have sacrificed
9 greatly. Before we'd go forward and determine
10 what other steps may be necessary, which we hope
11 never would have to happen, we'd have to solicit
12 a lot of public input to get to that situation.

13 The people have done a great job. In
14 fact, I'll go so far as to say the indoor
15 conservation is fantastic. We can't -- we're
16 concerned about meeting our full water needs for
17 all of our recycled water projects, because we
18 currently also have a ranch that we irrigate
19 because the flows have dropped so substantially
20 from indoor water use into our wastewater
21 facilities. We're not even sure --

22 CHAIR MARCUS: Yeah.

23 MR. PARLIN: -- our water balance is
24 going to meet our existing dates for recycled
25 water. So it's hard to imagine that we can cut

1 back much further.

2 MS. D'ADAMO: Thank you. Oh, did you --

3 CHAIR MARCUS: That's very helpful.

4 MS. D'ADAMO: -- have something to add?

5 MR. MADRIGAL: I just wanted to add
6 anecdotally, I wanted to acknowledge local parent
7 advocate Debbie Barrera, who just today mentioned
8 to me that at the school in Turlock for her
9 child, Roselawn School, I think it's Roselawn --
10 Junior -- High School, she mentioned to me that
11 apparently the lead contamination in the water is
12 so high that they won't even let the kids drink
13 the water or wash their hands or do stuff like
14 that with it, as well.

15 So I just want to put a name to a face
16 and share another little piece of anecdotal
17 evidence, if you will.

18 MS. D'ADAMO: Thank you.

19 CHAIR MARCUS: Thank you. It's an epic
20 issue, particularly in school systems, that we're
21 starting to work on.

22 VICE MAYOR ZOSLOCKI: Then a quick
23 comment on the question about important
24 beneficial use, was the statement that was I
25 referring to in the SED.

1 CHAIR MARCUS: Uh-huh.

2 VICE MAYOR ZOSLOCKI: Now, if there is
3 language talking about important beneficial use,
4 that would be helpful to know that.

5 And another comment on what Larry was
6 referring to. We had previously engaged in water
7 reductions of more than 20 percent long before
8 the state was asking for it. So we were
9 disadvantaged already 20 percent when we were
10 then asked for an additional 36 percent.

11 CHAIR MARCUS: Yeah. Actually, they were
12 totally separate. I know some people think that,
13 but it's all based on how much people used
14 generally on a sliding scale. So a lot of people
15 said that but, actually, we did it on a separate
16 basis. But you're to be commended for doing it,
17 no question.

18 MS. D'ADAMO: Yeah. They're separate.
19 But the point that I was making is that in an
20 effort to respond to the SED, that you would have
21 sort of a permanent conservation.

22 CHAIR MARCUS: Yeah.

23 MS. D'ADAMO: The whole state is to reach
24 20 by 2020. And then, in addition, there was
25 that period of time for mandatory conservation.

1 We, at this point, are asking water suppliers to
2 certify that they have a three-year supply. But
3 in this area, where you're relying on surface
4 supplies and those surface supplies are cut back,
5 then you would have, you know, an additional
6 layer when looking at conservation, in addition
7 to what you would already be looking -- be having
8 to respond to.

9 MR. PARLIN: The real impact with that is
10 the financial burden to our ratepayers. Because
11 as Council Member Zoslocki indicated, we have a
12 stranded asset now in this expensive water plant
13 that we can't use. We increased the water rates
14 25 percent this year, and we based that on a
15 permanent 25 percent reduction forever going
16 forward. But any further reductions are going to
17 continue to put price pressure on the water, and
18 it's going to well exceed the affordable level
19 defined by the State Water Resources Control
20 Board for water. So that's a real problem for
21 our ratepayers.

22 CHAIR MARCUS: That is a very important
23 point.

24 VICE MAYOR ZOSLOCKI: Much less being
25 able to grow out of -- we're limited --

1 CHAIR MARCUS: Of course.

2 VICE MAYOR ZOSLOCKI: -- because of -- we
3 can't do that because of the water amounts that
4 we're going to need with added growth.

5 CHAIR MARCUS: Well, thank you. All very
6 productive and very helpful. I want to thank you
7 all.

8 MAYOR BRANDVOLD: Thank you for your
9 time.

10 VICE MAYOR ZOSLOCKI: Thank you.

11 MR. MADRIGAL: Thank you.

12 MR. MOORE: Thanks. For acknowledging
13 out discussion. It was great.

14 (Applause.)

15 CHAIR MARCUS: Yeah.

16 MR. MOORE: And the city of Modesto
17 deserves a lot of credit for thinking in an
18 integrated water management framework. You know,
19 we heard about conservation, recycling, and your
20 stewardship of the river. And we want to build
21 on that wisdom and that experience, so thank you
22 for your efforts.

23 MR. MADRIGAL: "Water, Wealth,
24 Contentment, Health," don't forget it.

25 CHAIR MARCUS: That's what I'm going to

1 say before I go to bed tonight, I guarantee you.

2 We have one more elected official
3 comment. I'm going to call off 15 names for the
4 public. I don't know if he's in the room but
5 he's in the building and watching, so he'll come
6 down, and that's Dave Lyghtle from the Denair
7 Unified School District with a letter from the
8 superintendent. So when he arrives, we'll take
9 him, maybe at the close of the public.

10 So I have Tom MacDonnell, Patrick
11 Koepele, Seth Connolly, Scott Schuettgen -- thank
12 you for giving me the phonetic -- Martin
13 O'Donnell, Eric Gaine, Will Derwin, Bill Mattos -
14 - I might have missed your timeline. I can take
15 Mr. Mattos first, if he's here, because he had a
16 timeline. Meg Gonzalez, Paul Van Konyenenburg,
17 Megan Fiske, Gary Stroub, Eddie Mendes, Sandra
18 Anaya, Ted Heilman.

19 Mr. Mattos? I may have missed him. I
20 apologize.

21 Mr. McDonnell? Great. Mr. McDonnell,
22 followed by Mr. Koepele, followed by Mr.
23 Connolly.

24 MR. T. MACDONNELL: Hi. My name is Tom
25 MacDonnell. And I'm a part owner in Sierra Mac

1 River Trips. And I would like to thank you guys
2 all for sitting here and listening to everything
3 that everyone has to say, that's quite a bit.

4 Through everything I've heard today, I'm
5 still a bit confused on what exactly we're trying
6 to do. But, you know, I try to come here and --
7 well, on river trips, people ask sometimes, "Do
8 we start where we begin?" They don't really know
9 where the river goes, and that can be a little
10 confusing. But I think that what you guys have
11 put forth is a good start and a good plan. And I
12 think you guys altogether should be proud of what
13 you're doing, because overall it is the right
14 thing to do, is to start thinking about water.
15 Water, in today's day and age, it's one of the
16 most complicated issues to tackle. And I think
17 that with you guys as a group, you have a lot to
18 look at.

19 And, yes, let me just have one second
20 here. Yeah.

21 I think that, you know, a suggestion is
22 to look at the responsible use of water. I think
23 that's one thing that hasn't really been maybe
24 discussed so far. But responsible use of, you
25 know, ideally -- like ideally, the water should

1 flow downstream and go to the ocean. But, of
2 course, people need it for other things.

3 But the -- it's -- sorry, I just got a
4 little nervous and I'm kind of stumbling on my
5 words.

6 But I might be, you know, one of the few
7 voices that supports what you guys are doing.
8 But I think you guys are looking at this as --
9 you know, and spend a lot more time than a lot of
10 us have really looked at.

11 So I think that, you know, it's -- yeah,
12 again, thanks again for your guys' time, and keep
13 on doing the good work. Thank you very much.

14 (Applause.)

15 CHAIR MARCUS: Thank you very much.

16 Hey, I let people clap for people. But
17 booing just takes time, and it's definitely not
18 neighborly.

19 Mr. Koepeler, followed by Mr. Connolly,
20 followed by Mr. Schuettgen.

21 MR. KOEPELE: My name is Patrick Koepeler.

22 CHAIR MARCUS: Oh, sorry.

23 MR. KOEPELE: I'm the executive -- sorry,
24 what was that?

25 CHAIR MARCUS: I mispronounced it.

1 MR. KOEPELE: Okay.

2 CHAIR MARCUS: Sorry about that.

3 MR. KOEPELE: It's okay. I'm the
4 Executive Director the Tuolumne River Trust. And
5 I want to thank the Board for coming to consider
6 this important issue. It's been a long time
7 coming. And I appreciate the difficult matter
8 that you've got in front of you here.

9 Something that I appreciate the panel
10 addressed is water management and water use
11 efficiency. And I hope that the Board could
12 really take a closer look at that moving forward.
13 I think there are some opportunities out there to
14 use our water more efficiently and more wisely so
15 that there's more to go around, and let me give
16 you a couple of examples.

17 Let's consider the Don Pedro Flood
18 Management Manual. It's a manual that hasn't
19 been updated since it was written by the Corps of
20 Engineers in 1972, so 45 years old. The plan
21 you're looking at is now about 21 years old.
22 Conditions have changed. Forecasting has gotten
23 better, although some might beg to differ on
24 that. We do know the system better. And on-the-
25 ground conditions have changed. Bridges have

1 been removed and replaced with wider spaced
2 piers. So basically, the river is able to convey
3 more water more quickly.

4 And why that's important is the Don Pedro
5 Flood Management Manual requires a certain amount
6 of storage be set aside for flood management in
7 the winter and spring. If we take a closer look
8 at that we can maybe tighten things up and create
9 more storage that can be used later on. And so
10 that's one opportunity.

11 A second example is the Dry Creek that
12 flows into the Tuolumne River. It's a small,
13 unregulated stream that has pretty flashy
14 hydrology. There's an opportunity to potentially
15 create a flood detention basin on Dry Creek that
16 would help recharge groundwater throughout the
17 region, possibly 20,000 to 30,000 acre-feet of
18 supply.

19 One last example comes from the South San
20 Joaquin Irrigation District where they've run a
21 pilot project on 3,800 acres of their district.
22 And through that project they converted a
23 delivery system to a pressurized system. And
24 what I've read is that they've reduced water use
25 by 30 percent while increasing production by 30

1 percent, so another huge improvement.

2 So I would encourage the Board to take a
3 look at these solutions. I think we can spread
4 our water around a little bit further and use it
5 more wisely.

6 Thanks.

7 CHAIR MARCUS: Thank you.

8 (Applause.)

9 MS. D'ADAMO: I have a question.

10 CHAIR MARCUS: Oh.

11 MS. D'ADAMO: Patrick?

12 CHAIR MARCUS: Go ahead.

13 MS. D'ADAMO: Sorry. I just wanted to
14 take this opportunity, I know there's just not
15 enough time, and you'll probably be doing this in
16 your written comments, but you and I have talked
17 several times about the Tuolumne River, in
18 particular, and some of the opportunities there
19 for habitat restoration projects. So if you
20 could just take a few seconds to share your
21 thoughts on that.

22 MR. KOEPELE: Certainly, we need to look
23 at not only the full range of water management
24 solutions but the full range of habitat and
25 wildlife and fisheries' improvement

1 opportunities. And so one thing that we've been
2 involved with is floodplain restoration. We know
3 that floodplains are really key to salmon
4 survival. And there are a lot of opportunities.
5 We've been engaged in restoring some of this land
6 along the river so that fish have access to it.
7 There's much better survival rates. We need to
8 do more of that on a pretty big scale.

9 I did hear in some hearings, the
10 Sacramento hearing, an estimate of \$500,000 an
11 acre. I think that's pretty high. From my
12 experience, I would think you'd bring that down,
13 maybe \$50,000 an acre. Still pretty expensive,
14 no doubt, but much more achievable.

15 So a combination of, you know, you've got
16 bring a full range of tools to the problem here,
17 both on the water supply and habitat, and I think
18 that that could happen.

19 MS. D'ADAMO: Thank you.

20 CHAIR MARCUS: Thank you. I look forward
21 to hearing more. Thank you.

22 MR. KOEPELE: Thanks.

23 CHAIR MARCUS: Mr. Connolly, followed by
24 Mr. Schuettgen, followed by Mr. MacDonnell.

25 MR. CONNOLLY: Great. My name is Seth

1 Connolly. I'm the Restoration Manager with the
2 Tuolumne River. I just wanted to say --

3 CHAIR MARCUS: I wanted to say Sean
4 Connolly when I look at this.

5 MR. CONNOLLY: You know, my grandmother
6 would even call me Sean, I think --

7 CHAIR MARCUS: Yeah, I think it's hard.

8 MR. CONNOLLY: -- she got up there in
9 years. But it's okay, I answer to it, as well.

10 Yeah, I'm the Restoration Manager with
11 Tuolumne River Trust. I want to thank you guys
12 for coming down. I want to thank everybody for
13 coming out. I've heard all the comments and
14 appreciate a lot of the concerns and fears people
15 have.

16 I came down from Sonora today. A lot of
17 my work with the Trust is involved with doing
18 watershed restoration in the Upper Tuolumne River
19 Watershed, which I think is maybe notable to you
20 guys for maybe two reasons.

21 First of all, I think if successful,
22 we're hoping that we will be able to potentially
23 add a little bit to the water supply, so there's
24 that.

25 More importantly, I think, is the Upper

1 Tuolumne River Watershed is right now in a state
2 of crisis. There's a lot of ecosystem collapse.
3 And one thing that I would convey is that it's
4 really not a matter of, you know, environment
5 versus economy or fish versus people. It's
6 really not a baseball game. I mean, we're really
7 all in this together and have to come up with
8 ways to make it work. But with the environmental
9 challenges up there, with tree mortality and
10 wildfire and drought, the environmental impacts
11 are very severe.

12 But what may be even more important is
13 the economic impacts. These are very expensive
14 problems to address once you have to get in and
15 do restoration. And I know that a lot of them
16 are happening in the Bay-Delta, as well. So I
17 would just encourage people to think of the long
18 term of environmental and economic sustainability
19 and what we're doing, you know, and just look at
20 it in that sense, rather than just the short term
21 of economic loss.

22 Thank you.

23 CHAIR MARCUS: Thank you, sir.

24 (Applause.)

25 Mr. Schuettgen, followed by Mr.

1 MacDonnell, followed by Mr. Gaine. And I'll
2 actually take Mr. Lyghtle after Mr. Schuettgen.
3 Thank you.

4 MR. SCHUETTGEN: My name is Scott
5 Schuettgen. I appreciate you guys having us
6 today and hearing public comment.

7 CHAIR MARCUS: Sure.

8 MR. SCHUETTGEN: And I recognize that
9 everybody on the Board and everybody in here in
10 the room is kind of inheriting a problem that was
11 created in the State of California about 167
12 years ago when it became a state and water
13 resources were overallocated. And so we're --
14 everybody is vying for a resource that there
15 isn't as much of as was promised to the people of
16 California, so inherently there is going to be
17 conflict and everybody's just putting their
18 opinion forth. And so I appreciate you guys
19 dedicating your careers, basically, to sorting
20 out those issues.

21 Things I want to mention is just the
22 value of salmon, not only for river habitat and
23 the environment. And I want to address that, not
24 as something that is separate from our human
25 issues but something that's part of it.

1 A lot of the nutrients that has made the
2 Central Valley one of the most fertile landscapes
3 in the world, really, is the historic presence of
4 salmon. And in so many ways, it is a very
5 salmon-based ecosystem. So the economic benefits
6 that we enjoy here in California as a result of
7 agriculture in so many ways have to do with the
8 historic presence of salmon. If we can bring
9 those back, right, the agricultural lands become
10 much more fertile.

11 One case study I would encourage you guys
12 to look at for salmon restoration would be the
13 Lower Elwha River up in the Olympic Peninsula up
14 in Washington. Now, I'm personally not an expert
15 in salmon and the issues. I won't claim to be.
16 I'm still young myself. But there is a lot of
17 information that's coming out of that area that
18 has a lot to do with soil, which near-shore
19 habitat, with all the things related to that
20 watershed with the reintroduction of salmon.

21 Other things that I would like to just
22 touch on very, very briefly is again the
23 opportunity for water conservation. And that
24 hasn't been something that's been brought up a
25 lot, but how efficiently we are using water. And

1 with water conservation also come opportunities
2 for innovation. And innovation will bring
3 opportunities for jobs and the economy, as well.
4 And so I would encourage the Board to look
5 towards what opportunities there are for water
6 conservation and innovation, and then what
7 economic impact those could potentially have in
8 the future.

9 So thank you very much.

10 CHAIR MARCUS: Thank you.

11 MR. MOORE: Thank you.

12 (Applause.)

13 CHAIR MARCUS: A question?

14 MR. MOORE: Just as a clarification, you
15 mentioned the Elwha River and the reason that's
16 something to look at. Was that because of the
17 dam removal, and that now there are lands
18 upstream of the dam that are accessible to salmon
19 that weren't, and that creates some kind of a
20 scientific --

21 MR. SCHUETTGEN: Exactly.

22 MR. MOORE: -- research opportunity?

23 MR. SCHUETTGEN: Exactly. I think
24 there's a research opportunity that exists in the
25 fertility of soil up in those landscapes. Now,

1 naturally, it's a different landscape because
2 you're talking about a national park land versus,
3 you know, industrial and agricultural land.

4 But --

5 MR. MOORE: Okay.

6 MR. SCHUETTGEN: -- the same properties
7 of --

8 MR. MOORE: Yeah.

9 MR. SCHUETTGEN: -- biology and chemistry
10 apply.

11 MR. MOORE: So, yeah, the salmon content
12 and nutrient content compared to the soil
13 nutrient content?

14 MR. SCHUETTGEN: Exactly.

15 MR. MOORE: Okay. I just wanted to see
16 if that needed clarification for the audience.

17 MR. SCHUETTGEN: Yeah.

18 MR. MOORE: Thank you.

19 MR. SCHUETTGEN: Cool. Thank you very
20 much.

21 CHAIR MARCUS: Thank you.

22 Mr. Lyghtle, I understand you're here
23 now? Great.

24 Thank you, Board, for coming to Modesto.

25 My name I'd Dave Lyghtle. I'm here on behalf of

1 the Denair Unified School District and
2 Superintendent Aaron Rosander and their trustees.
3 Superintendent could not be here today, so he
4 asked me to read a letter to you on his behalf:

5 "Dear Chairwoman Marcus, I write on
6 behalf of the hundreds of students and thousands
7 of families who live within the Denair Unified
8 School District and would be adversely affected
9 by your Board's stated intent to dramatically
10 increase flows in our region's rivers. Our
11 community is dependent upon wells for the water
12 for our homes, businesses and schools. Already
13 during the current drought, some residential
14 wells have failed, causing distress and financial
15 hardship for those affected.

16 "Recharging the aquifer is critical for
17 long-term water sustainability. The orchards,
18 farms and pastures that surround our district
19 frequently use flood irrigation, an important
20 component to healthy groundwater management.
21 Your plan, unfortunately, require the Turlock
22 Irrigation District to substantially reduce the
23 surface water deliveries to those farmers
24 impeding groundwater recharge.

25 "I am also concerned about the potential

1 economic damage created by your plan and its
2 effect on our schools. It has been estimated
3 that thousands of jobs and hundreds of millions
4 of dollars in economic output would be lost under
5 your proposal. The Northern San Joaquin Valley
6 already is one the poorest regions of California,
7 with unemployment rates chronically in double
8 digits. We cannot afford a blow with such
9 widespread consequences.

10 "I encourage you and your Board to take a
11 sensible approach to water management that
12 appropriately balances the many important needs,
13 people, health and food production, as well as
14 fish and the environment. I ask you to identify
15 and assess the potential impacts and offer viable
16 proposals to mitigate against those detriments.

17 "I urge you to work with local water,
18 agribusiness, political, community and school
19 leaders to identify the best ways to accomplish
20 your goals without bringing undue harm to our
21 residents. Their families are the hardworking
22 people of this region."

23 Thank you.

24 CHAIR MARCUS: Thank you very much.

25 (Applause.)

1 Mr. MacDonnell, followed by Mr. Gaine,
2 followed by Mr. Derwin.

3 MR. M. MACDONNELL: Hello. Thank you for
4 having us here today.

5 CHAIR MARCUS: You're welcome.

6 MR. M. MACDONNELL: My name is Marty
7 MacDonnell. I have a whitewater rafting business
8 and I've been boating on the Stanislaus and
9 Tuolumne and Merced rivers for the last 45 years.

10 I thoroughly appreciate the farmers that
11 have provided my family and I with food. I like
12 fish, but I think that the water resources of
13 California have been way overcommitted. We have
14 a severe difference in who gets water, at what
15 price and at what commitment. And today
16 people -- some farmers have, in order to not lose
17 it, they have used it unwisely. And I think the
18 struggle between the farmers on the east side of
19 the valley have been compromised by the farmers
20 on the west side of the valley, and it's the
21 struggle between east and west, the canals that
22 service those farms from water from the north.
23 You know, we have a potential four-way civil war
24 over water. And you're sitting in the middle.

25 CHAIR MARCUS: And the conflicts between

1 farmers are sometimes the greatest.

2 MR. M. MACDONNELL: Yeah. I love the
3 environment. I don't think it has necessarily
4 been unwisely used over the last few hundred
5 years, but there are some inequities. And if
6 we're subsidizing water, growing food and sending
7 it to other countries, then these exports are
8 being financed by our tax dollars, and I don't
9 think that's entirely fair. We should not be
10 competing. I should not be having to pay more
11 because the food's resources are being sold at a
12 higher price elsewhere, outside of the country.

13 So I think we should -- the conservation
14 measures that could be taking place to replace
15 flood irrigation with drip irrigation, perhaps
16 those should be paid for by the large corporate
17 farmers that are being subsidized with big
18 reservoirs and canals and whatnot. I'd like to
19 see a tax on exporting these commodities.

20 Thank you.

21 (Applause.)

22 CHAIR MARCUS: Thank you.

23 Mr. Gaine, followed by Mr. Derwin,
24 followed by Ms. Gonzalez.

25 MR. GAINE: Hello. Thank you for the

1 opportunity to speak. And thank you all for
2 taking on a task that is guaranteed to ruin your
3 political careers in the future forever.

4 I have so much respect and admiration for
5 you and the crowd that I cut my remarks in half,
6 and then cut them again. So it may not flow, but
7 I think, I hope I can get the point across.

8 Some speakers have said and acknowledged,
9 we don't have enough water for everyone. And
10 that's a very hard reality. And fortunately for
11 me and unfortunately for you, you have to address
12 it.

13 Our rivers are dying. You can walk a
14 short ways and look at the Tuolumne River. It's
15 clogged with water hyacinths, it's dirty and it
16 doesn't flow. We have to face those facts. The
17 rivers are in trouble. And I think everyone in
18 the river would agree, we need living and
19 sustainable rivers for all of us.

20 Those 100-year farmers are the best
21 people on earth. But they were able to farm
22 because there was sustainable rivers. They're
23 not sustainable now. We need to restore the
24 sustainability of the rivers. The salmon are
25 just a part of that. They're part of a larger

1 complex ecosystem which provides life for all of
2 us. We're all part of that web of life.

3 I would urge you and everyone in the room
4 to realize, we're not all going to be happy. You
5 know, every time somebody mentioned property
6 values, my heart sunk. I've lived here since
7 1977. And, you know, we're all in almost a state
8 of panic about the economic losses.

9 But I would urge the Board and all of us
10 to step back a little bit. All we have is
11 disinterested science here. Every one of us is
12 going to fight hard for what we have and what we
13 want. But I would urge you to listen to
14 disinterested science for sustainable and living
15 rivers.

16 Thank you.

17 (Applause.)

18 CHAIR MARCUS: Thank you.

19 Mr. Derwin, followed by Ms. Gonzalez,
20 followed by Mr. Van Konyenenburg.

21 MR. DERWIN: Thank you. My name is Will
22 Derwin, and thanks a lot for the opportunity to
23 comment briefly.

24 Agriculture is vitally important for our
25 communities, our state, our economy. My family

1 comes from orchards in San Joaquin Valley. But I
2 also worry that if we deplete our rivers, we're
3 making life worse for the next generation.

4 And so I think it's important to note
5 that through existing water efficiency
6 technologies, our ag industry can grow more food
7 with less water than it does today. Efficiency
8 won't solve everything, but it's one important
9 piece of the puzzle.

10 As you just heard from a past commenter,
11 one example is recently in the South San Joaquin
12 Water District, using a pressurized irrigation
13 system, reduced water by 30 percent while
14 increasing crop yield by 30 percent.

15 I'd like to highlight a few studies which
16 demonstrate the potential for water efficient
17 irrigation technologies to reduce ag's water use
18 while maintaining yield and profits.

19 First, CALFED's 2006 Water Use Efficiency
20 Comprehensive Evaluation estimated that
21 irrigation water use in California could be
22 reduced by 6.3 million acre-feet per year, of
23 which 2 million acre-feet per year would be
24 reductions in consumptive use, freeing up water
25 that could be available to other uses.

1 Second, in 2009 the Pacific Institute
2 found that increased adoption of three on-farm
3 technology and management practices, irrigation
4 technology, irrigation scheduling and regulated
5 deficit irrigation would save between 4.5 million
6 acre-feet in a wet year and 6 million acre-feet
7 in a dry year. This would reduce ag water use by
8 17 percent in all year types.

9 And finally, in 2014 the NRDC and the
10 Pacific Institute estimated that agricultural
11 water use could be reduced by 5.6 million to 6.6
12 million acre-feet per year, or by about 17 to 22
13 percent, while maintaining productivity and total
14 irrigated acreage.

15 In addition to reducing water use,
16 efficiency improvements can increase crop yield
17 and quality while reducing input costs, resulting
18 in higher profits for everyone.

19 Thank you.

20 CHAIR MARCUS: Thank you.

21 (Applause.)

22 Ms. Gonzalez, followed by Mr.
23 Konyenenburg, followed by Ms. Fiske.

24 MS. GONZALEZ: I want to applaud the
25 Board and staff for its efforts to put forth a

1 plan to both revive the San Francisco Bay-Delta
2 and improve the health of the San Joaquin River
3 and its tributaries, including the Tuolumne
4 River.

5 As the Director of Community Education
6 for the Tuolumne River Trust, I spend much of my
7 time using the river as an outdoor classroom
8 where science lessons come alive and place-based
9 learning gives students an appreciation for and a
10 connection to this incredible local resource. As
11 part of their studies, students learn that the
12 services the river provides come at a cost, and
13 that we have a responsibility to make sure that
14 those costs do not jeopardize the health of the
15 resource.

16 Unfortunately, many of the past and
17 current Tuolumne River water users have ignored
18 the costs of our actions. And now we are faced
19 with a harsh wakeup call, an entire river
20 ecosystem that is close to collapse.

21 There's been a lot of finger pointing,
22 denial and cries of foul play. Who is really to
23 blame? I tell the students that if you turn on a
24 light, open a faucet or flush the toilet, you're
25 to blame. We all are part of the problem.

1 Solutions are not going to be easy, requiring
2 tough decisions and big sacrifices from all of us
3 because, regardless of other actions, we must
4 find ways to leave more water in the system. But
5 as Ms. D'Adamo said in the newspaper not too long
6 ago, "We, the community, know our river better
7 than anyone."

8 The Tuolumne River Trust has been working
9 for over 30 years with a diverse group of
10 stakeholders on issues affecting the Tuolumne
11 River. We know the river and the communities it
12 flows through. And we are confident that by
13 working closely with our fellow Tuolumne River
14 water users, we can come up with effective
15 actions that will help to reestablish that
16 delicate balance between the needs of people and
17 the needs of the environment.

18 At a minimum, this proposed plan has
19 brought everyone to the table, and that's a good
20 first step. We look forward to being part of the
21 conversation.

22 CHAIR MARCUS: Thank you.

23 (Applause.)

24 Thank you, and help me with the
25 pronunciation of --

1 MR. VAN KONYENENBURG: Van Konyenenburg.

2 CHAIR MARCUS: Say that one more --

3 MR. VAN KONYENENBURG: My name is Paul
4 Van Konyenenburg.

5 CHAIR MARCUS: Thank you.

6 MR. VAN KONYENENBURG: And I reside in
7 Modesto. My family has been growing fruits and
8 nuts, tree crops, in Stanislaus County for over
9 100 years. We farm along the banks of the
10 Stanislaus and Tuolumne Rivers. And we've been a
11 part of a 160-acre restoration project along the
12 Tuolumne River.

13 Our operation is a global gap certified
14 sustainable operation. That means we can tell
15 our customers that we're doing everything
16 possible to ensure that our farm will be in
17 business 100 years from now.

18 So here's my concern, that despite
19 scientific data that shows the validity of
20 alternative approaches, the SED has blindly held
21 on to the notion that spring unimpaired flow
22 approach is the only management vehicle to
23 address fish and wildlife, beneficial uses and
24 salinity control. This current recommendation of
25 the SED will have a devastating effect on my farm

1 and our community. It will result in increased
2 pumping of groundwater, the degradation of
3 drinking water. And long term, I'm concerned
4 that the SED means that our farm will no longer
5 be sustainable.

6 So the decision before your Board is to
7 either hold on to the monkey mentality and
8 blindly just support the SED as it's written and
9 spend years and millions of dollars defending the
10 SED, or have leadership to constructively work
11 with stakeholders to find a solution.

12 And let me suggest that the best way to
13 do it is, it's in everyone's best interest to
14 pursue a framework of mediation for a global
15 settlement. That's based upon science. And it
16 would include functional flows, not unimpaired
17 flows, dry year relief, non-flow measures such as
18 predation, aquatic re-control habitat
19 restoration, additional storage, integration of
20 technology into our aging irrigation systems,
21 which you've heard about, multi-species
22 management, and recognition of our region's
23 reliance on groundwater.

24 Thank you for the opportunity to speak.

25 CHAIR MARCUS: Thank you very much --

1 MR. VAN KONYENENBURG: Nailed it.

2 CHAIR MARCUS: -- for that.

3 (Applause.)

4 That was really good. That was a great
5 list. Thank you very much.

6 Ms. Fiske, followed by Mr. Stroub,
7 followed by Mr. Mendez.

8 MS. FISKE: Is that good for the
9 microphone?

10 CHAIR MARCUS: Yeah.

11 MS. FISKE: Okay. Perfect. Hi. My name
12 is Megan Fiske. I'm a biologist and for years, I
13 have done water quality monitoring, wildlife
14 surveys and watershed restoration projects in the
15 upper watersheds of the Stanislaus and Tuolumne
16 rivers.

17 You've already heard lots of opposition
18 to higher flows in the Merced, the Stanislaus and
19 Tuolumne rivers. Well organized interests have
20 rallied their supporters. Water districts have
21 given lengthy presentations, making claims that
22 agriculture will be devastated and that storage
23 reservoirs might go dry one in seven years.
24 These presentations and model runs are based on
25 those districts careful choice of modeling

1 assumptions that best portray their arguments and
2 their opposition to the proposed plan.

3 No matter what amount of increased water
4 flows the Board proposes for the three rivers,
5 those who profit from water diversions will
6 denounce this Plan. That is to be expected. And
7 it is also to be expected that water districts,
8 ag interests and politicians will point to claims
9 made by paid consultants as grounds for
10 disregarding the conclusions made by government
11 agency scientists in the SED.

12 Like me, everyone who shows up to testify
13 brings their bias, especially those who stand to
14 profit if less water is left in the river. They
15 have an economic reason, in addition to their
16 philosophic positions. The most neutral, most
17 professional source of model runs and scientific
18 determinations are the agency scientists who have
19 informed the SED.

20 What has been allowed for these rivers up
21 until now over so many years is clearly not
22 adequate. The Water Board has a legal obligation
23 to comply with federal and state mandates. We
24 are past the time when the Board can accept rosy
25 scenarios of salmon populations rebounding just

1 because predators or targeted or because more
2 gravel will be placed in streams for spawning.
3 Increased flows are pivotal for cooler water
4 temperatures, increased escapement and reduction
5 in invasive weeds.

6 The Board is also aware that legal
7 mandates require state action to reduce salinity
8 and to restore at-risk resources in the Delta,
9 actions also tied to increasing flows.

10 In closing, I urge you, the
11 representatives of water resources in our state,
12 to stand up to the pressure and either adopt
13 Alternative 4 or, at the very least, adopt
14 Alternative 3, a balanced compromised plan with
15 its beginning point of 40 unimpaired flow left in
16 the three rivers.

17 Thank you for your time.

18 CHAIR MARCUS: Thank you.

19 (Applause.)

20 Mr. Stroub?

21 Mr. Mendes?

22 Ms. Anaya? Great. Ms. Anaya, followed
23 by Ted Heilman.

24 (Colloquy)

25 CHAIR MARCUS: And then I'll take Peter

1 Stavrianoudakis.

2 MS. ANAYA: My name is Sandra Anaya and
3 I'm a parent and resident from the airport area.
4 My children and I have a wonderful experience
5 canoeing in the Tuolumne River. It has been an
6 amazing time with them that I hardly ever have
7 because I'm a working mother, and I also attend
8 school.

9 The downfall is that the water flows are
10 currently low and it affects our recreational
11 activities at the river. I strongly believe with
12 the river becoming lower and lower, our few
13 recreational activities are going to be less
14 accessible. That affects our children. This
15 causes our future youth not to have more healthy
16 family-oriented recreational activities. The
17 outcome leaves a gap of time, endangering or
18 becoming tempted for possible illicit activities,
19 getting in trouble with the law.

20 In addition, being a parent of young
21 children, I would rather see my children grow up
22 with nature than in the streets doing nothing.

23 Thank you.

24 CHAIR MARCUS: Thank you.

25 (Applause.)

1 Mr. Heilman? Mr. Heilman? No. Mr.

2 Stavrian -- Oh, there you go.

3 MR. HEILMAN: Good morning.

4 CHAIR MARCUS: Good morning.

5 MR. HEILMAN: Thank you for coming.

6 Thank you for everybody in the community for
7 coming. I've got two speeches. I'm not sure
8 which one to pick. Ted Heilman. I've got three
9 minutes to express my concern and disbelief --

10 CHAIR MARCUS: Two.

11 CHAIR MARCUS: -- on what your staff has
12 come up with.

13 This Plan is full of misconceptions and
14 bad math. And we are told not to pump. We are
15 told not to flood. Your staff stated they need
16 more water to save the fish with no proof at all
17 in many years of what's going to save the fish.
18 Start with fixing the issue by other means.

19 Insanity is when you keep doing the same
20 task and expect different results. We keep
21 dumping water and we expect the fish to grow.

22 We will fight to the end to keep our
23 water, me, my kids, my grandkids, this community,
24 to fight for what we have. We have built this
25 valley. The dams, the canals, the lakes, they're

1 all built with the forethought to build this
2 valley to be the best in the world and to grow
3 food. We are the fifth largest economy. Why are
4 we not the fourth, the third, the second or the
5 first? A lot of it, because of restrictions. We
6 have potential.

7 I'm begging you folks to please listen to
8 what these folks have been saying here. I can't
9 believe that between TID, OID, the City of
10 Modesto, Turlock, Ceres, Fresno, that we have not
11 all got together. For five years, you guys have
12 been working on this. And now we've got so many
13 days to comment. And these folks come up with
14 all these other stuff that's coming up and
15 nobody's talking. It's unreal. We got email.
16 We got phones. The communication availability is
17 unreal.

18 Please stop this mess. Start over,
19 please.

20 CHAIR MARCUS: Thank you.

21 (Applause.)

22 I just want to clarify one thing that we
23 talked about in some of the hearings. The
24 drought is something that we all in up to our
25 armpits, and so there was a pause button placed

1 on this. It's not that folks have been working
2 and laboring all the time. It's that it was
3 postponed as all the same people went to try and
4 deal with that worst drought in modern history,
5 which is still not over. And we're eager to
6 talk. It goes both ways.

7 Mr. Stavrianoudakis? There you go.

8 Thank you.

9 MR. STAVRIANOUDAKIS: Hello. I'm Peter
10 Stavrianoudakis. I'm a farmer in the Merced
11 County area for, well, since 1975 while I was
12 still a sophomore in high school.

13 CHAIR MARCUS: Show off.

14 MR. STAVRIANOUDAKIS: The issue we have
15 here is that for the first time in history we
16 have, at least in California history, we have a
17 new definition for the term waterboarding. It
18 used to be trickling water over someone's
19 blindfolded body under the illusion that they
20 would be drowning in a flood. Now water is being
21 trickled down upon us and we're supposed to think
22 it's a flood and try to sustain our farming
23 communities, and we just can't do it with what's
24 been proposed.

25 We have a meeting hosted for the first

1 time by the thief that's stealing 40 percent of
2 our water, water that we have rights to. And
3 every Californian farming here and every person
4 that drinks a glass of water has rights to that
5 water, and then it's now being taken away.

6 So my message today isn't to the Water
7 Board, it's to MID, it's to TID, it's to OID,
8 it's to Merced County Supervisors, Stanislaus
9 County Supervisors, today unite your funds and
10 force us to fight what's been proposed. There is
11 no win here. There is no negotiation. Who
12 barter with a thief for how much they're going
13 to allow them to steal from them?

14 (Applause.)

15 Adam Gray, thank you. Keep fighting.

16 CHAIR MARCUS: Thank you.

17 MR. STAVRIANOUDAKIS: Thirty-nine more
18 seconds. A lot of this we all know is a water
19 grab. Water is going down, diverted to L.A.
20 Water has been twin tunneled. It's unbelievable
21 what's being proposed here. I can't believe I
22 got all mine done in a minute and 30 seconds, but
23 I think you got the point. It's time to fight.
24 Not a penny towards negotiation, because they're
25 not going to. Not a penny to tribute. This is

1 about our water. We're not giving it up. And I
2 hope that you all will unite and fight for this.

3 Thank you.

4 (Applause.)

5 CHAIR MARCUS: Next we have a panel from
6 Stanislaus County, 30 minutes. And that will
7 take us to 1:30, and we'll take a short lunch
8 break, if that's okay with the Court Reporter?
9 Okay. We'll keep it short.

10 DR. SMITH: Good afternoon. My name is
11 Rodney Smith. I'm President of Stratacon, Inc.,
12 a strategic planning and economics consulting
13 firm in water resources. Good to see you again,
14 Chair Marcus.

15 CHAIR MARCUS: Good to see you.

16 DR. SMITH: With me is Jason Bass who is
17 working with me on this.

18 We're here on behalf of the three
19 counties. I suspect you know who they are. And
20 the focus of our work has been to look at the
21 economic consequences of the proposed flow
22 objective.

23 You asked in your opening to see what
24 recommendations we have for about the staff work,
25 maybe what other things they should consider.

1 And I hope to finish on that note.

2 But let me start with -- I think they
3 started their presentation this morning, it's a
4 hard issue. It's a hard issue, not only in terms
5 of the balancing act you have to do, but some of
6 these issues of economic impact are difficult in
7 their own right.

8 What we've done here is looked at our own
9 assessment of the impacts. And what we want to
10 do is talk about four issues that distinguish our
11 approach from your staff. You're going to see
12 discussions. You've already heard about the
13 issue of groundwater pumping and the lost surface
14 water supplies as an issue.

15 Second, as we all know, there's a huge
16 variability in hydrologic conditions. And those
17 can create a lot of volatility into the economic
18 impacts. So it's time to recognize the
19 volatility of impacts and think about their
20 consequences.

21 Third, as we know with the groundwater
22 pumping issue, there's going to be the question
23 of what's the impact on well elevations and the
24 consequences of that? And you've already heard,
25 there's downstream -- I'm an economist, sorry for

1 the jargon -- downstream linkages from the farm
2 into other activities. You already heard about
3 dairies, livestock, food processing. I'm glad to
4 hear the recognition of Frito-Lay, too, as one
5 the food processors.

6 Okay, the issue of groundwater pumping
7 and lost surface water supplies. The staff's
8 analysis basically says that if you lose an acre-
9 foot of surface water, you'll fully replace it by
10 pumping an additional acre-foot of groundwater
11 until your capacity to pump is exhausted. That's
12 a full offset model that is driving the economic
13 analysis.

14 What we did is question that. But rather
15 than just sort of say let's do a different
16 assumption, we actually looked at an actual
17 experience. And of course, the CVPIA and other
18 sort of federal restrictions has created what
19 economists would call a natural experiment. So
20 we looked at the historic record of what happened
21 to groundwater pumping in the Westlands Water
22 District since 1988 when, indeed, we found that
23 fundamental transformation and availability and
24 volatility in available surface water. And when
25 we submit our final report next year, you'll see

1 a discussion where basically the record shows
2 that there's about a 50 percent offset. So if
3 you lost an acre-foot of surface water supply,
4 you're only going to offset that by a half-acre-
5 foot of additional pumping, up to capacity.

6 The other thing, though, as you've
7 already heard from today, we have issues of the
8 overlay of SGMA, which was not a part of the
9 sample period of the Westlands' experience. And
10 quite frankly, given the fact of when SGMA comes
11 into this area, the idea that you're going to
12 expand groundwater pumping is just not in the
13 cards. There will be a retraction of allowable
14 groundwater pumping, and we believe that
15 retraction groundwater pumping will be a
16 consequence to SGMA, not of your action. But the
17 implications for the analysis of the flow
18 objective is you're not going to be able to
19 offset future losses of surface water supply by
20 any groundwater pumping.

21 Volatility of impacts. As I already
22 said, the study area faces variable hydrologic
23 conditions. What the state staff analysis does
24 is it sort of looks at each of the impacts by
25 hydrologic conditions and sort of averages over

1 that, focusing only on the average. Volatility,
2 in our view, has consequences, and you'll see how
3 we emphasize that. Volatility of impacts have
4 impacts on the reliability of surface water
5 supplies. As we all know in water policy, supply
6 reliability is a cornerstone of an economy.

7 And secondly, volatility has issues as it
8 relates to the sustainability of any groundwater
9 pumping in and of itself, doubly so in a SGMA
10 world.

11 Impacts on well elevations. Your staff
12 acknowledged that the proposed flow objective
13 will have significant unavoidable adverse impacts
14 on groundwater resources, but had no
15 quantification of those impacts. Again, we take
16 advantage of, again, the natural experience off
17 the New Melones where the Central San Joaquin
18 Water Conservation District has had a life of
19 litigation against the federal government for
20 breach of contract for which they've been
21 successful. But from an analysis point of view,
22 we have a historic record of volatility and
23 available to surface water supplies. And San
24 Joaquin County has a good historic record on well
25 elevations in that district. And so we will take

1 advantage of that.

2 And the thing that's important to also
3 understand, which we relate to the scope of the
4 impact, is any impact on well elevations will not
5 only have an impact on pumpers served by the
6 irrigation districts, but the other ag operations
7 outside of irrigation districts, as well as you
8 already heard, you know, the domestic-commercial
9 people.

10 The last thing is downstream linkages.
11 As you've already heard, there's a vertical
12 structure to this local economy. They're just
13 not shipping stuff from the farm gate out of
14 here. It's going into dairies, as you've already
15 heard. We haven't heard from livestock today,
16 but it does into livestock, and it goes into food
17 processing, so there's that linkage. Your staff
18 does not consider the impact of that based on
19 limitations of the model that they chose to
20 employ and reconsider it.

21 CHAIR MARCUS: And you're going to make
22 suggestions on how to do it another way?

23 DR. SMITH: Yes.

24 CHAIR MARCUS: Okay.

25 DR. SMITH: Yeah.

1 Okay, first issue, surface supply and
2 reliability. What we've done here is we have
3 accepted your staff's analysis of what's the
4 impact of the 40 percent dedication on available
5 surface water supply, so what we've done is
6 started with that. So what you're going to see
7 here is no alternative analysis of the impact on
8 availability, it's instead looking at it from a
9 supply reliability expected.

10 On the far left under the baseline
11 conditions, what you can see is roughly under the
12 baseline there's about a million acre-feet of
13 reliable water supply out of the surface water
14 rights, and about 300,000 acre-feet of unexpected
15 average, unreliable. What do we define
16 reliability as? The same way the Department of
17 Water Resources defines supply reliability for
18 the State Project.

19 You asked the question: What quantity of
20 water could be made available in light of
21 variable hydrologic conditions with some
22 likelihood of cutoff?

23 Stratacon used the criteria that on
24 average about the expected arrival of
25 interruption would be once a decade. That

1 creates these bar charts.

2 We next look at the availability of
3 surface water as it relates to under the 40
4 percent dedication. The reliable water supply
5 falls by 60 percent. Unreliable goes up, as
6 we'll show in our report next year. The economic
7 value of the left bar in the slide under the
8 baseline is twice the value of that, so we have
9 volatility.

10 Another way of looking at this is, again,
11 taking out your own spreadsheets, you just look
12 at what's the loss in the water supply? The
13 horizontal line gives you the average over all
14 the years, that's 241,000 acre-feet, that's the
15 flat line. And what you see is, again, the
16 volatility. We have peaks as much as four times
17 the loss. And, of course, in wet and above-normal
18 years, we may have no loss. So we've got
19 something. In fact, this will be translated in
20 through the economic impacts. But think of sort
21 of going on a bumpy road. You know, you're sort
22 of really throttling up, you're throttling down.

23 Groundwater sustainability. This we
24 compiled from your staff's reports and just put
25 it here, is that if you look at all these

1 subbasins what you can see is that there's
2 declining well elevations. And you can see, but
3 for Eastern San Joaquin, you see in the earlier
4 period relative to the more recent period, well
5 elevations are falling at faster rates, not
6 slower rates. And here was their compilation of
7 the range of the overdraft. So we have to look
8 at this context of not only the response, but
9 then interaction with SGMA within this context.

10 The last thing in terms of the setup of
11 the groundwater situation is that, again
12 compiling from some of the spreadsheets that was
13 put on the website, for which you should be
14 commended as I think as was your staff said, you
15 showed your work, you did, and God bless you
16 because it would be more work for us if you
17 didn't show your work.

18 CHAIR MARCUS: Well, we get more helpful
19 comments back.

20 DR. SMITH: Yeah.

21 CHAIR MARCUS: We do.

22 DR. SMITH: Well, I'm trying. I'm
23 trying.

24 And what you can see here is that, as
25 you've already heard from your staff, is that

1 when you have -- and you've also heard from
2 people here today, when there's less delivery of
3 surface water we're going to have less recharge
4 from distribution losses and deep percolation.
5 This is what you're staff calculated.

6 What's interesting about all of this, of
7 course, is when we have the greatest loss of
8 recharge is precisely the hydrologic conditions
9 when things are a little more, you know, hot in
10 terms of drought.

11 So the proposed flow objectives and well
12 elevations, again what we did is we conducted
13 also the natural experiment of looking at the
14 relation between surface water deliveries to
15 Central San Joaquin since the mid-'90s to well
16 elevations. And what you can see is what a good
17 hydrologist would tell you, no basin is uniform.
18 There's some locations in the basins where the
19 impacts will be larger than others. But this is
20 what the historic record shows from the
21 experiment there.

22 And so what we do is we use these impacts
23 to estimate what the range will be by hydrologic
24 conditions of the losses of water supply. And
25 there's so many numbers, I just want to flip by

1 it right now in the interest of time. Since you
2 have this on your computer, I know you have it in
3 the record.

4 So I want to turn this over to Jason to
5 talk a little bit about our economic impact
6 analysis. Then he'll hand it back to me to do
7 the sum-up for what it means for the future.

8 MR. BASS: Good morning. I appreciate
9 the opportunity to speak.

10 What I wanted to do was, preliminarily or
11 out the gate, focus primarily on the main places
12 where our analysis really differed from staff's
13 analysis. We obviously, based on what some of
14 what Dr. Smith said, translated some of those
15 analyses a little differently. We all agree that
16 there's going to be increased groundwater
17 pumping, for example. We just happen to disagree
18 on the amount and have our own analysis towards
19 that end. We also know that there's going to be
20 some fallowing of land, but we also disagree on
21 the amount. I'm sorry.

22 But ultimately what we saw was that there
23 was really no effective quantitative treatment of
24 certain considerations that are fundamental to an
25 economic analysis of the potential impacts of the

1 SED, particularly, as Dr. Smith discussed,
2 increased groundwater depths. That comes at a
3 cost. When you don't address that and all you do
4 is address increased pumping by folks, you know,
5 currently using surface water supplies, you're
6 only really addressing the impact to them of the
7 cost of groundwater increases. Because now I'm a
8 farmer in MID and I'm pumping groundwater to
9 replace surface water that I lost. That's the
10 impact.

11 But that impact is much greater when we
12 start to consider groundwater depths and
13 significant groundwater depth impacts as a result
14 of this increased pumping. And that extends to
15 all of the other irrigators in the region who are
16 relying solely on groundwater for their
17 irrigation. But it also extends, obviously, to
18 communities, to businesses. We heard comments
19 from schools, et cetera, who are already facing
20 significant challenges with the drought.

21 The other issue is other sector losses
22 called forward linkages. If you, you know,
23 reduce the production of corn in an area and corn
24 silage, you're going to use then production by
25 the dairies, and subsequently by cheese

1 manufacturers. If you reduce hay production
2 locally, you're going to lose production by
3 livestock producers, meat packing, et cetera, and
4 other processors. Same with vegetables and
5 vegetable processors. Those effects were not
6 quantified by staff.

7 So let me jump to increased groundwater
8 depths just really quickly, and I touched on this
9 already and this is my attempt at graphic design.
10 The current pumping visual there shows what's
11 currently happening. Obviously, there's
12 groundwater pumping going on regionally by both
13 irrigators and municipalities. Under staff's
14 analysis, effectively again, they say there's
15 going to be increased pumping, effectively one-
16 to-one, constrained by capacity to offset loss of
17 surface supply. So we have a bigger drop of
18 water coming out our faucet.

19 The actual outcome is going to be
20 increased groundwater depths, potentially
21 significant. And then there are many years when
22 we hit extreme dry conditions where the amount of
23 pumping envisioned potentially, whether by us or
24 staff, is going to have a significant,
25 potentially significant impact on depths, and

1 therefore increase everyone's costs
2 significantly, pumping electrical costs, pumping
3 to replace wells, to extend well depths, to deal
4 with additional treatment costs associated with
5 deteriorating groundwater quality, which we're
6 already seeing as a result of the drought.

7 Irrigator impacts. Currently the
8 irrigation districts, which are the collection of
9 irrigation districts that receive surface
10 supplies from the three rivers, irrigate about
11 half a million acres of land. And they rely on
12 groundwater for some portion of their -- a small,
13 relatively small portion of their water supplies.

14 Outside of the irrigation districts, by
15 staff's estimates, you have four- or five-fold
16 the amount of irrigation going on by folks
17 relying solely on groundwater, smaller districts,
18 individual farmers, et cetera, who effectively
19 now are going to face increased groundwater
20 depths because of the expansion of irrigation --
21 of groundwater pumping within the irrigation
22 districts, and they're going to, obviously, be
23 impacted by costs. And a lot of these farmers
24 are dealing with very slim margins to begin with,
25 and therefore going to face additional

1 challenges.

2 Getting back to the concept of this sort
3 of long-run volatility when we really look at
4 increased groundwater depths, and this graph
5 models out the upper bound of lost employment, as
6 one example, that we've estimated, and you see
7 tremendous volatility. There could be many years
8 where because of just the increase of pumping
9 costs regionally by irrigators, you're going to
10 have a significant reduction in farm
11 profitability, and that's going to go right to
12 the ability of farmers to produce crops. You may
13 have a fallowing rate response. And you're going
14 to certainly have an employment impact, which is
15 going to feed through the larger economy. Less
16 dollars in farmworkers pockets, less dollars
17 spent at the supermarket, impacts downstream, and
18 the whole economy suffers.

19 And so while the staff has examined sort
20 of average impacts, over the longer run when we
21 see these significant changes in groundwater
22 depths as pumping increases exponentially to
23 respond to surface supply reductions, we're going
24 to see spikes in how much employment is affected,
25 how much output is affected, and that's going to

1 spread out regionally. And that really wasn't
2 addressed in the analysis.

3 Community impacts, same issue. If we
4 look at the region, and a lot of people have
5 commented on this, there's a very large portion
6 of the local households, local communities that
7 are designated as disadvantaged, many of them
8 severely disadvantaged, by the State of
9 California Department of Water Resources.

10 If we look at Merced, for example, over
11 80 percent of the households are Merced are
12 effectively in communities that are
13 disadvantaged, yet we're talking about an action
14 that will have an effect on the cost of water
15 from municipalities. And has been mentioned by
16 many today, that cost will ultimately get passed
17 on to ratepayers who have already seen increases
18 in their cost of water.

19 As the City of Modesto, for example, has
20 to replace wells to go to deeper depths and add
21 additional treatment to respond to deteriorating
22 groundwater quality as a result of increased
23 pumping. All of these factors are going to feed
24 through to these communities and their cost of
25 water, and the household ultimately pays for the

1 water. The business that already is challenged
2 from a profitability perspective has to pay for
3 that water somehow.

4 Increased groundwater depths, this graph
5 looks at unemployment. It's been mentioned a lot
6 of times today, as well. Relative to the state,
7 the county's unemployment rates are much higher.
8 And historically then, again, the challenge of
9 facing increasing water costs, taking money out
10 of people's pockets to pay PG&E for higher
11 pumping costs because groundwater depths have
12 increased. That money is not going to be spent
13 locally. You're going to have economic impacts
14 as a result.

15 Increased groundwater depths, same thing.
16 Like we showed earlier, there's going to be this
17 volatility as every year we hit a dry year. All
18 of a sudden pumping increases exponentially.
19 Groundwater depths drop. And what are you going
20 to see? Higher costs associated with pumping.
21 And ultimately that gets passed on to the
22 household and the ratepayer and the small
23 business.

24 Crop production impacts, what we talked
25 about earlier, same thing. Tremendous volatility

1 in years where we're going to switch from surface
2 water to some groundwater, there's going to be
3 significant reductions in crop production as a
4 result. And we've modeled more significant
5 impacts than what staff modeled.

6 And as a result, you're going to see
7 potentially, when you look at this just on an
8 annual basis, looking at the historical record,
9 you're going to see a lot of instances where
10 there's significant spikes in the decline in
11 production, agricultural production in the area,
12 or deficit irrigation and therefore reduced
13 agricultural production. And as a result, that's
14 going to feed through to employment. And we've
15 measured impacts that are significantly higher
16 than the state. Because not only have we
17 factored in crop production impacts, but also
18 these forward linkage impacts.

19 So when we get to forward linkages, and
20 this is another simple graphic, the state's
21 analysis, staff's analysis focused really only on
22 crop production. It is mentioned in their
23 analysis that there are these forward linkages
24 but there was not attempt to quantify them, even
25 though they represent a very significant portion

1 of the regional economy, as we've heard today.

2 So when someone grows corn regionally and
3 turns it into silage, it goes to those dairies
4 locally, and then that dairy then provides milk
5 for cheese production, just one example of many.

6 People have mentioned a variety of
7 companies in the region that are major players,
8 significant top ten employment sources for the
9 regional economy, Foster Farms, Frito-Lay, the
10 list goes on and on. All of these folks rely on
11 local production of crops.

12 The dairy sector, just isolating that,
13 for example, we looked at the dairy sector. And
14 we see tremendous potential volatility and lost
15 employment because of the feed through of the
16 reduction of crop production in certain years as
17 a result of the irrigator response to reductions
18 in their surface supply. Yes, we can make up
19 some of it with groundwater pumping, but a lot of
20 it we can't. So what's the impact? It's going
21 to be reduced production of crops, which then
22 feed through to the dairy sector, silage, hay, et
23 cetera.

24 To summarize some of the impacts, and my
25 vision isn't as good as it used to be, we

1 effectively then analyze not just the crop
2 production impacts, we didn't just analyze the
3 impacts of increased water costs associated with
4 groundwater pumping that is going to necessarily
5 increase to offset those surface supply
6 reductions, we also looked, as we said, at the
7 costs associated with increased groundwater
8 depths that were not addressed. We also looked
9 at the costs associated with these forward
10 linkages, et cetera. We also considered SGMA,
11 which was not really explicitly considered in the
12 analysis.

13 We can talk all day long about responding
14 with increasing groundwater pumping. But in
15 truth, the reality that a lot of these
16 communities face is that 10-15 years, as these
17 SGMA rules come into play and have to be
18 addressed, we're going to be at a point where you
19 can't offset and you're going to be squeezed from
20 both sides, reduced surface supplies and an
21 inability to respond with groundwater. What's
22 the result? Lower production, which is really
23 one of the foundations for the regional economy,
24 as we've observed.

25 So the impacts on an annualized or

1 averaged basis, which tended to be the focus of
2 the staff's analysis, even from our estimations,
3 by trying to consider at least some of those
4 additional forward linkages, some of those other
5 impacts, you know, pushes \$300 million a year of
6 output and thousands of jobs that are going to
7 stay on the table. And that's even about the
8 same under SGMA. Because when you go to SGMA,
9 you're really trading -- you know, the
10 groundwater depth issue isn't a challenge because
11 now you're controlling for that by reducing
12 groundwater pumping, but the agricultural sector
13 now gets hit even harder because they have no
14 option on source of water. So you're going to
15 see an even further reduction in anticipated crop
16 production.

17 But really the very, very important point
18 to make which is lost, we believe, on the staff's
19 analysis, is the volatility, as Dr. Smith noted.
20 We also have the peak year, what we call our peak
21 year. So when you look at that historic
22 hydrograph and you pick those maximum years,
23 those critically dry years, and you overlay the
24 SED at the 40 percent level, the impacts are off
25 the charts. And what happens is in our analysis

1 we get into the billions of dollars of potential,
2 you know, annualized impacts as a result of this
3 situation in those severely critical dry years.

4 And what does that mean bigger picture?
5 What that means bigger picture is that if I'm an
6 investor into this economy, if I've built a
7 dairy, if I am someone looking to invest, you've
8 created an environment now where the foundation
9 for a stable and low-risk investment has been
10 eliminated in a reliable water supply, that
11 completely and fundamentally will change the
12 economic landscape of this region.

13 So we can talk all day long about single-
14 year impacts and spikes in impacts and they're
15 very meaningful. But really the bigger picture
16 is a real undermining of the regional economy and
17 the attractiveness of that economy to investment,
18 which is foundational to a region whose
19 population is growing faster than the State of
20 California, who already faces high unemployment
21 above state levels of poverty, et cetera. So we
22 really have to consider that bigger picture, as
23 well as just these annualized impacts.

24 DR. SMITH: So what does the future look
25 like?

1 Picking up, volatility really matters,
2 and you can't average it out. I've got a
3 hydrogeologist that I used for the last 30 years
4 on any groundwater investment I ever look at.
5 And when I met him years ago he says, "You know,
6 there's two ways you die in the desert. One we
7 immediately think of, you know, we die of thirst.
8 Well, you know the other way you can die? In a
9 flash flood." So you have to think about as you
10 trek through the world about the world within the
11 context of that volatility.

12 As Jason just said, think about all these
13 spikes and charts. Think about an investment
14 decision in that world, even from the employment
15 point of view. Think about if someone is going
16 to be in this community with that volatility in
17 an employment opportunity. Both capital and
18 labor in the long run will move, to what extent,
19 we don't know. We're not clairvoyant. And those
20 impacts are not in our analysis. They're
21 qualitative, but it's not in the numbers.

22 But let me tell you what is in the
23 numbers. What we've done is we ran, and in our
24 submitted report we'll show you the sensitivity
25 analysis. We're just going to assume SED comes,

1 you know -- you start implementing in 2018. The
2 timing of SGMA, well, these are all high-priority
3 basins, they'll get started in 2020. They've got
4 20 years, okay, to fully ramp up or fully get in,
5 so in 20 years.

6 So what the future is going to look like
7 is that for next year there's no impact because
8 you're deciding. And we start with a schedule
9 that for the next two years thereafter we're in a
10 pre-SGMA world, so that's going to be on the one
11 side of Jason's table. But then we're going to
12 phase into SGMA. Now, SGMA is not going to have
13 the full impact immediately. It's going to be
14 stretched out over 20 years. So what we do is
15 then we say here's going to be a time period of
16 implementation of SGMA, so we're going to bleed
17 into that post-SGMA world. But once we get to
18 2039, which is 20 years later, thereafter we're
19 into the SGMA world.

20 Now, what is true, and that's certainly
21 crystal clear in your staff analysis that we
22 agree with the fundamental thing, these impacts
23 depend on hydrologic conditions. So the features
24 that depend on hydrology. And God knows, I have
25 -- we all have no clue on hydrology, what's going

1 to be the future. So we did a Monte Carlo study
2 using the sequential index method, which just
3 basically says, who knows, maybe next year is
4 going to be 1923 conditions and we'll follow
5 thereafter, or who knows, it could be 1963
6 conditions, follow thereafter, so that's what we
7 did.

8 This tells you what the present value of
9 lost economic input over a 40-year evaluation
10 period by what happens next year. What you can
11 see is, again, hydrology matters; right? Our
12 future is going to depend on where we start next
13 year, that's certainly true. But you're going to
14 see that the present value of these impacts are
15 going to be, you know, at least \$5 billion, maybe
16 as high as \$9 billion. We just take the average
17 across all of these scenarios.

18 And what you can see is that the crop
19 output impacts themselves is 3.31 billion, which
20 is only 44 percent of the total. Why is that
21 important? Your staff is focused on crop output
22 implications only. Our number is going to be
23 higher. If you put your staff's analysis through
24 our Monte Carlo model, the expected present value
25 is \$1.5 billion, okay? So we're roughly a little

1 bit -- two times, let's say. And the reason why
2 we're two times higher is we don't see how you'd
3 have the same degree of offset, of full offset
4 increased groundwater pumping to fully offset
5 that. So that's a big issue to think about, the
6 groundwater offset issue. But as you can see,
7 these downstream linkages of dairy, of livestock,
8 they're adding up.

9 The other thing is, what we haven't done
10 is gone down to food processing yet, so we
11 haven't done the cheese, and we haven't done the
12 Frito-Lay yet. And I just have to confess that I
13 have stepdaughter who is Regional Vice President
14 of Frito-Lay, although she's at the Mountain
15 Division, so at least -- so I don't think I have
16 a conflict here. But -- so we haven't gotten
17 that far, but we want to show you that these
18 linkages are really significant in the context of
19 this economy. There may be other areas in
20 agriculture in California where that may not be
21 as important. Here they are.

22 The other thing is the implications of
23 the increased pumping costs, as you can see,
24 while they're significant are relatively minor.
25 And why is that? Because in our analysis, we

1 assume SGMA gets implemented, and over time,
2 fully implemented. And as Jason has already
3 said, our view is once you go to full SGMA
4 implementation, the idea you're going to increase
5 groundwater pumping to offset lost surface water
6 is fine. That's not happening.

7 So what we have here is the increased
8 cost from groundwater is a relatively 20-25 year
9 phenomenon. So that's why they're going to be
10 important in the early years. But from a longer-
11 term perspective, they're going to be bled out.

12 So the conclusion, and then I'll try to
13 get to, you know, getting back to the responses
14 to your request, as we all know, reliable
15 supplies is a critical foundation for a
16 community's economic sustainability and growth.
17 It's time for us to put our reliability sort of
18 glasses on; right?

19 Looking at averages, saying, oh, the
20 hydrology sort of averages off plus or minus,
21 isn't good enough. We find, in our opinion, your
22 staff is -- the scope has been narrow in scope
23 and does not account for supply reliability,
24 sustainability and volatility challenges that
25 will happen to this community, yet there will be

1 a major transformation in the investment
2 environment from one of relative stability.

3 If you look at the relative stability,
4 the baseline conditions versus the SED, it's
5 relatively stable. And that's going to have huge
6 implications as it relates to both investment and
7 employment decisions and will herald a
8 retrenchment or change in trajectory of this
9 community, which is probably why, you know, the
10 economic development people came here today.

11 And that the consequences of this
12 deterioration are not quantified in the Stratacon
13 studies. What does that mean, what you should
14 do? I think you've got to improve your risk
15 assessment. You've got to think more about the
16 implications of volatility for impacts. And I'm
17 only speaking on economics right now, okay,
18 although there may be something on the other side
19 too. And that I think it's just time to do that.

20 Now, I have sensed sort of a theme of
21 negotiation here. So as those parties negotiate
22 a solution to this, they should probably think of
23 it within the context of the volatility and take
24 into account whatever they structure, how does
25 that change, not only the average but also the

1 volatility and reliability of the community?

2 And I heard a bell.

3 CHAIR MARCUS: Yes. Thank you. That was
4 very interesting and a lot to think about. I
5 really appreciate that. That was very, very
6 helpful and interesting.

7 Any questions?

8 MR. MOORE: Yeah.

9 CHAIR MARCUS: A question?

10 MR. MOORE: No. I appreciate that. And
11 with any economic analysis of the water issues
12 that we evaluate, we're always open to critiques
13 and looking at assumptions.

14 One question. I didn't hear the word
15 "efficiency" in your presentation. I'm sure you
16 looked and had some assumptions about
17 implementation of water efficiency measures.

18 DR. SMITH: Well, a great question. I
19 mean that seriously -- of course, I'd say it's a
20 great question, I'm from the board, is that what
21 we try to do is use as much of your staff's
22 framework as possible. So I started my career at
23 the Rand Corporation, a think tank, and they
24 taught us years ago, think of question
25 formulation and people under invest and question

1 formulation versus execution. So we did more on
2 question formulation and tried to use as much as
3 possible the tools of your staff.

4 MR. MOORE: Oh, good.

5 MR. BASS: Could I actually add one thing
6 to that?

7 MR. MOORE: Sure.

8 MR. BASS: One of the things that's
9 important to note is that when we're doing our
10 analysis, just like staff, we have to pick a set
11 of outcomes that potentially will occur and
12 examine those. But those outcomes represent
13 ultimately proxies for other outcomes and ways to
14 evaluate magnitudes of impacts.

15 And as an example, when we talk about
16 efficiencies, efficiencies don't just appear.
17 Efficiencies come at a cost. And a lot of cost
18 and expenditure has already been made regionally
19 to address efficiencies for conservation, et
20 cetera. Some communities may argue, we've done
21 all we can. Maybe there are more opportunities,
22 et cetera.

23 So when we look at, for example,
24 something like increased groundwater costs as a
25 result of increased depths in groundwater,

1 someone may come back and say, well, couldn't you
2 be more efficient in how you use water so you
3 wouldn't drive that depth to groundwater so much
4 and reduce your cost on that end. Well, that's
5 going to come at a cost on the other side. So we
6 have effectively captured, by our estimation,
7 from an order of magnitude perspective the cost
8 implications by focusing, for example, on
9 potential groundwater impacts as a result of that
10 assumption that we're going to pump more in
11 response to surface supplies.

12 MR. MOORE: That's great. And we'll have
13 more discussions about that.

14 Also, great point about volatility. You
15 know, we live and breathe the gospel that
16 California's water variability is greater than
17 anywhere in the country, and we respect that and
18 humbled by that.

19 DR. SMITH: Right.

20 MR. MOORE: And we had a good discussion
21 on this, I thought, on the Phase 2 Science Report
22 on December 7th, I think that was the day, and
23 where we talked about, you know, theoretically
24 there might be an operational range. Like as an
25 engineer, I specify the pump below a certain head

1 or flow will cavitate, you'll blow the pump out
2 above it. And so when we look at things like
3 percent flow that comes volatility year after
4 year, there may be outside-the-range
5 considerations.

6 When you look at the volatility from an
7 economic standpoint, do you think you can help us
8 gage that to the volatile hydrology and come up
9 with the type of water year where we need to have
10 an off-ramp in the flow requirements, where it's
11 more of a triage for both economy and ecology?

12 DR. SMITH: Yes, that could be done. I
13 don't want to sound too nerdy. That was outside
14 the scope of what the counties asked us to do.
15 But, yes, that can be done. Where it's going to
16 be coming from is the finance literature. Have
17 you ever heard about black swan events? That's
18 where a lot of the analytic tools that are being
19 used to deal with that question, financial
20 markets, I think relatively could be brought to
21 bear here to address your question. But I don't
22 have it in my hip pocket.

23 MR. MOORE: No, that's fine. It's food
24 for thought.

25 DR. SMITH: Yeah.

1 MR. MOORE: I just wanted to, you know,
2 convey to folks that we're really thinking about,
3 you know, how this type of systematic approach,
4 where it might break down --

5 DR. SMITH: Right.

6 MR. MOORE: -- and where we need to
7 modify the alternative.

8 DR. SMITH: But the one thing, if I just
9 may add, because I really think it's linked back
10 to this discussion --

11 CHAIR MARCUS: And then I'm thinking
12 about people's blood sugar, so --

13 DR. SMITH: -- yeah, I know, I'm thinking
14 about my own, yeah -- is that we have to be
15 careful. Because when we have that feedback,
16 economic decisions can deal with any set of rules
17 you come with, but your rules have consequences.
18 So we will have to, in terms of the dialogue we
19 had, I would say, at least as economists, I'd
20 come back to you and say, let's think about the
21 incentive structure and what does that
22 communicate about the nature of the economic
23 lottery that's being defined for people making
24 decisions? That's the only checkpoint I'd want
25 to go back to.

1 CHAIR MARCUS: Thank you very, very much.

2 DR. SMITH: Well, thank you for your
3 patience.

4 CHAIR MARCUS: No, no. It was helpful,
5 very helpful.

6 I'm looking at the Court Reporter, sir.
7 Half hour, is that all right with you today? I
8 think food is closer than it was? So we'll take
9 a half-hour break, which by my timepiece says
10 we'll come back at 2:15. And we'll start with
11 about 15 public comments.

12 (Off the record at 1:45 p.m.)

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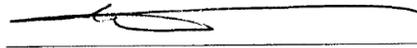
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