

**TESTIMONY OF THOMAS M. ZUCKERMAN
ON BEHALF OF THE CENTRAL AND SOUTH DELTA WATER AGENCIES
BEFORE THE LITTLE HOOVER COMMISSION**

April 25, 2012

In the Governor's letter of March 30, 2012, to the Little Hoover Commission, at page 6 he proposes transferring the Delta Stewardship Council function to the Natural Resources Agency, stating:

"This will help improve communication and co-ordination regarding the State's water policies, and it will consolidate administrative functions."

One might question whether this is necessary or desirable.

In its inception in the Delta Reform Act, the Delta Stewardship Council was to act as an independent body of commissioners and staff to help resolve contentious, long-standing issues about how best to define the Sacramento-San Joaquin Delta's role in supporting a vast historical ecosystem and in helping supply the State's needs for a reliable water supply. Rather than deciding such complex issues itself, the Legislature and the previous Governor, chose to delegate these critical decisions to a panel of experienced and high-minded individuals who were to assemble expert staff and invite public participation to assist them. Broad discretion was to be exercised by the DSC, including decisions that could result in tens of billions of dollars of public and ratepayer expenditures, and a tight working schedule was established.

While Delta interests were skeptical that a fair and independent process would result, we have been impressed with the open-ness and professional

performance of the DSC and its staff to date, while certainly not comfortable with all of its draft recommendations. We continue to participate in the process, hoping that the end result will be a long-term plan supported by science and economics that will restore and improve the Delta's ecosystem, its agriculturally-based economy, and the rich heritage of its population and business centers, based upon determining how much of its water the Delta and its watershed can be relied upon to supply to other areas of the state, and by what means.

So we ask ourselves, how is this "reorganization" going to mesh with our desires and expectations?

In short, it doesn't.

Since "the state's water policies" were intended to be revisited and re-molded by the DSC, pulling the DSC back into the Natural Resources Agency smacks of criticism of the DSC's work to date and loss of the very independence that was at the heart of its creation, a sort of "taking behind the woodshed" if you will.

We doubt equally that the proposed consolidation of administrative functions will create efficiency or cost savings, especially when viewed in terms of accomplishments. To us this seems like a big step backwards into the CALFED experience which was remarkable for how much it cost while accomplishing so little. This Commission hardly needs reminding of the CALFED debacle.

But beyond these general criticisms, there is a fundamental problem with this proposal which cannot be ignored.

The legislation establishing the DSC specifically delegated the DSC to have appellate jurisdiction over whether the Bay Delta Conservation Plan should become

a part of the Delta Plan. The BDCP, being created within the Resources Agency but dominated by the water export interests who seek 50 year take permits under the Endangered Species Acts, presents an updated version of the Peripheral Canal Project as the central "conservation" feature. [Parenthetically, this is a very strange approach to solving problems created largely by exporting too much water from the system.]

The reorganization plan thus would designate the Natural Resources Agency, which operates the State Water Project, to be both the Regulator and the Regulated.

This offends our sense of fairness and of due process. This is further aggravated by the stated fact that the Natural Resources Agency does not intend to conduct an independent cost-benefit analysis of the BDCP, a plan which will unleash costs of \$30-\$60 Billion in the aggregate on the taxpayers and ratepayers of this State in the face of current economic exigencies and governmental deficits, municipal bankruptcies, school closures and escalating crime, solutions to which may be foreclosed by this enormous expenditure of scarce funds.

We thank you for your invitation to appear before you today on this important subject, and stand ready to respond to any questions you may have.