

DUANE GEORGESON

MODERATOR: This is August 1, 2006 and we're at Metropolitan Water District and we're interviewing Duane Georgeson. This is part of the Colorado River Board of California oral history project. Duane, thank you very much for sitting down to do this. I think we'd like to start with your time at Los Angeles Department of Water & Power.

DG: I started an awfully long time ago at the Department of Water and Power in August of 1959. I had the good fortune of landing in the water system even though I had tried to go to work for the power system as a nuclear engineer when they were going to build their Malibu nuclear plant which would have been an awfully lot of fun to have operated a nuclear plant in Malibu but, at any rate, I wound up in the water system. I recall in the summer of 1959, I believe that was when the Legislature was pushing the Burns-Porter Act through the Legislature and getting it ready for a statewide vote in 1960. It turned out that I immediately began working on Los Angeles involvement with the Metropolitan Water District, in so far as how the state water project was going to be paid for, among the MWD family. The big issue was that Los Angeles had paid a lot of taxes, because when Met started out, Los Angeles represented 85% of the assessed valuation. Then in the early years, Met had to get all their money from taxes until they started selling water. Then when they did start selling water, there was pressure among the buyers of water, areas outside the city of Los Angeles that lobbied hard to keep water rates low. So when I went to work for LADWP, Met was getting \$12 million a year about in the sale of water, and almost \$30 million a year in taxes. In particular, San Diego County Water Authority thought that was just a very fine arrangement, because San Diego was getting a big share of the water that Met was selling, probably 30%, was paying 5 or 6 % of the taxes. Los Angeles was paying 30% of the taxes and was only getting maybe 5% of the water. While Los Angeles had been content for that arrangement on the Colorado River Aqueduct, when it was known that the State Water Project was

going to be much more expensive, then Los Angeles, and primarily through the Department of Water and Power, and particularly Sam Nelson, who was head of the water system, worked hard to try and encourage Metropolitan to move toward a financing mechanism for the State Water Project that the cost would be in proportion to the benefit received. I had the good fortune of going to work for Paul Lane, who eventually became head of the water system, and Paul and I did the staff work for Sam Nelson, which became very intense, because the summer of 59 through most of 60, Metropolitan was trying hard to work out a model contract for state project water. Met was doing a fine job, with Joe Jensen out front, and Bob Skinner, the Assistant General Manager, the management person involved...

MODERATOR: Joe Jensen was General Manager?

DG: Joe was Chairman of the Met Board, and about in the middle of a 25 year term as Chairman of Met. He happened to be from Los Angeles, and his philosophy was that water for southern California should be looked upon as a regional project. Joe never worried much about the fact that Los Angeles was paying 30% of the cost and getting 4 or 5% of the water. In his mind, he was looking at the big picture, making sure that Metropolitan as a whole was getting a good deal with the state of California. At any rate, the state administration, and that was Governor Pat Brown, was trying hard to get the city of Los Angeles to be a little more cooperative than they thought Joe Jensen and Metropolitan were being, and it wound up that Metropolitan held off supporting the Burns-Porter bond package, the \$1.75 billion bonds, until just a couple of days before the election in November of 1960. But it turned out that in spite of Los Angeles' deep concerns about how Met was going to pay for the State Water Project, the city of Los Angeles nevertheless endorsed the Burns-Porter Act bond measure several months before Metropolitan did. And it was not until Metropolitan hammered out its contract in the first day or two of November, 1960 that the Metropolitan Board probably, with a special meeting, came out in support of the Burns-Porter Act.

And I'm not sure if Joe Jensen was a no-vote on that action by the MWD board. The point of my comments on my experience at DWP, is that my very first job at DWP was working on the State Water Project and, in particular, working on strong efforts by Los Angeles to try and move Metropolitan away from paying for the entire State Water Project on property taxes, and trying to move toward some other financing mechanism, where Los Angeles, because of its large tax base, and its independent water supply from the Owens Valley, Los Angeles was always, it appeared, going to be in a position where they were paying a bigger percentage of taxes than they would be receiving benefit from the State Water Project. And the perspective of the city was that they had already paid the lion's share of the Colorado River Aqueduct, a much lower cost source of supply in part because it was built earlier, and only uses two-thirds of the energy, so it was a lower cost source of supply, and the position of Los Angeles was, and probably still is, that the people who needed the State Water Project outside the city, should be paying a share of costs in proportion to their benefits received.

MODERATOR: Let me stop you there for just one second, Duane, and define a couple of terms. The Burns-Porter Act is a very complex act, but its primary purpose was to provide funding for the California State Water Project. Is that accurate?

DG: Yes. The reason that an election was required is that even though the bonds to build the State Water Project would be repaid only by those benefiting, nevertheless they were general obligation bonds which required, at that time, a 50% vote of the people of California. The Burns-Porter Act also was a carefully drafted law that tried very hard to set up the State Water Project, and they did it with individual contracts, 29 contracts, of which Metropolitan has by far the largest. The Burns-Porter Act basically leaves the elected officials in California, and the politicians, almost with no direct control in the State Water Project. And that was a very important principle to the people that were trying to put together the State Water Project, was to learn from some of the shortcomings of previous

big water projects in California, the biggest being the federal Central Valley Project (CVP). The CVP did not have that kind of protection and, as a result, for decades the Central Valley Project has been more subject to the activities of Congress through the appropriation process and the renewal of contracts and a variety of things. Metropolitan had tried very hard to get the State Water Project set up with a constitutional amendment. Met failed in that, but when the Burns-Porter Act was put together, it provides for contracts which is pretty good security in our country, and secondly, in order to remove the elected officials from decision making roles, it sets up a contract where the Director of Water Resources has almost absolute authority to interpret and administer the contract, and that has worked remarkably well. Matter of fact, only in the last year or so, has there been any litigation at all between the state of California and the contractors. It's only with recent efforts of Kern County to, I'll say, grab off a bigger share of the benefits of the low cost hydroelectric power at the Oroville-Hyatt-Thermalito complex. For 44 years, that initial contract signed by Met in 1961, there was no litigation on that contract. There was an initial lawsuit, I think it was Metropolitan vs. the Board Secretary Marquardt that basically confirmed the validity of that contract. Moving on, probably the next significant thing....I should comment that in order to resolve the dispute between Los Angeles and San Diego, the Los Angeles area Chamber of Commerce appointed a special committee.

MODERATOR: What year are we talking about here?

DG: That was 1960. Before the Burns-Porter Act was passed, the Chamber was concerned that this dispute between the two largest members of Metropolitan over how the State Water Project was going to be financed might interfere with getting a positive vote. So the Chamber attempted to mediate a dispute out of that, and that goal of mediating the dispute between San Diego and Los Angeles, the Chamber and other business leaders in southern California kind of kept at that for the next eight, ten, fifteen years because the dispute didn't

go away. Matter of fact, it reared up in more recent years when San Diego moved to contract with Imperial. One of the hearts of that dispute was the fact that a provision of the Met Act which has never been implemented provided that each member agency gets a right to buy water from Metropolitan in proportion to property taxes paid. One of the things that came out of the mediation by the Chamber of Commerce was an amendment of the MWD Act, a provision that is only permissive. It's not mandatory. Basically, the Act was amended to provide that Metropolitan could charge a separate rate for State Project Water, a rate that presumably would be higher than the rate for Colorado River water. While that provision was passed as a compromise, because Los Angeles didn't have the votes to make it mandatory, the provision was never implemented. But it kind of placed a marker out there that there was a need for equity within the Metropolitan Water District and the dispute continued, and probably continues even to this day. But it brought the business community in and the resolution of that permissive legislation, which I believe passed before the Burns-Porter Act, created harmony in southern California so that southern California could beat the drum for generating a positive vote. As it turned out, I think every county in California voted against the Burns-Porter Act, every county north of Kern County, except either Butte or Plumas, up where the big reservoir was going to be built. That was supported locally up there. It turned out that San Diego supported the election maybe 70%, Orange County 65%, City of Los Angeles supported it but perhaps with a 55% vote. The Burns-Porter Act bond issue, we went to bed Election Day not knowing if it was going to pass. The next morning it wound up passing with about a 51% vote.

MODERATOR: So that's very similar to the 1982 vote on the Peripheral Canal except for the one northern county that you mentioned, the vote occurred along the northern-southern California split.

DG: It did. I don't think there was near the campaign against the bond issue up north that there was in 1982, but clearly there was a lot of feeling up north that

they weren't very happy about sharing their water with southern California. Weren't then and probably aren't today.

MODERATOR: Let me go back to a couple of terms here, because I think it would be useful for someone watching this tape to be able to link some of your thoughts with the thoughts of other people who are on file. When you talked about the right of MWD member agencies to a certain amount of water, you're talking about the concept of preferential rights, is that accurate? That occurs in the MWD Act?

DG: Yes, I believe it's Section 5.5 of the Metropolitan Water District Act. I believe that provision was in the Act from the beginning. Los Angeles never asserted its rights based on preferential rights, even in 1977 when Los Angeles had water rationing and no other city in southern California did. And then in 1991 when Metropolitan put in place what amounted to a rationing plan with financial incentives and disincentives, once again Los Angeles was treated the same as all other member agencies, basically on an approach which Metropolitan worked out with its member agencies. Maybe I'll talk a little bit more about that later, because that's one of the activities I handled when I came to Metropolitan as Assistant General Manager for Planning and Resources in 1991.

MODERATOR: Here we're talking about what came to be known as the IICP?

DG: Yes. In 1991, instead of going to the preferential rights provision in the Met Act, the staff at Met, working with member agencies, came up with what was called an Incremental Interruptible and Conservation Program (IICP). An outstanding member of Met staff, Don Adams who at that time was working for me in charge of Resources, put together a plan that recognized that by 1991, Metropolitan had moved to a pricing structure whereby agencies that wanted to gamble would buy cheaper water that was interruptible. The concept being that

when a shortage came along, if one ever did, those member agencies that were getting a deep discount, a discount about 40% less than the price customers were paying for non-interruptible water; however, a plan had never been developed as to how that interruptible program would be implemented. Well, it turned out when the circumstances of the extremely dry years of the late 80s, and then when 1991 rolled along when Metropolitan only got a 10% allocation from the State Project, Metropolitan had no choice but to put in place a program to require sharp increases in conservation, sharp reductions in water delivery. I'll just maybe explain the plan now. The plan had a series of six steps. The first step was voluntary. Maybe the first couple of steps. Metropolitan rather quickly got to a level since the drought was so intense in the spring of '91, where we were in stage four, which required a 50% reduction in interruptible deliveries, which were primarily agricultural and groundwater replenishment, and a 20% reduction in non-interruptible water, which was basically direct deliveries to our customers, and the weighted average of that was a 31% reduction in Met's use. There was a brief period where Metropolitan was in stage five, which I believe was a 30% reduction in non-interruptible water use, and a 90% reduction in interruptible water. Fortunately, we did not have to stay in that stage very long because the so-called Miracle March of 1991 produced enough water in the State Project so that the allocation could go from 10% where it had been for a couple of weeks, up to 20% and so Met moved back to stage four, with a 31% average reduction. It was very important politically for Metropolitan to be the poster child for conservation in southern California, in part because Metropolitan had a goal or, if you will, a mandatory target, of 31% which was a bigger percentage than what the city of San Francisco was imposing. San Francisco had a 25% reduction and that helped quiet a lot of northern California criticism. One of the things that was a continuing black eye through the drought of 1991 was the fact that although the city of Los Angeles moved rather quickly into rationing as they had in 1977, and a number of other cities in southern California did, San Diego steadfastly refused to go to mandatory rationing. They had a voluntary program, although it turned out that the conservation level in San Diego

was just about the same as it was in Los Angeles and the rest of urban southern California because the public responded extremely well to all the media coverage. And a lot of the media coverage originated, particularly TV, in the Los Angeles media market, so the public, probably most of the public in San Diego, probably didn't realize they did not have a mandatory program. One of the humorous things about the San Diego experience was the mayor of San Diego, Maureen O'Connor, was very much opposed to going to mandatory rationing. She was supported staunchly by the publisher of the local newspaper down there, and one of the humorous things that came up was that the mayor, who was very proud of her conservation effort, turned out that she had a large piece of property with two water meters, and the meter that was being checked on, on a regular basis was, I believe, the smaller of the meters. I think the point is, the public in San Diego and throughout southern California, responded very well. If I could maybe go back to a couple of the events when I was still at LA Water & Power, in 1963, a very important U.S. Supreme Court case came out. At that time, Metropolitan had a contract for water with the State Water Project, and when they saw that they basically had lost a big part of the arguments the state of California had in the U.S. Supreme Court in the Arizona v. California litigation, Metropolitan took advantage of the fact that there was some unsubscribed water available from the State Water Project. I think at that point the state was trying to sign contracts for about 4.2 million acre-feet. I think they had contracts signed for about 3.6 million acre-feet, and so Metropolitan increased its contract from 1.5 million acre-feet to 2 million acre-feet. And at the same time, without getting into all that history, Los Angeles Water and Power was carefully weighing the pros and cons of building a second, smaller aqueduct from the eastern Sierra. One of the studies I worked on in my role in Planning was what the impact on Los Angeles would be of Metropolitan losing 600,000 acre-feet of its Colorado River rights.

MODERATOR: As a result of Arizona v. California?

DG: As a result of the adverse Supreme Court decision. The studies that I worked on were looking at three things, future water demand in Los Angeles. At that time, Los Angeles was a little less than two million people; today it's four million people, so Los Angeles was expected to continue to grow and did continue to grow. Another thing was how Metropolitan was going to finance State Project water. Because if Met was coming up with a program that would have a much lower rate for those who had rights to Colorado River water, then it would not have been that much of a financial advantage for Los Angeles to build a second Los Angeles aqueduct. But if Metropolitan was going to blend the cost of State Project water and Colorado water, obviously Metropolitan water in the future would be much more expensive than a second Los Angeles aqueduct. And that decision went to the Board of Water and Power commissioners in late 1963, and the decision was made by Los Angeles to build a second aqueduct. In hindsight, the environmental shortcomings, I guess you might say, of going ahead with that project were not recognized, but at any rate, and so the combination of Met increasing its State Project supply by 500,000 acre-feet and Los Angeles increasing its supply of 150,000 acre-feet was recognized within the Colorado River family in California that that was two important steps to replace the loss of guess it's 662,000 acre-feet if you limit Metropolitan to only 550,000. Another thing that impacted the Colorado River from my perspective over at DWP, in the fall of 1963, a man who was then the Secretary of the Interior, Stewart Udall for John Kennedy, conceived a plan to help solve Arizona's water problems. Not surprising that Stewart Udall was interested in Arizona's water problems, because he and his brother both served in federal positions for many years. And Stewart Udall came out with a Pacific Southwest Water Plan. And the Pacific Southwest Water Plan was a plan to shut off the Colorado River Aqueduct to California and to direct that water supply into the Phoenix-Tucson area through a Central Arizona Project aqueduct that Arizona had been pushing for, for many years, and California had been resisting in a variety of imaginative ways in Congress. But in addition to shutting off the Colorado River Aqueduct, Stewart Udall proposed building a very large project on the Trinity River in the

north coast of California, and he proposed diverting that water out of the Trinity River into the Sacramento River running it down into the vicinity of the Sacramento-San Joaquin Delta, building a huge aqueduct called the Eastside Project down the east side of the San Joaquin Valley and running half of the water to southern California in addition to the State Water Project, and the other half of the water, 1.2 million acre-feet across the desert to Arizona. So the Pacific Southwest Water Plan, since all it did was replace MWD's Colorado River supply, it was a project that basically was only to provide 2.4 million acre-feet of water a year from the Trinity River into central Arizona. Kind of how that shaped up politically in California, California at that time had a Secretary of Resources by the name of Hugo Fisher. For whatever reason, Hugo Fisher was extremely supportive of the Pacific Southwest Water Plan. Hugo convened a meeting in Sacramento in the fall of '63 of the California Water Commission, and I don't remember for sure who the chairman was at that time. It might have been a man from San Diego or it might have been Jack Chrisman, father of the present Secretary of Resources. The California Water Commission, through Hugo Fisher's invitation, invited people like Joe Jensen, and Hans Dole from San Diego to come to Sacramento and to comment on the Pacific Southwest Water Plan, with the admonition not to just come up and throw rocks at it but to propose constructive alternative solutions. About two or three weeks before that hearing, the general manager at Water and Power was then Sam Nelson. Sam had graduated when the previous general manager, Bill Peterson, retired, and came on the Met board to represent Los Angeles, so Sam Nelson came in to CV and Paul Lane, and he said, "I'd like to go to that hearing and propose a constructive alternative. Isn't there some place we could find some water for Arizona that wouldn't come from California?" And it turned out that the Bureau of Reclamation had just produced a series, two or three volumes, reviewing the water supply of the Snake River system up in Idaho. So I went up to the DWP library, got a copy of that report and turns out there's a place on the Snake River in Idaho called 10,000 Springs and it's where a huge volcanic area north of the Snake River discharges a uniform, year round flow of about 10,000 cubic feet per

second. We designed, in a very short period of time, I shouldn't say we designed, we prepared a feasibility report, called the Snake-Colorado Project which was to pump water out of the Snake River just downstream of Twin Falls, three or four lift pumping station much the same as the Colorado River Aqueduct pumping station, a 3,000 cubic foot per second canal down through eastern Nevada, and then a series of hydroelectric recovery plants dropping the water into Lake Mead to deliver 2.4 million acre-feet.

MODERATOR: Just for the sake of scale, 10,000 cubic feet per second is the equivalent roughly of about 7 million acre-feet a year.

DG: That's correct. And so, at least on paper, it was possible to divert 2.4 million acre-feet without even a reservoir because it was a uniform spring flow. All it would require is a low reservoir to give you a pool to pump water out of, much like Lake Havasu. And there would still be 5 million acre-feet a year of spring flow, and of course, everybody knew the Columbia River had an annual flow of 191 million acre-feet, and so Sam Nelson and I went to Sacramento, and Hugo Fisher, who was quite a colorful guy from San Diego, I think he was former state senator from San Diego, took turns beating up on Hans Dole. It was well known that Hugo and Hans had been out on the town the previous night having a few highballs, but Hugo took particular delight beating up on Hans Dole for his lack of constructive alternatives. Joe Jensen, as he was capable of doing, held his own very well. Then I believe Sam Nelson had brought along Bob Lee, who had done PR work for LA Water and Power and also the Colorado River Board for many years. Bob Lee was well connected with the newspapers, media, particularly a guy by the name of Ray Hebert, over at the LA Times. So Sam let it be known to the media that he was gonna have a constructive proposal unlike Hans Dole and Joe Jensen, and so after lunch, Sam Nelson presented his Snake-Colorado proposal and kind of took Hugo Fisher by surprise. Just a couple more words on that project. As a result of that project, the Colorado River Board, the general manager at that time was Dallas Cole, hired Tom Stetson

and Tom Stetson did a hurry-up job for the Colorado River Board, proposing to divert two of the tributaries to the Yellowstone River, which is tributary to the Missouri. If you go high enough, up near Yellowstone Park, you can have gravity diversions out of the headwaters of the Missouri into the headwaters of the Green River and on down into Colorado. And then following that, things got kind of wild. There was a so-called NAWAPA Project to divert water out of the Yukon River down through the Rocky Mountain trench. Of all the plans, the one that appeared to have the most feasibility was Sam Nelson's Snake River Project. Sam wound up, among other things, getting acquainted with the man at the Bureau of Reclamation from Idaho, who was very disappointed that his fine engineering study had been globbed onto by the folks from California. When the Bureau put that together, they were thinking in terms of irrigation projects with that water up in Idaho, not shipping it to the southwest. I wound up, his name was Harold Nelson, and Sam and Harold kidded about being cousins. The president of the LA area Chamber of Commerce, a guy by the name of Phil Walsh with the Southern California Water Company, was invited by the Seattle Chamber of Commerce to come up and address them on the project to steal the water out of the Seattle River and I wound up making part of that presentation. I merely bring that up, that out of that, the northwest and the state of Washington had a very powerful senator, Scoop Jackson. And Scoop got some legislation passed through Congress that prohibited the Department of the Interior from even studying plans to import water into the Colorado River. And I believe that provision in federal law was renewed a time or two. For all I know, it may still be on the books. As much as anything, I think Sam Nelson's proposal to divert water from the Snake River kind of kicked off some of that import planning.

MODERATOR: Sam Nelson later sat on Metropolitan's Board as well, did he not?

DG: Sam retired from DWP simultaneous with Ronald Reagan being elected governor of California. That was probably 1966. At that time, Bill Peterson,

former general manager from the power system at DWP, had been on the Met Board for five years. Sam was appointed to the Met Board, I believe, by Sam Yorty, the mayor of Los Angeles. One of the interesting things that happened to Sam was he was recruited by Governor Reagan to come up and be Director of Public Works. Today we call it Caltrans. I believe before he took that job he got appointed by Governor Reagan in the fall of '66 to be part of a special review panel to evaluate the financing for the State Water Project. There was deep concern that the project was going to run out of money. Well, I don't think it was a matter of deep concern. They knew good and well they didn't have enough money with the \$1.75 billion and so they were going to have to cut and trim and also it turned out they came up with the revenue bond financing mechanism. The guy who pulled together that advisory committee was Bill Gianelli, who had worked for the Department of Water Resources, gone into private practice, and then became Director of Water Resources replacing Harvey Banks. At any rate, Sam Nelson got appointed in '66 and I guess that's when Reagan came in. Goodwin Knight was gone by that time. The advisory committee, and I'm pretty sure they were working with Bill Gianelli, reviewed the program of finishing the State Water Project and one of the projects that got axed probably on the advice of Bill Gianelli and the advisory committee and included Sam Nelson, was the Peripheral Canal. It was a relatively non-controversial project at that point in time. In fact, it was non-controversial to the point that Sam Nelson, as Director of Public Works, and the construction of Interstate 5, and with Gianelli's cooperation as Director of Water Resources, they dug about five or ten miles of canal for the Peripheral Canal on the alignment of the Peripheral Canal in order to get fill for Interstate 5 which was being built by Caltrans under Sam Nelson's direction. The reason I followed that fairly closely was once again I was doing staff work for Sam Nelson, and I went to two or three of the advisory committee meetings in Sacramento. I suppose, in a sense, I had a hand in delaying construction of the Peripheral Canal as Sam Nelson's staff guy. Maybe the only other comment I'd make about Colorado River matters in my career at DWP, I continued to, my entire career at LA Water and Power, follow very closely the State Water Project

and, to some degree, the Colorado River Aqueduct activities, because it interfaced with a lot of the political activities that DWP inevitably got drawn into in their efforts to secure, preserve their own water supply from the Owens Valley, from the San Fernando Valley groundwater basin, particularly when Dave Kennedy came to MWD. I suppose that would have been in the late 70s. He came to Met as the Assistant General Manager and we had a strong community of interests because LA Water & Power realized, and I think I in particular realized, that the MWD supply would always be an important source of supply to Los Angeles. The city of Los Angeles has been, and always will be, in a position to be a strong political supporter of Metropolitan. Much of my career at Water & Power, I would up working closely with the elected officials that were involved in water matters. It was unusual if at least once or twice during a legislative season, Mayor Bradley was not called upon to assist Metropolitan in killing bad bills in Sacramento, or passing good bills, like SB 200. Because one of the things I discovered at DWP after I came back from the Owens Valley, we had the '71 earthquake, which seriously damaged the Upper and Lower Van Norman reservoirs, caused the evacuation of 80,000 people for four days. That happened on my watch as engineer of design, responsible for the safety of the dams and reservoirs in Los Angeles. At any rate, after that earthquake, there immediately arose two pieces of legislation to prohibit the reconstruction of Van Norman Reservoirs. We were going to build a half-size reservoir within the basin of the old reservoir for extra security. Historically, Los Angeles Water & Power had always had a very capable lobbyist in both Washington, DC and in Sacramento. By the time the '71 earthquake rolled around, it turned out that Water & Power no longer had any representation in Washington or in Sacramento. So I recruited one of the engineers that worked for me, he was in charge of our pump system planning, a guy by the name of Ray Corley. I proposed a deal to the chief legislative analyst, because while Tom Bradley was on the City Council, which he was, I believe, up until '72, he made it clear that it was the Council that controlled legislative policy for the city. If Water & Power was going to have a lobbyist in Sacramento, which was our initial goal, largely to

fight these anti-reservoir reconstruction bills, we were going to have to do that through the chief legislative analyst's office run at that time by a guy named Ken Spiker. After I got the blessing of top management of Water & Power, I think I was head of the aqueduct division at that time, while I was still head of design, I went to Ken Spiker and proposed that we provide a lobbyist and we, Water & Power, together with Harborne Airports, would not only pay a salary but pay a significant part of the costs of running the chief legislative analyst's office in Sacramento. That deal worked out fine. Ray Corley went to Sacramento, worked for Water & Power probably for 10 years in Sacramento, doing a great job, and then came to work, and worked probably 10, 12 maybe 15 years at Met doing lobbying work. I guess that help in Sacramento that Ray Corley provided later needed to be expanded to Washington because as the Mono Lake issue emerged as a hot political button in the late 70s, there were efforts in Washington to pass legislation to basically take away LA's water and land rights up and down the valley. We'd had an earlier problem with efforts to create a tule elk refuge on 240,000 acres of Water & Power land. Out of that came the need to have a representative in Washington and that time I was also involved in finding a guy from the power system by the name of Arnold Cordova who went back to Washington and worked in the Chief Legislative Analyst's office. It was that community of interest that DWP and MWD had which caused me to work very closely with Dave Kennedy when he came to Metropolitan, particularly as the campaign to sell the Peripheral Canal really got going hot and heavy, leading up to the referendum election fostered by Sonny McPeak. The election took place in late '82. I did a lot of traveling around the state with Dave Kennedy and Chairman from Burbank, Earl Blaise, on the side frequently referred to by Kennedy as Mon General because of..... I think Dave may even have called Chairman Blaise Mon General to his face on occasion.

MODERATOR: I believe he did. He had a remarkable likeness to Charles DeGaulle.

MODERATOR: This is the beginning of tape number two with Duane Georgeson, Metropolitan Water District of Southern California. It's August 1st, 2006, and we're going to pick up where we left off on tape one. Duane, you mentioned a couple of kind of in words and I'm going to ask you to define them. First, you said SB 200. You were talking about the Peripheral Canal and things like that. What is SB 200?

DG: SB 200 was a California Senate bill authored by then Chairman of the Senate Ag and Water Committee, Ruben Ayala, and it was noteworthy that it got through the legislature because there had been, following the delay of the construction of the Peripheral Canal back in 1967, by the time the 70s rolled around and some of the challenges in the Delta, it became quite evident that a facility like the Peripheral Canal would solve many of the water quality.... from a drinking water standpoint, from an environmental standpoint, and from a water supply standpoint, so to kind of have a restatement by the elected officials in California, Ruben Ayala got SB 200 passed through the Legislature and, in that process, it turned out that some of the opponents of that legislation, in particular, the Salyer and Boswell Farming Corporations, didn't want that bill to pass. I think they viewed it as excessively expensive and probably in their mind making agricultural water too expensive and they got a very effective lobbyist by the name of Don Brown. He was quite successful in getting a state senator from the city of Los Angeles, a Hispanic senator, Alex Garcia, to be the key vote in stopping it getting through Ruben Ayala's committee. It turned out that one of Ray Corley's finest hours representing the city of Los Angeles Water & Power was through working directly with Mayor Tom Bradley. Ray Corley got Alex Garcia, who it was strongly rumored had received some financial encouragement from Salyers and Boswells and Alex finally voted in favor of that bill. It passed the Legislature probably about 1980. Then Governor Jerry Brown postponed putting it on the ballot. Instead of having it on the spring ballot, got it on the fall ballot, which gave people like Salyer and Boswell and northern California interests, plenty of time to shoot it down in the referendum on the Peripheral Canal in 1982.

MODERATOR: Let's put some shape to SB 200. It would have authorized the construction of the Peripheral Canal, is that right?

DG: SB 200 would have authorized construction of the Peripheral Canal, and it would have put in place some protections for northern California and there may even have been a constitutional provision there. Then it provided, it wound up getting to be a bit of a Christmas tree, because it, in order to generate some support in northern California, which turned out to be pretty thin, there were added the construction of some very expensive reservoirs. The canal itself was estimated to cost a couple of billion dollars. But, in addition, it was represented in the anti-Peripheral Canal vote that the other provisions were going to cost \$20 billion, so that helped reduce the support in southern California. Of course, the northern California opposition was an average of 90% north of Kern County.

MODERATOR: You mentioned the Van Norman Reservoirs, which were heavily damaged during the earthquake. Where were those geographically located?

DG: Those reservoirs are located in the northerly San Fernando Valley, at the terminus of the two Los Angeles Aqueducts. At that time, they provided about 20,000 acre-feet of balancing storage and they're right near the city of San Fernando, just westerly of the 405, the San Diego Freeway.

MODERATOR: One of the questions that comes up from time to time with respect to the Colorado River, and I want to talk about you moving over to Metropolitan Water District in just a second, but as you know, the Colorado River Board of California includes membership from those four agencies that are direct users of Colorado River water, specifically Metropolitan Water District, Imperial Irrigation District, Coachella Valley Water District and Palo Verde Irrigation District. There are also two other members, San Diego and Los Angeles

Department of Water & Power. Why do they have a seat on the Board since they do not directly take Colorado River water?

DG: I'm not sure I understand all of the background, but the initial filings on the Colorado River for 1.1 million acre-feet per year, roughly 1500 cubic feet per second, those filings were made by the city of Los Angeles by Bill Mulholland, who was general manager of the Department of Water & Power, I think about 1923. Sometime after that the city of San Diego, I believe, filed for 112,000 acre-feet, which is around 150 cubic feet per second. At any rate, the combination of those two filings formed the basis of Metropolitan's rights of 1,212,000 acre-feet, and I suppose that had considerable to do with how the six-agency Colorado River Board got put together. Then of course, the Department of Water & Power and Metropolitan wound up underwriting the construction costs of Hoover Dam which was critically important in terms of having a low-cost permanent source of pumping power for the Colorado River Aqueduct, roughly two-thirds of the energy to pump a full Colorado River Aqueduct. And then it seems hard to believe today, but back in the late '20s, there wasn't enough power demand in the southwest to guarantee the output of Hoover Dam, which I think is around three or four billion kilowatt hours a year. MWD didn't need all of its power and so the city power system, Department of Water & Power, was the primary initial guarantor and had a need for much of the power although in the early years, I don't think even the entire city of L.A. could absorb all of that power, which is perhaps one other reason why Los Angeles wound up with a seat on the Colorado River Board. The other power player at Hoover is, of course, in California Edison, but Edison is not a public agency and it probably wouldn't have been appropriate for Edison to be a member of the Colorado River Board if you were trying to include the power interests as well as the water interests. For many years, the formula for reimbursing for the cost of operating the Colorado River Board, the city of Los Angeles paid considerable money perhaps reflecting the value that Los Angeles got from the power at Hoover. Speaking of the Colorado River Board, one of the things I worked on before coming to

Metropolitan, was I worked very closely with Dave Kennedy when, the last couple of years of Jerry Brown's term, he proposed to abolish the Colorado River Board. It was never quite clear, but I'm sure part of it related to the fact that the other six Colorado River Basin states, the state government has a very direct role, and particularly the governor, so perhaps the governor of California and his advisors decided why don't we make California like the other states, we'll just run it out of Sacramento and we don't need the Colorado River Board. Metropolitan took the lead and, in particular, Dave Kennedy, who was responsible for Met's water resources, both Colorado and state, and energy matters for that matter, recruited me to help in the efforts to influence legislators in Sacramento, and through them the governor, to not kill the Colorado River Board. In particular, a very valuable ally for Dave Kennedy in trying to educate and influence elected officials, was a member of the MWD board from the city of Los Angeles by the name of Jerry Godell. Jerry Godell was probably, for 10 or 12 years, one of the city's representatives on the MWD board, and Jerry Godell was extremely active in Democratic politics and the Legislature at that time. The Speaker was a guy from San Francisco by the name of Leo McCarthy. I once asked Jerry if he went to a lot of fundraisers. He said "yeah, I probably go to 30 or 35 fundraisers, it's almost every week." Jerry Godell going to a fundraiser was probably buying a table or two for a few thousand dollars. I think Jimmy Carter was President at that time and Jerry Godell would go to the White House two or three times a year for dinners for the Golden Circle or whatever it was called. But at any rate, Jerry Godell and Dave Kennedy and I went up to Sacramento a couple of times, met privately with Leo McCarthy, who was the Speaker, Howard Burman from southern California, now Congressman Burman, who was in a big battle with Leo McCarthy to become Speaker. We met over in the Governor's office. Bottom line, Jerry Godell was quite helpful, plus the efforts of Metropolitan as an organization, to preserve the Colorado River Board. The price we had to pay was to expand the Board by five members, the Director of Water Resources, the Director of Fish and Game or their designee, and that probably came about around 1980, and then three public members. But the big victory for the six

agencies for Met and DWP and the other water members was the chairman would be from one of the six agencies. At that time, let me just mention who the public members wound up being after the law was changed. A guy by the name of Sanford Smith, who was a member of the Ute Indian tribe up in Utah but living in the Met service area. A woman from San Francisco who was the Executive Director of the Sierra Club. And then a third member who's not coming to mind. But the biggest drama of all was the Chairman. Now it turned out, and I suppose that the Governor and his advisors knew this, LA Water & Power's seat on the Colorado River Board was vacant because the Governor had been sitting on a nomination which had to be made by Los Angeles or the Department of Water & Power and they had nominated Paul Lane. For about a year, the Governor refused to appoint Paul Lane, who was at that time head of the water system, or maybe general manager. Through political connections through the mayor's office, Water & Power was forced to withdraw Paul Lane's name and to nominate in his place a woman formerly working in the mayor's office, then chairman of the Board of Water and Power Commissioners. Her name was Pat Nagel. Pat Nagel was appointed by the Governor to the Colorado River Board and then lo and behold, the Governor appointed Pat Nagel as chairman of the Colorado River Board in keeping with the legislative requirement that the Colorado River Board chairman be a representative of one of the original six agencies. Presumably, thinking that through the mayor's office, they would have a controlling vote on the Colorado River Board. Because they had the three new public members, the two directors of Water Resources and Fish and Game, and now the Chairman of the Colorado River Board beholden to the Mayor or Governor. I don't think it gave them the kind of control they looked for, but there were a lot of worried representatives from the six agencies during that period of time.

MODERATOR: Fortunately, with respect to political influence, the Colorado River Board is really more attuned to studies and making recommendations than actually implementing or even creating policy, for that matter.

DG: I think that's true, but I think there was a period of time prior to the Governor Jerry Brown that the Colorado River Board had a stronger voice in terms of state policy on Colorado River matters. I think ever since that time, and understandably so, Sacramento has a stronger voice these days in Colorado River policy issues which probably reflects the fact that instead of having a surplus of water on the Colorado River which we did up until maybe 20 or 10 years ago, we now have a situation where it's well known that the River is over subscribed and it's probably appropriate that the people at the top of the governance of California have a stronger voice than they did back during the period of time when Sacramento was content to let the six agencies pretty much have their say in terms of Colorado River policy. At least that's one perspective.

MODERATOR: Let's transition, Duane. You, at some point, left the Department of Water & Power, I believe you were Assistant General Manager, and I believe you were recruited by MWD's general manager, Carl Boronkay, at the time to come over to Metropolitan Water District. If all of that is correct, verify that and maybe put some years to it and tell us briefly what Carl's thought was in bringing you over to MWD, what was it specifically that he was hoping you would be able to accomplish?

DG: I finished 30 years with DWP in 1989. It so happened at that time that the General Manager at Water and Power, Paul Lane, retired, and the head of the power system was a man named Norm Nichols and I was head of the water system. I think it was pretty clear that we were the two candidates for replacement. I came out second in that competition. In some respects, not surprising, I guess we had plenty of high profile issues, both on the water side and the power side. I should add, shortly before that, maybe two or three years before, I had replaced Paul Lane on the Colorado River Board, so I was a member of the Colorado River Board during the late 80s, and I'd always been fairly active in the MWD member agency managers and in a combination of those activities, I'd gotten to know Carl Boronkay. I think I'd probably worked

with Carl and Dave Kennedy on some of the statewide issues like the Peripheral Canal, etc. Not long before I came to work for Met, I proposed to Met a water management program called a seasonal storage concept whereby in the wintertime, Met would sell water at a discount in order to encourage the replenishment of our groundwater basins. Much the same way that Kern County has done. It was my view that southern California groundwater basin managers had not moved as aggressively as they can, given the groundwater basin resource we have, and as aggressively as Kern County, which is a competitor for surplus State Project Water. So I proposed a program. Carl had invited me down to a Board workshop in Laguna, probably around 1989, and gave me an opportunity of presenting this program of using financial incentives to encourage greater groundwater recharge. That had given me an opportunity to get acquainted with some of the Met Board members and that family and about that same time, I sponsored a tour, maybe working through Al Williams and Carl, a tour of the Owens Valley, of a busload of Met staff and directors. So when Myron Holbert was getting to ready to retire from MWD in 1989 as the Assistant General Manager in charge of Resources and Planning, Carl recruited me to come over. It turned out that I was maybe ready to consider new challenges, since I'd come out number two in the general manager's race at DWP, although Norm Nichols and I always got along well. Beginning April Fools Day, 1990, turns out some of the big career moves I've made in my life have been on April Fools Day, I came to work for MWD. I arrived here when there was an awful lot going on, because Met was dealing with a water supply situation, particularly on the State Water Project that was becoming increasingly tight. We had what amounted to a five or six year drought, beginning in '86, more intense in northern California than southern California. Met was recognizing that in the aftermath of the vote on the Peripheral Canal in '82, it was not going to be business as usual in terms of finishing the State Water Project the way it had been envisioned back in the 50s and 60s when Burns-Porter Act was passed, when the State Project contract was signed in '61. So Met was moving on a lot of fronts, adding a lot of outstanding staff to run a variety of programs, and I think Carl was looking for someone a lot

in the mold of Myron Holbert, someone familiar with statewide water issues, some familiarity on the Colorado River and an appetite for moving ahead with water management programs, which Met was just getting started on. I think, for those reasons, since I had some of that kind of activity, aggressive conservation programs at Los Angeles, groundwater basin management, considerable involvement in the state and, to some extent, federal water activities, and a pretty good working relationship with the MWD staff and quite a few of the member agency managers. So I felt pretty comfortable when I came to work for Met. My responsibilities included, in addition to Colorado River and state water project resources, Tim Quinn, running the state contract activities and, at that time, water conservation. Don Adams, running the local projects programs, groundwater reclamation, and then one of the programs that Don and I worked on together, was beefing up the financial subsidy for desalting brackish groundwater. I think about the time I came to Met, I don't know if it was before or after, we increased the subsidy for local projects, which was primarily groundwater replenishment and conservation to \$156. I think it had been down around \$100. Not long after that, because it was so much more expensive to add reverse osmosis to remove mineral content in groundwater, with Don Adams doing most of the work, we convinced top management, convinced Carl, plus the Board, to increase the subsidy to \$250 an acre-foot. I believe that's still the cap on the local projects program. Planning also reported to me, and Wiley Horn, and his assistant, Debra Van, had an incredible number of planning activities going, the Eastside Reservoir, which became Domenigoni Reservoir, which became Diamond Valley Reservoir, ramrodded by Wiley and Debra, and in particular, Dennis Majors. We had the studies going on the Inland Feeder, we had studies going on the San Diego Pipeline 6, and we had the west valley feeder #2. At one point, we had an absurdly large capital program that we were actually putting in front of the Board and the Board was kind of rubberstamping it. I think it got up to \$6 billion or \$7 billion. Part of that program was a program to spend \$1 billion on a groundwater cleanup program in the San Gabriel Valley. It probably was necessary to have a \$6 or \$7 billion program, because that kept all the directors happy and member

agencies happy if they knew that while the Diamond Valley Reservoir wasn't in their back yard, somewhere downstream there'd be a San Diego Pipeline 6 or there'd be a West Valley Feeder No. 2 or there'd be a \$1 billion program to clean up the groundwater basin in the San Gabriel Valley, something for everybody, and probably a major role I played when I got here was keep the two top projects on fast track, and that was Diamond Valley Reservoir, Eastside Reservoir and the Inland Feeder, and not to get bogged down on getting these studies done so that an EIR could be prepared and a finding of environmental at any rate, the proper wording to get through the process. Remarkable enough, the \$2 billion Eastside Reservoir Project did not get an environmental challenge. The brilliance of the staff at Met and the legal department probably gets some credit, and the environmental folks like Greg Taylor played a huge role in working out a partnership with Riverside County on their kangaroo rat and the Nature Conservancy, on the big mitigation.

MODERATOR: You're talking about the Santa Rosa Plateau and Greg Taylor was General Counsel.

DG: Actually, Greg, during most of that time, was the Executive Assistant to the General Manager and became General Counsel later when Fred Vindig retired. The thing that Carl and Myron, and I'm sure other managers of the management team had done was they had recruited a cadre of remarkable staff in all parts of the operation. Public Affairs had good people, we had good people doing community relations, good people doing planning, good people under Gary Snyder in engineering and we wound up hiring a lot of people, well a few people, from Water & Power, a lot of people with consulting background and they were used to moving projects along at whatever rate the client was prepared to pay for, not to accommodate the bureaucracy. Sometimes, what you see in governmental entities is a tendency to plan the projects in a way that you'll be busy till you retire. That was not the attitude that I found when I came to MWD. One of the things that I did on a regular basis is I took out my pen and signed yet

another consulting agreement to keep the Eastside Reservoir Project going so fast that people out in that area like Louie Fletcher, the General Manager of the San Bernardino Valley Water District, would love to have had a piece of Diamond Valley Reservoir or a piece of the Inland Feeder. Our goal was to keep that project moving so fast that no one, the environmentalists, the land developers, the member agencies, nobody could slow them down, because the history of stopping water projects is to drag them down with process and procedure, and fortunately we had a mindset, starting with Carl Boronkay, who was willing to delegate most of the key decisions in terms of moving ahead, provided he knew what was going on, to me and the staff that worked for me. I daresay there's not another public agency in the country that could have gotten through the planning process on Diamond Valley at that period of time with the success. Later on when the project was nearing finish, and we had some claims by the contractors on the east and west dams, from San Diego, which at that time was looking for ways to embarrass the District, because of their zeal to get a low rate for wheeling water in the Colorado River Aqueduct for their Imperial Valley deal. San Diego badmouthed Met, just when we were trying to settle the claims on the multi-hundred million dollar contracts on the east and west dams. They complained of cost overruns on the Diamond Valley Reservoir. One of the things that I had a role in was convincing our staff, particularly engineering, to estimate the cost of the reservoir on an inflated basis. I'd noticed in my career that there was a tendency for a lot of public agencies to embarrass themselves by failing to recognize that there was, at that time, a pretty steady five or six percent per year cost inflation on construction projects. And so when the MWD Board approved the EIR, and moving ahead with what turned out to be the Diamond Valley Reservoir, they approved a cost estimate based on a construction period that was remarkably forward looking, and I believe the cost estimate that the Board approved was about \$1.93 billion, not including recreation. It turns out that Diamond Valley Reservoir cost about \$2 billion after we settled the claims. The remarkable thing about that is that when Diamond Valley, when the embankments were designed by the engineers, I don't know

what that slope was, let's say it was 1.5:1, and during the review by consultants both for Met and the State Division of Safety of Dams, it was decided to flatten the slopes. I remember the original volume of the embankments was about 75 million yards, which was very close to the embankment of both San Luis and Oroville. It turns out that by the time the embankments got flattened, and the excavation for the dams got enlarged, the total volume of material was 120 million yards, about 50 percent increase over the original basis for the cost estimate. So if there was ever a project that came in on budget and on time, then as they say, all good deeds get punished, the reward for the staff and management and Board at Met who supported that project was for San Diego to throw rocks at the project for cost overruns. There was probably no cost overruns, given the fact that we're now selling off some surplus land that could bring the cost of the reservoir project below the original cost estimate. Anyway, had to get that little commercial in for the staff at Met who did a terrific job.

MODERATOR: While you were at Met, or after you came over to Met, you were involved in a number of special projects on the Colorado River. The one that comes to my mind immediately is the Palo Verde Irrigation District Demonstration Project. Maybe we could take just a couple of minutes on that, and then any other similar projects that you worked on at Met with respect to the Colorado River, perhaps Arizona groundwater banking. I'm not sure if you worked on any IID programs. Let's start with PVID.

DG: When I came to Met in 1990, Bob Schemp reported to me and he was in charge of the Colorado River activities, looking after Met's rights and interests on the Colorado, as well as managing Met's power resources, particularly from a planning and contractual standpoint. Bob had done a great job in working with Marvin Hobert in putting together the contract with Imperial for the first project, 106,000 acre-feet of conservation activities. Imperial appeared to be interested in working with Met on a second phase, maybe 100-150,000 acre-feet. Bob spent maybe the next year or two negotiating a package. At the same time, he

was working on a program to line the All American Canal and the Coachella Canal. My role was to support Bob. For example, one of the parts of lining the All American Canal involved trying to provide some benefits in the canal lining for Mexico. One of the things that we were able to do in terms of getting the All American Canal lining going, was working through the International Boundary and Water Commission was to work out an arrangement whereby we would wheel water from Mexicali so that Mexicali would get a much better quality water for that city of million, million and a half people, instead of having to use what amounted to ag drainage or ag mixed water that was rather poor quality. Of course, there's a lot of water under the bridge since that time. The Mexican representatives on the International Boundary and Water Commission seemed rather pleased with that arrangement. As we know, the deal that Bob was working on fell apart when San Diego decided that, and I guess Imperial as well, there was a better deal to be had for the two of them. Another project that had been started was to negotiate a land fallowing deal with Palo Verde Irrigation District. The first deal fell apart, but Bob Schemp had extraordinarily good working relations with the staff and Board members at the Palo Verde Irrigation District, and he went down there in the Valley and put together a program, since the first deal didn't fly as let's call it a full-fledged project, it was decided that we would try a two-year demonstration program. The package that was offered the farmers was to pay them \$600 an acre per year for two years and the program was oversubscribed. We wound up with contracts to almost 25 percent of the supply to the Palo Verde Valley. One of the things that impressed me was one of the members of the Board down there, Bob Mickalesio went to work for Metropolitan as sort of the enforcer, making sure that the farmers down there were holding up their end of the deal, weed control, dust control, basically just implementing the program. Bob Schemp did a fantastic job,. The happy part of it was we got lucky; the program was implemented during a two-year period when farm prices down in the Palo Verde Valley weren't that great, and so the farmers probably made a lot more money than they would have planting on all of that land. We worked out an arrangement, but eventually we had to have the

cooperation of people like I believe at that time it was Betsy Rieke, Director of Water Resources in Arizona, so that we could store that water since the Colorado River Aqueduct was running full to Met. We had to have a place to store this extra water that we were getting following the land. It would up being about 180,000 acre-feet over two years. So we got a Lake Mead banking arrangement with an understanding that the water would float on top, and in that process, I remember making, I'm sure along with Bob Schemp, some visits over to Arizona because Arizona was looking for any way they could to leverage Met and try to improve their priority in terms of allocation and water and the River. They wound up with the lowest priority as the price of getting congressional authorization of the Central Arizona Project Aqueduct. So that all worked out good. The following program was good, was well received in the Valley, was very little carping about third party damages. The only bad luck we had on the program was not long after we got two years worth of water stored on Lake Mead. We had some very wet years and our 180,000 acre-feet went over the spillway down to the Gulf of Baja California, but I think bottom line was it demonstrated that a program like that was possible. Then more recently, Met staff and some help from Bob Schemp again, put together a 35-year program that probably would have been hard to do without the demonstration program. In the process of kind of looking around for ways to make up for the water that it sure looked like Met was going to lose, we also started talking to Arizona. I had a number of meetings, and out of those discussions came an agreement with Betsy Rieke on behalf of the Department of Water Resources and the state of Arizona for Met to store water in the groundwater basin of Arizona. I think we wound up kicking off that program, it's fuzzy in my mind how that's evolved, although I know that we did get some water stored underground, I think through reducing diversions that we could have made in the Colorado River Aqueduct.

MODERATOR: That was also the beginning of the Arizona Groundwater Banking Authority, was it not?

DG: I think it actually preceded the Arizona Banking Authority. As I recall the Arizona Banking Authority, they had been trying to put something together but they needed money and they needed support in the Legislature to generate some funds to pump the water. Even though they have a fairly low energy cost, there still is a cost associated with getting it underground. I think that happened a little after our demonstration program and, in the process, Nevada got fairly enthusiastic about storing water in the Arizona groundwater basin, as well. So that was a rewarding program to work on. Other than those two particular activities, or maybe three counting the lining of the All American Canal, I don't know that I had a lot of other activities. I did represent Met or the State of California I guess it is, on the Salinity Control Forum for probably 10 or 11 years, then handed that responsibility off to Dennis Underwood when he came back to work for Met initially as our Colorado River expert. Met has always had a seat on the Salinity Control Forum and I'm not sure if someone has replaced Dennis or not. For many years, when my name was on the stationery, because I think there was some apprehension about submitting a name to the Governor of California, that perhaps another Met member agency might make a run at getting that job, so I stayed on for two or three years, without attending meetings and Jan Moutasak would attend meeting with my proxy. Those are the key activities I was involved in some detail on the Colorado. My responsibilities at Met tended to get weighted, particularly after I moved into the Assistant II job. One of the things that happened, particularly when Woody Woodraska came to Met is, he wanted as you might expect, to kind of put his own team together and, in the process, Woody invited me to go to Washington, DC as Met's representative. I told him while I enjoyed Washington up to two, three, four days at a time, but moving there was not my first choice. I said I could be talked into stepping down from my Assistant General Manager to the job that Greg Taylor had just vacated. Greg was the Executive Assistant to the General Manager. I was seriously thinking about moving to Ventura and I offered to step down from my Assistant job to the Assistant II job, which involved a significant cut in pay, but I told Woody I'd like to telecommute two or three days a week, and that worked fine for

Woody, so he could move ahead and elevate Tim Quinn and Wiley Horn to Deputy General Managers. So I did that for a couple of years, and then in the meantime, Jack Malloy had come to work for the District, kind of as a special assistant to Woody, so at that point, Woody wanted to once again use my new job as Executive Assistant and he invited me to work for Met as a consultant, if I was at a point in my career where I wanted to leave Met staff and go to work as a consultant. That was maybe seven or eight years ago. So Jack Malloy took my job as the Executive Assistant and held that job for a year or two until Woody left. Speaking of Woody, I'd just like to make one reference to the State Water Project. When I came to work for Met, we were getting into a severe drought, leading up to 1991, when we had what amounted to a rationing program. I had started representing Met on the State Water Project Contractors Board of Directors. Apparently, that was a new responsibility or a new activity for the Assistant General Manager. Prior to that, that had generally had someone lower in the table of organization on the staff. Able people, Jim Craeger, before he died, and I think Bob Schemp. Which I think is a handicap for Met and probably a disadvantage to the state contractors. I think it's important for Met to have a high level of representation like Steve Arakawa, because all the other representatives, by and large, are general managers of their agency so it's important to be able to speak with some authority. But at any rate, when we got into '91, the State Department of Water Resources had reduced the ag allocation by 50 percent. In 1990, the M&I contractors got a full allocation. Then '91, being much drier, the ag contractors got zero allocation and at one point, the M&I contractors were reduced to 10%. By the end of March, we got that back up to 20, and then eventually got to 30% in August. The ag contractors never qualified for any allocation. There was an opportunity to buy water from the Governor's Water Bank in '91. Pretty expensive, I think it was \$125 an acre-foot north of the Delta, \$175 south of the Delta. The ag contractors understandably, while they asked DWR to go out and buy them 200,000 acre-feet, when it came time to step up and pay the price, they basically backed off, and one of the disappointing things that happened in terms of the administration of the State Water Project in

'91, was the Director of Water Resources loaned Kern County about 100,000 acre-feet of water without any dialog with the other contractors, which saved the farmers in Kern County having to pay for \$17 million worth of purchase water. The point I'm getting around to is that then created the appearance that the Director of Water Resources was not honoring the most important provision of the contract, namely you allocate water based on entitlement. In other words, you pay for what you get, and you get what you pay for. Well, that bubbled up again in '93 because though it started out fairly wet, turned very dry, and DWR, at the urging of the ag contractors, was threatening to allocate water based on request rather than entitlement. Working closely with Tim Quinn, who was head of the State Project group, and General Manager Carl Boronkay, I was kind of on the firing line in terms of dealings with DWR. John Silvera was the Deputy Director in charge of the State Project and when DWR came up with that theory, we just started requesting our entire entitlement which tended to complicate the scheduling of water, but it was the only way we could protect our interests. In '93 when DWR was cutting the allocations, it started out at maybe 100%. In December, the Director cut it to 50% but then he did something that we at Met took great exception to. He arbitrarily reduced our request to the maximum quantity of water we had previously received from the State Project and then gave us 50% of that. Needless to say, that resulted in a strong reaction from us at Met.

MODERATOR: The Director at that time was.....

DG: Dave Kennedy, the former Assistant General Manager at MWD. That happened to coincide shortly after Woody Woodraska came on board. One almost had the impression that maybe the Director was testing the new General Manager at MWD. I have a clear recollection of getting a note from Woody to hang tough, in terms of our insisting with the Director that we were not going to accept arbitrarily their reducing our allocation and failing to allocate based on entitlement. One of the things that I proposed and the General Manager went

along with is we took an action to the Board when our bill arrived in 1993 for calendar year 1994. Instead of the Board approving the payment of the bill, the Board voted to send a letter to the Director saying that we weren't going to pay the bill until the allocation was based on the contract. The happy ending to that is that the Director changed his mind and Met went ahead and paid the bill when it became due, although there was about a 30 day period with tense feelings on both sides. What that then led to was Kern County and, I suppose Toulare, threatening to sue DWR for, in their opinion, the Director failing to allocate water based on requests, although it was academic if a contractor just requested their entire entitlement, but then they came up with another theory that they were going to sue the Director and force the Director through legal action to declare a permanent shortage. The advantage of a permanent shortage is that if you reduce the yield of the project from 4.2 million acre-feet down to something like 2.4, which was the quantity that was assumed you could deliver in the driest period, then there would be in most years, lots of surplus water and the contracts had evolved to the point that the ag contractors had a big advantage in terms of right to buy surplus water. So Met had hired Melvin E. Meyers, Bob Draper, so we were gearing up for litigation just like Kern and Toulare. That then led to bringing in a mediator to have a three-way negotiation between DWR, the urban contractors, we had a solid coalition of urban contractors, and the ag contractors and, in the process, we were looking for a mediator. I had an acquaintance up in the State of Washington, who had his own consulting firm, and he had told me about an attorney, Jim Waldo, that did good mediation work. So I recommended Jim Waldo and he was subsequently interviewed by Dave Kennedy, the ag guys, and the urban guys. Jim came down and did a terrific job mediating the dispute which led to the Monterey Amendments. The key part of the package was making it very simple and clear that allocations are always made on the basis of entitlement. There are a variety of other pieces to that. One of the contributions I made got down to a point where the Kern Water Bank that came in at the last part of the package, and we wanted something extra, particularly here at Met, in return for the ag guys getting the Kern Water Bank. I recommended to Woody

and to Tim, who were our negotiators that we take a run at getting the terminal reservoirs, Castaic and Perris, and figuring that if we asked for the whole reservoir, maybe we'd get something less than that. The reason that was foremost in my mind was one of the bizarre things that happened in '91 was that we, all the urban contractors were limited to 20% of our allocation. In response to that, we at Met bought \$30 million worth of water. In spite of the fact that Perris and Castaic Reservoirs were full, it was kind of a bizarre situation that we had these two reservoirs. Met has paid 100% of Perris, and 97% of Castaic. The reservoirs were sitting full and we didn't have the right to borrow some water out of Castaic. At the same time, Director Kennedy was loaning the ag guys 100,000 acre-feet of water at no cost, no interest, no opportunity for other contractors to borrow water from the project even from our own reservoir, so the idea of getting control over Castaic and Perris seemed like a very important thing and as it turned out, the Monterey was signed. Met would up with essentially half of Castaic, 160,000 acre-feet and half of Perris, 60,000 acre-feet, that we can utilize as our own reservoirs as long as we pay back in five years any water we borrow. So the point I would make out of that is that Met is the deepest pocket in the water business, whether it's the Colorado River, or the state of California, or the State Water Project. We on the Met team have to expect that that deep pocket, whether you're measuring in terms of water or money, is always going to be looking attractive to all of the other players whether it's on the Colorado River or on the State Water Project or in terms of managing the regional water system here in southern California. For that reason, it's important that Met continue to hire and train and motivate a staff that can do battle with the people that you know are always going to be there, and are always looking for a piece of Met's hide.

MODERATOR: I'm interested in knowing if any of the players that have been involved in Colorado River issues while you've been involved come to your mind as being especially forceful or impactful. Anyone on the River come to mind? In California or in Arizona or in the Bureau of Reclamation?

DG: I've mentioned a couple of times working with Betsy Rieke and I was very impressed with Betsy's willingness to stick her neck out sitting in a political job like the Director of Water Resources for the state of Arizona is. Where it's always the easiest path to take politically is to don't try anything new that has some risk of being perceived as not protecting the last drop of water for your particular constituency. And that was the thing that impressed me about Betsy. Bob Schemp was kind of an engineer's engineer. He kind of shied away from the limelight. He was designated as Met's representative on the State Water Contractors and Bob stepped down from that job, I think, in part, because it had maybe a bigger measure of what you might call schmoozing or politicking than he was comfortable with. If he was going to schmooze or politick, he was a lot more comfortable doing it with the farmers up and down the River and their representatives.

MODERATOR: How about Myron Hobert? You must have worked with him when he was at the Colorado River Board because you were on the Board.

DG: Great story about Myron. I met Myron when he was working for Leeds, Hill and Jewett. Raymond Hill, as some people might say, was a legend in his own mind. But he was a giant in terms of early water engineering. He came up with a plan before the Colorado River Aqueduct final design, to wheel the water through the All American Canal and then pick it up at Coachella and bring it in, and that would have saved the first half of the Aqueduct. Leeds Hill and Jewett was where Myron was working. Interestingly, he wound up doing a lot of studies on feasibility of Kern County contracting for State Project water and of course, Kern was doing, as was their right, everything possible to try and reduce the cost of State Project water, because it was viewed as being quite expensive, especially when the main crop at that time was cotton. \$10 or \$15 an acre-foot is a lot of money to pay for growing cotton, and State Project water was going to be \$50, \$75, who knows? Getting involved in State Project activities, I met Myron

and about 1964 Myron offered me a job with Leeds Hill and Jewett. I, probably having an exalted view of my worth, asked for the outrageous monthly salary of \$1200. Raymond Hill and his partner, Cliff Schultz, decided that no 29 year old kid was worth \$1200 a month, so I didn't go to work for Leeds Hill and Jewett. And the interesting thing about it, was about six months later, Myron left Leeds Hill and Jewett and became the Assistant Chief Engineer of the Colorado River Board. I thought fine thing Myron, you try to hire me at Leeds Hill and Jewett and then you bail out. I worked with Myron a lot, and had a lot of respect for him. There was a period of time when Kennedy, Holbert and I were a little bit of the three musketeers, the three big water projects in southern California, all of us with our basketful of problems.

MODERATOR: I know you were great friends with Carl Boronkay. What are your thoughts about Carl with respect to the Colorado River?

DG: A lot of things impressed me about Carl, his dry humor for one. But he was a tough manager and a tough negotiator. He was picky about who he hired and when he got the people he wanted, he seemed to leave them alone and kind of send them out to do God's work and hopefully don't screw up too often. My favorite story about Carl, I was Assistant General Manager at Met under Carl for three or four years, and the only time I ever sat in Carl's chair at a Board meeting was in February 1992 when Senator Bill Bradley had been maneuvering a bill through Congress to "improve" the Central Valley Project. And Bradley, along with one of our best supporters in northern California, Congressman George Miller, got a bill and it was hated by all of the ag community in California and they managed to work up a pretty good set of opposition in Washington and it happened when we had a U.S. Senator who ended up serving a partial term. At any rate, Carl felt it was important to loosen up the water market so he worked very hard with Bill Bradley and George Miller to get the right for the CVP contractors to sell some of their water to urban areas like Metropolitan, and at that time, it was viewed that the CVP had a lot of extra water. That turned out to

be wrong, but it was driving that. So Bill cropped up under the name of the then chairman of the Senate Resources & Energy Committee, Bennett Johnson, powerful man in Congress and it was known as the Chairman's mark. The ag community and their supporters, including Governor Pete Wilson, were putting all kinds of pressure on Met and on our Board chairman, Lois Kreeger. Carl wanted the Met Board to support the CVP, Bill Bradley, George Miller, Bennet Johnson's bill, so he had the position going to the Board to support it. It was opposed by a lot of our friends in Washington. It was opposed by Bob Will. Bob felt it was a poor political move for Met to get crosswise on something as important as that. We had a strong coalition in Washington with ag and a lot of things. So Carl gets it all set up, go to the Board, very controversial, and he schedules a safari trip in Africa, So he's going to be gone during the February Board, and all he wants me to do in his absence is try to move this bill through our Board over the objections of Bob Will, of the Governor calling.

MODERATOR: Bob Will, of course, worked for Metropolitan?

DG: Bob was working for Met as a lobbyist. Ray Corley had been worked on pretty good by the CVP guys. Tim Quinn was down here helping me keep this thing alive. Even though Mike Madigan was trying to get Lois Kreeger to oppose it, Mike was San Diego representative on the Met Board, and Madigan to his credit was very helpful in withstanding the pressures of the Governor and the ag guys. Madigan has always been very close to Pete Wilson. So we managed to survive the controversy and the Met Board endorsed the CVPIA while Kenya Carl, as he got called for awhile, was in Africa. An example of the willingness of Carl Boronkay to take an unpopular position when he felt it was in the best interests of Metropolitan.

MODERATOR: Anyone else come to mind?

DG: I've already spoken with favor the role of Greg Taylor on putting together the Diamond Valley Project. The staff that reported to me was top notch. I'm pleased that most of them are still here. Debra Mann, our Chief Operating Officer, number two person I'd say. Tim Quinn, our foreign ambassador up in Sacramento, Deputy General Manager. Steve Arakawa. The guy that I worked for in my consulting role. Just a host of outstanding people. Interestingly, there's probably five or six of DWP graduates that are here, John Bednarski, who helped DWP build the first big filtration plant with ozone in the country, and then came over to Met, and helped put together the ozone additions that all of Met's plants so within five or six years, after spending five or six hundred million dollars, we're going to have ozone at all of our plants. Now John is helping to wrap up a very difficult project, the Inland Feeder. Kevin Donhoff who handles State Project matters for Met is a graduate of DWP, so it's encouraging to me to see the younger members of the management team who are here and doing a terrific job. And Carl Boronkay gets high marks for creating an environment where those people could be hired and given the freedom to develop, and creating an environment that continues where people of that caliber want to continue to work, when there are lots of opportunities for all of those people elsewhere, maybe at bigger salaries or higher responsibility. Theoretically, it's tougher to find a place where the level of responsibility is any higher than it is at Metropolitan, just because of the scope of Met's activities.

MODERATOR: Thank you very much, Duane, We will draw this to a close.