ORAL HISTORY INTERVIEWS

JOHN B. BUDD

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STATUS OF INTERVIEWS:
OPEN FOR RESEARCH

♦ ♦ ♦ ♦ ♦ ♦

Interviews Conducted and Edited by:
Brit Allan Storey
Senior Historian
Bureau of Reclamation

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STATEMENT OF DONATION OF ORAL HISTORY INTERVIEW OF JOHN B. BUDD

1. In accordance with the provisions of Chapter 21 of Title 44, United States Code, and subject to the terms, conditions, and restrictions set forth in this instrument, I, John B. Budd, (hereinafter referred to as "the Donor"), of Sacramento, California, do hereby give, donate, and convey to the National Archives and Records Administration (hereinafter referred to as "the National Archives), acting for and on behalf of the United States of America, all of my rights and title to, and interest in the information and responses (hereinafter referred to as "the Donated Materials") provided during the interview conducted on March 16, 1994, May 25, 1994, and May 27, 1994, at the Bureau of Reclamation's regional office in Sacramento, California, and prepared for deposit with the National Archives and Records Administration in the following format: cassette tape recordings and transcripts. This donation includes, but is not limited to, all copyright interests I now possess in the Donated Materials.

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Date: 5/27/94 Signed: _____
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INTERVIEWER: _____
Brit Allan Storey

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INTRODUCTION

In 1988, Reclamation began to create a history program. While headquartered in Denver, the history program was developed as a bureau-wide program.

One component of Reclamation's history program is its oral history activity. The primary objectives of Reclamation's oral history activities are: preservation of historical data not normally available through Reclamation records (supplementing already available data on the whole range of Reclamation's history); making the preserved data available to researchers inside and outside Reclamation.

The senior historian of the Bureau of Reclamation developed and directs the oral history program. Questions, comments, and suggestions may be addressed to the senior historian.

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ORAL HISTORY INTERVIEWS
John B. Budd

This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing John B. Budd, of the Sacramento Office of the Bureau of Reclamation, in the regional office of the Bureau of Reclamation in Sacramento, California, on March the16th, 1994, at about nine o'clock in the morning, this is Tape 1.

Storey: Mr. Budd, could you tell me where you were born and raised and educated and how you came to be at Reclamation, please.

Born in Casper, Wyoming

Budd: Sure. I was born in Casper, Wyoming, in 1940.

Father Worked for the Bureau of Reclamation

Moved to Indianola, Nebraska in 1947

My father was a Bureau of Reclamation employee, and therefore we moved from one project to another, and in 1947 we moved to Indianola, Nebraska, and that really began my formal education, I guess, in the Nebraska school system. The living quarters in Indianola, which was a town of about 800, were a different experience.

Reclamation Housing in Indianola Was in Barracks on an Old Prisoner of War Camp for Germans

The town, of course, had no housing available.

There was a *major* Reclamation project proposed for that area, there were a significant number of people moving in, so we lived in barracks that had been used as prisoner of war camp for German P-O-Ws during World War II. And they converted that into government housing, we lived there.

Attended Grammar School in Indianola

I went to grammar school in Indianola, and then in 1952, when I would have been the beginning of sixth grade, my parents moved to McCook about eleven miles away.

Moved to McCook, Nebraska, in 1952

They had a house built there, and the office was being moved from the prisoner of war camp into McCook, which was a town of about 6,000, maybe 7,000.

Graduated from McCook High School and Attended Doane College

We moved to McCook, I graduated from McCook High School in 1958, and went to Doane College in Crete, Nebraska.

Moved to Chicago to Become an Insurance Adjustor

Graduated from there with a degree in economics in 1962, and my first job out of school was as an adjustor for an insurance company in Chicago, and that was a real eye-opener for a kid from

Nebraska to move into Chicago and begin working on insurance claims–the big city and the poverty and the slums and the nature of the insurance claims business was something that I really wasn't ready for. Doctors and lawyers, in my experience, were always the pillars of the community, and in the insurance claims business, why, you run into a pretty seedy group in many instances.

Worked for Atlas Tire, Battery, and Accessory Which Supplied Standard Oil Companies' Stations

So that lasted for about a year, and I went to work for the Atlas Tire, Battery, and Accessory organization, which supplied the Standard Oil Companies with tires for their service stations.

Owned and Operated a Service Station in Birmingham, Alabama

And after about a year of that, why, I decided I needed to own a service station, since that's where all the money was being made, and I moved to Birmingham, Alabama, and took over a new Standard Oil of Indiana station down there. And that lasted about nine months, and I promptly went bankrupt for a number of reasons.

Father Died and He Moved to California to Help His Mother

About the time the business was failing, why, my father passed away.

Father and Mother Had Moved to Coalinga and

Then Los Banos, California, for Reclamation

They had, in the meantime, left McCook and moved to Coalinga, California, and then to Los Banos, California, where he was working on the San Luis Project. My mother's health was okay, but she was having a tough time adjusting to my father's death, and I was also. With no gainful employment in Birmingham, why, I packed up and moved to Los Banos.

In 1965 Took a Temporary Job with Reclamation in Los Banos on a Survey Crew

And about the only job in town there was a temporary job with Reclamation. I took that temporary job. I was known by most of the folks in Reclamation there–at least my father was known. The project construction engineer I had known–his son and I had grown up together. It was kind of like an old family gathering, and the temporary appointment led to a permanent appointment, and when the construction in San Luis began to wind down, why, I moved up to Sacramento, and I've been in Sacramento [since] 1967.

Moved to the Region in Sacramento in 1967

I moved to Los Banos in '65, then to Sacramento in '67, and I've been here ever since.

Storey: Okay. Let's go back. What's your father's name?

His Father, Jess Boyer Budd, Began to Work for Reclamation in 1932

Budd: My father's name was Jess Boyer Budd. He started with Reclamation in 1932. I'm not sure where he started, but he worked on a couple of pipeline projects in Arizona, but most of that was detail assignments rather than permanent assignments.

Father Worked on Casper-Alcova Project, Wyoming

The first permanent assignment that I remember is the Casper assignment, on the Casper-Alcova Project.

Storey: What did he do?

Jess Budd Was a Civil Engineer Who Worked on Location and Preconstruction

Budd: He was a civil engineer. Later on in his career, why, from McCook, 1947 until 1965 when he passed away, he was location and preconstruction. He was a field engineer, surveys, gathering design data and that sort of thing out of McCook for the Kansas River Projects facilities.

Jess Budd Moved to Coalinga, California, as Field Engineer for Reaches 3, 4, and 5 of the San Luis Canal[1]

1. There may be some confusion about the canals in the San Luis Unit of the Central Valley Project. From Reclamation's Tracy Pumping Plant to the San Luis Forebay and Reservoir Federal water flows in the Delta-Mendota Canal. From California's Harvey O. Banks Pumping (continued...)

Then when he moved to Coalinga, California, he was field engineer in the Coalinga Office, had the responsibility for location and preconstruction for Reaches 3, 4, and 5 of the San Luis Canal, and that was in 1962.

1964—Jess Budd Moved to Los Banos as Chief of Location/Preconstruction for the San Luis Canal

In '64 he moved to Los Banos and took over the job of chief of location/ preconstruction for the San Luis Canal.

Storey: Do you remember where he was educated?

Father's Education and Early Life

Budd: He's a graduate of the University of Wyoming, 1931.

Storey: As a civil engineer?

Budd: Yes.

Storey: So he came to Reclamation during the Depression. (Budd: Uh-hmm.) Did he ever discuss the relationship of coming to Reclamation in the Depression with you? Did he ever talk about that?

1. (...continued)
Plant water flows to the forebay and reservoir in the California Aqueduct. South of the San Luis Reservoir and Forebay is a joint facility known to the state as the California Aqueduct and to Reclamation as the San Luis Canal.

Budd: He talked about, there was a gap of about a year between the time he graduated and the time he came to work with Reclamation. He was born and raised in Big Piney, Wyoming, which is ranch country, relatively small community. His grandfather had settled there in the 1870s, and so his family was well established in the community. His father was the postmaster when the Republicans were in, his mother was the postmaster when the Democrats were in, and it worked out fairly well. But after his college days, why, he spent about a year knocking around from one job to another–most of the time he was driving a truck, and the majority of that time it was a coal truck. That was in the Big Piney area.

When he finally located a government job, why then he relocated to Casper. But things were tough in the Depression in Wyoming, as they were everywhere. The impression I have, and I guess need to keep in mind, I never knew him as an adult, really, we never spent much time together. After I graduated from college, why, I was gone. Really, after I graduated from high school. I would see them on summers, but the rest of the time I was gone, so we didn't get much of a chance to explore the good old days when he was a boy, and that sort of thing. But the impression I had is that the folks in western Wyoming that were involved in cattle ranching, pulled their operations back and pared them down a little bit, but there really wasn't a significant change in what was going on in western Wyoming. The beef market was okay, they could grow what they needed for

subsistence, they always had plenty of steak on the table, it was not a problem. And that part of the country was never particularly prosperous anyway, so the fact that some areas of the country had gone downhill really didn't have much of an impact on the Big Piney area.

Storey: Did his Mom and Dad put him through school? Did he work his way through school? Do you happen to know how that worked?

Budd: He had odd jobs, but I think for the most part he could rely on his family. If you split it up, again, the impression I have is *about*, probably he was responsible for about a third of it, and the family two-thirds of the cost of going through school. He worked, he had jobs on campus, he had jobs during the summer. He never could be just a student, but he did have help from his parents. They were not well-to-do people, but there was enough.

Storey: What was his attitude about working for Reclamation?

Jess Budd "got a great deal of satisfaction out of building stuff. . . ."

Budd: I think he really enjoyed it. I know he got a great deal of satisfaction out of building stuff. I think that was the thing that really kept him around, because there were times when he would come home frustrated and bitch about this, or complain about that, or especially when he was working with the contractor's folks and the contractor's foremen were making half again as much as he

was, or twice, and didn't have near the education he did. He felt real frustrated about that. And when you asked him, "Well, why don't you go to work for the contractor?" why, there were several reasons: One being the seasonal nature of the work, and job-to-job hopping on a much shorter turnaround time than if you worked for Reclamation. But the second one, I think, was that he had a real sense of accomplishment, that thirty years, forty years, whatever, he could go back and look at things that had been constructed and say, "I had a hand in doing that. I decided where it would go," or "the planning data that *I* gathered was a significant contribution to construction of these facilities. I think he felt that development of the water supplies for the small communities in the West had *dramatic* effects on the local economies, on the local people, and almost invariably, as far as Reclamation was concerned, they were positive effects. Particularly, I think that was true during his lifetime. The negative things that have shown up over the last few years were things that were *not* an issue or a concern thirty years ago. So he got a great deal of satisfaction from his job. He thought he was making a contribution to the country that he lived in, and that, overall, there was something there that he could be real satisfied being a part of.

Storey: Did he talk a lot about that?

Budd: Not a lot. He wasn't a particularly talkative individual, but every once in a while, when you'd ask him, "Well, if you don't like the pay, or if you're mad at So-and-So, why are you doing

this?" why, he'd be a little forthcoming about that kind of stuff. But he was not a particularly talkative individual. He was kind of close.

Storey: Were there a lot of tensions with supervisors and other employees of Reclamation, do you think?

Reclamation Was a Small Organization and Fairly Closely Knit

Budd: No, I don't think so. I think, for the most part, I would think certainly less than you would have in a normal organization. I think Reclamation, historically, because of just the nature of the organization, the fact that it's small. After you've been around about fifteen or twenty years, why, you know almost everybody, you've run across them–particularly in your line of work. If you're in construction, you will have moved from one project to another; if you're in preconstruction, the same thing. You end up circulating, and if you don't know an individual personally, you know somebody who does, or somebody who's talked about them. And there are very few surprises in the supervisor-employee relationships because everybody *knows* everybody else, they know what to expect from them, whether he's a good boss or mediocre; good employee, mediocre. And I think that the family relationships that were there, the *feeling* of family, probably made working for Reclamation a better place to work than most–certainly *most* Federal agencies–and probably better than most–if you ignore the pay situation–better than most private organizations.

Storey: If I'm understanding you, you're saying that there was sort of a community spirit in the Bureau of Reclamation?

Living in the Reclamation Camp in Indianola, Nebraska

Budd: Yeah, no question about it. When we lived in Indianola, you got to keep in mind that what we had there were tar paper barracks in the middle of Nebraska, and the first winter we were there, I can remember walking to the top of the place we lived, on the snow. The wind blew snowdrifts out there that was just–it was horrendous: two or three weeks of blizzard. It was downright cold. And what they had done, is they had had barracks converted into apartments, and each barrack there would be three or four apartments, depending on whether it was a GS-2's apartment, or whether it was a GS-14's. The more grade you had, the bigger apartment you were entitled to. But that community was isolated, it was four or five miles from town–"town" being Indianola, which was not a lot bigger than the government camp. I think there were about 400 people, ultimately, that lived . . . Ah, it may not be that many–closer to 200 people–that lived in the camp, and 800 lived in town. So the town wasn't a lot bigger than the government housing. McCook, the next-largest town, was about *twelve* miles away, and that was only 7,000. And to go to someplace bigger, why, you were five or six *hours*. So you were isolated.

Education Level at the Reclamation Camp Was

Higher than in the Town

You had a sense of community, because everybody there, their level of education was higher than the local community–keep in mind a small, rural, Nebraska farming community–not a lot of the folks there had college degrees, and a *significant* portion of the people working for the Bureau were engineers or geologists or other folks who have a fair amount of technical training. And they spoke the same language, they were involved in the same activities, they lived *very* closely.

You Got to Know Your Neighbors' Problems Quickly

Some of the apartments, the walls were just paper thin, so you got to know what kind of problems your neighbors had real quickly.

Community Garden at the Reclamation Camp at Indianola

And there was a community garden, and you'd go out in the spring and they would hire a local farmer to come in and plow it and till it up and disc it. And I think there's probably some competition to lay out the water distribution system for the garden, given that all these guys were civil engineers building canals and that sort of thing, why, they had a fairly sophisticated water distribution system. Everybody had a *plot*, you drew a number and that got your garden plot. Almost everybody in the camp had a garden. I suspect part of it was a carryover from the

victory gardens that everyone had during the war, but it was a gathering place, socially. In the evenings, after work, why, the families would go out and work in the gardens. They'd be weeding or planting or doing whatever was necessary, maybe picking, if you had something that was mature or ripe. And the kids played together, the adults talked and gardened, and if somebody's zucchini was ripe before somebody else's, why, you know, everybody shared. That's probably where the rumor that there's only one zucchini plant in the whole world got started, because everybody had zucchini.

Feeling of Community at Indianola

But you knew everybody. They built an ice rink for the kids, got a piece of heavy equipment out there and bulldozed out a thing about the size of a football field, put up some dikes and filled it with water, and when it froze, why, we skated. When it was slush, why, we skated or did whatever you could do with mud and slush. But it really was a community. The interests of the people were the same, and I think there was some . . . I don't know whose part it was on, whether it was on the part of the local folks, or just on the part of the Bureau people, but there was not a lot of interface with the local people–particularly in Indianola.

Things Changed When Staff Moved to McCook

When the office moved to McCook, that changed, and I'm not sure whether maybe it's my perception as I grew older, but I don't remember

very much going on with the local community when Indianola was the headquarters.

Storey: Do you remember anything when you went to school about any tensions between the Reclamation kids and the town kids in Indianola?

Budd: In Indianola I think there was. We came in from the camp in a group. I don't remember much about it, but in thinking about it, I don't remember having a lot of friends who lived in town. My friends were the ones that lived out at the camp and whose parents worked for Reclamation. I don't remember a lot of friends in town. And that was in elementary school.

Storey: Do you remember any other social activities besides gardening and ice skating out at the camp?

Budd: There were Christmas parties for the kids. I can remember Santa Claus showing up out there. They did an awful lot of stuff. There was a recreation hall, and there were adult social activities, of course, the kids weren't invited to. They had a number of dances, dinners, potlucks, that sort of thing. I would venture at least one activity a week that involved most, if not all, of the people as invitees. Whether they participated that particular week would have been up to them. And I think potlucks with a record player and an open bar were probably the most common, dinner-dancing, relatively inexpensive way to spend a weekend evening.

Storey: They would do that at the recreation hall?

Budd: Yeah.

Storey: What was in the recreation hall? What was it like, do you remember?

Budd: All I remember is a big room. I don't remember anything other than that.

Storey: Basketball? Nothing like that?

Budd: Nope.

Storey: Well now, why did you all start moving . . . Did everybody move to McCook?

Office Relocated to McCook

Budd: The move to McCook was spread over a couple of years, but the office was being relocated to McCook. I can't tell you why. My presumption is to move the people into the mainstream of the community. The other assumption is that the housing there at the camp was marginal. I mean, the places were drafty, there was no air conditioning, the heating was a central heating plant that was a long ways away from some of the units, and so some of the places were cold in the wintertime–particularly if you get a blizzard, why, the wind would *howl*. I can remember hearing the noise the wind made when it blew. You could hear it howling. I shiver now thinking about how cold I felt. I don't remember that I really *was* cold, but I think the housing was pretty marginal. I suspect all of the facilities were pretty well stressed, and people started moving as they could afford to, because the

commute wasn't that bad. It was a twelve-mile commute, which is nothing today, and most of that would have been fifty miles an hour, or sixty on a paved highway. So they began to move to McCook as housing caught up to the demand. I think that was the *biggest* part of the problem is there simply wasn't any housing available, either in McCook or Indianola, for that many people. It was a major influx of folks into a community that–I don't think McCook is a whole lot larger now than it was then. And that's forty years ago. So the infrastructure simply wasn't there when the project got cranked up. It took a while for the schools, for the community itself, and for housing to be available to handle that many people. I suspect that's why the office was located where it was to begin with, and probably part of the reason then that they moved was because what they had really wasn't adequate for their needs.

Storey: Was the camp at Indianola on the project?

Kansas River Project

Budd: No, the Kansas River Project was scattered over, well, probably a hundred miles, maybe further from Enders. I can't remember the name of the community. Enders Lake, anyway. I can't remember the name of the dam. In the west, on a tributary to the Republican River, down into Kansas, on down on Elder Creek and some of the other creeks down in Kansas. It was spread over quite an area, and there was *nothing* proposed or under construction in the immediate area. In fact, there never was.

Red Willow Dam

Eventually they built Red Willow Dam, which was just north of McCook about eight or ten miles, but that wasn't built until *well* into the project construction days.

Storey: When your family and other folks began to move to McCook, did the community feeling of the Reclamation people change?

Socializing in McCook

Budd: I think to some degree. I think for the kids it was easier. I know for me it was. I didn't have a problem getting involved in the community activities there–I was involved in sports and doing all the stuff that kids in school do, so there was very little, I had no feeling of isolation. I had some good friends all through high school–in fact, most of my friends in high school were from McCook, rather than from Reclamation. I don't think there was a problem. Certainly when I remember the social crowd that my parents hung around with, again, for the most part, it was Reclamation employees gathering–their bridge clubs, their dinner gathering groups and that sort of thing– were Reclamation employees. My mother was pretty active in church and we got involved in church activities and met a lot of the local people through that. And that wasn't something that had happened when we were in Indianola. We'd gone to church, but it hadn't been a particularly active part of our family. That changed in McCook, I'm not sure why–a different minister, a different church–for

whatever reason, that did change. There was still a separation. You still had the same basic problem that the guys, for the most part it was guys, working for Reclamation, had different interests, different backgrounds, than the local folks. The local folks were primarily the merchants, schoolteachers, who were obviously the better-educated of the local people. It was a railroad town, so there were some railroad folks there, but again, the level of education, the interest, the job ties, all that stuff I think still prevailed. And because it *was*, I guess, a small town, it was very easy to see *all* of your friends, your business associates, socially. If you got scattered out over fifty miles, if you were living in Denver, for example, or in Sacramento–my friends *here* [Sacramento][2] are primarily nonbusiness friends, and I would think maybe geography has something to do with it.

Storey: What did you say your father specialized in?

Budd: Location, preconstruction.

2. Note that in the text of these interviews, as opposed to headings, information in parentheses, ( ), is actually on the tape. Information in brackets, [ ], has been added to the tape either by the editor to clarify meaning or at the request of the interviewee in order to correct, enlarge, or clarify the interview as it was originally spoken. Words have sometimes been struck out by editor or interviewee in order to clarify meaning or eliminate repetition. In the case of strikeouts, that material has been printed at 50% density to aid in reading the interviews but assuring that the struckout material is readable.
The transcriber and editor have removed some extraneous words such as false starts and repetitions without indicating their removal. The meaning of the interview has not been changed by this editing.

Storey: What did that consist of?

Father's Work in Location and Preconstruction

Budd: They did most of the surveying. If you had a proposed project, why, your planners would draw some preliminary plans and the preconstruction people would then go out, take those plans, and go out and do the surveys necessary for the design and construction people to do the final design work on the project. And once construction started, they also did some surveying during construction, but most of it was the preliminary work prior to the final designs being made.

Storey: And that's what your father specialized in? (Budd: Right.) Did he ever mention any particular problems they had in that? People not wanting to let them on the land, or anything else?

Budd: He talked some about that, but it was not a big problem for the most part. You'd have a few eccentric landowners, but . . . .

END SIDE 1, TAPE 1. MARCH 16, 1994.
BEGINNING SIDE 2, TAPE 1. MARCH 16, 1994.

Budd: Most of the people were anxious for the project to be constructed, and they were more than cooperative. They would provide whatever access was necessary, a drink of water on a hot day, or a cup of coffee on a cold day. It was a good relationship, very, very few problems. Every once in a while you'd run into someone who . . . For the most part, any condemnation

proceedings that took place were not done because the guy *didn't* want to sell, it was done because the guy didn't agree with the price. My dad testified in court on some condemnation cases involving the former category, that is, the guy doesn't want to sell. My father would have to testify with respect to *why* location was necessary across this property, if you ran the canal a different route, for example, what the increased cost was, or what the engineering problems would be in selecting an alternative, and *why* it was necessary to locate the facility where it was located. But again, that wasn't a large part of his job.

Storey: So they were exploring alternative locations for the project during this?

Budd: Sure. Yeah. And alternative from the standpoint of minor variations, as opposed to major changes. It would be minor variations due to local topography, rather than alternative project formulation plans.

Storey: The way we would think of it under NEPA [National Environmental Protection Act] for instance.

Budd: Right.

Storey: In this process was your father mostly thinking about the location of canals and smaller features?

Budd: Yes.

Storey: In other words, the dams, the location of storage reservoirs would be set by somebody else?

Father's Specialty Was Canals and Laterals

Budd: Yes. His specialty was canals and laterals, and somebody else did the dam location work. That was the way it was broken down, yeah.

Storey: Did he ever talk about problems or things that worked well in canal locations? Do you remember any conversations?

Budd: I don't remember any conversations about . . .

Storey: Do you remember any conversations about water rights?

Budd: No. Water rights weren't an issue that he was involved in. I would presume that there would be significant disputes over water rights, but that was not something that he was involved in, and I don't recall *any* conversations about water rights.

Storey: Do you remember anything about water rights or disputes over water in your youth in that community?

Budd: No.

Storey: That's interesting. I know myself and Roland Robison, from Upper Colorado, his and my earliest memory is of a water rights discussion with family friends.

Community Garden at Indianola

While you were out at Indianola, what kind of garden crops were you growing?

Budd: I particularly remember peas, but they were peas, corn, squash. There was "one zucchini plant" that fed the whole world, and I don't like zucchini, I guess that's why I remember it. There was, rather than an individual melon plot, there was a community melon area, where they planted two or three acres of cantaloupe and watermelon and you helped yourself to whatever you wanted out of that area, and everybody volunteered labor and went over and weeded and watered and that sort of thing. Green beans. But I particularly remember the peas because I liked to go out and pick them right off the vine. I got in trouble for that a lot. I'd help myself, and invariably the sweetest ones were the youngest and the tenderest, and those hadn't matured, and my mother always objected to that, that she wasn't getting her money's worth if you picked the young tender pea pods and ate those. You were supposed to let them mature into full-grown peas.

Storey: I had puppies that used to go pick our peas. (Budd: Oh, is that right?) They would go out and eat them right off the vine. Do you remember anything about preserving food?

Canning Food

Budd: Oh, there was always something being canned. There was a strawberry patch out there, my mother made strawberry preserves. She would

buy fruit and pears, peaches, and can that. She canned beans. This was before the days of general freezer application, but there *was* a locker plant in town and we had a locker. And they would buy a quarter of a beef, and *occasionally* freeze some produce. It was not a real generally accepted way to preserve stuff at that time. It was mostly canned beans and fruit of one kind or another. She made all of her own jams and jellies and that sort of thing.

Storey: You say the locker plant was in town, which town?

Using the Locker Plant in Indianola

Budd: In Indianola. There was one in McCook too, but Indianola had one of it's own.

Storey: So it was maybe three miles away.

Budd: Yeah.

Storey: Was this a general practice among the Reclamation folks, or do you know?

Food Processing Was Often a Cooperative Affair

Budd: Yeah, I think so. I think almost everybody– and I *know* that it would be–I won't say a community affair–but it would be a cooperative affair. If strawberries were in, why, there would be four or five people in somebody's kitchen putting up strawberry preserves. If it was bean time, why, there would be a group of people doing that. It was not *usually* an individual effort, it was a

community or a cooperative effort. It's easier to have somebody doing rings, somebody doing jars, somebody cutting beans or whatever it was, and turn it into a minor factory operation.

Storey: Did you ever get involved in that?

Budd: Oh yeah, I washed beans and shelled peas, and got to peel fruit. Yeah, the kind of stuff that most kids get involved in.

Storey: You mentioned that the garden plots were chosen by lot. Does that mean that it changed every year?

Budd: Yes.

Storey: So that becomes a problem with a fruit like strawberries, for instance, which are perennial. Was that also a common plot, or how was that handled?

Budd: I don't remember. Strawberries may have been a common plot. I don't remember.

Storey: Do you remember anything about whether there was somebody sort of ramrodding the garden activity or anything like that?

Budd: I don't remember. I was eight, ten years old, so I wouldn't have been necessarily privy to that, unless it was a major flap. I'm sure that there *was* a chairman of the garden committee, but I don't know that there was any controversy or that it ran smoothly. I have no recollection of it.

Storey: Do you have any idea how big your garden plot was?

Budd: Oh, it was *huge*, but I have no idea how big it was.

Storey: Huge to a ten-year-old maybe.

Budd: I went back in '88 and took a look at the house that I grew up in, and I hadn't seen it for twenty-six years, I guess. I was amazed at how small it was. It always seemed like it was an adequate–actually, pretty good-size house when I was a kid growing up in it. But when I went and took a look at it, I couldn't believe that that was–whoa! that's just a little teeny house. So the garden plot, I suspect, is the same way. It may have been 100 by 50 [feet] or something like that, but I know when we were out there hoeing weeds or picking or doing whatever, it just seemed like from one end to the other was an *awful* long ways.

Storey: When you're talking about the house you grew up in, you're talking about the McCook house?

Budd: Yes.

Storey: Did you all go on vacations?

Most Vacations Centered Around Visits to Family

Budd: Usually a vacation . . . I only remember one vacation that wasn't related to a family visit of one kind or another, and that was in 1957, I guess, when we came . . . This was kind of

business related. My mother was a national delegate for the Nebraska P-T-A [Parent Teacher Association], and their conference was in San Francisco. So we came to California. Well, actually, I guess it *was* related to a family visit, because my dad's sister was living in San Bernardino, so after three or four days in San Francisco, we went to San Bernardino, and then down to Disneyland. It still was a family-related exercise. The vacations primarily were visits to my mother's folks who lived in South Dakota, or my father's family who lived in Wyoming.

Visiting Denver

There would be a day trip, a weekend maybe, if we went to Denver. I don't remember going to Omaha, and they were about the same distance. But occasionally we'd go to Denver, maybe a long weekend. And there were a couple of amusement parks there, Elitch's Gardens, and another one, I don't remember the other one. (Storey: Lakeside?) Lakeside, that was it, yeah. We would get to do something like that. But in terms of, say, a two-week vacation to go someplace or to go camping or something like that, why, we never–my dad wasn't a camper. His attitude was, he spent all day outside, almost *all* the time, and he didn't need to do that on his vacation. He liked to play golf, but we didn't take any trips.

Storey: Did his job involve a lot of travel?

Budd: He was gone probably every other week. He

traveled *a lot*, for the most part down into the Kansas part of the project. He would be in the field . . . I suppose if you figured it out it'd probably be pretty close to twenty weeks out of the year–maybe not *all* week, but three or four days.

Storey: In other words, he was not at home at night.

Budd: Not that much. He was home more than half the time, but he was gone a lot.

Storey: What did that mean to the family?

Budd: Well, I always looked forward to him coming home, because he always brought a comic book home. He was there whenever anything important was going on when I was in high school, he was always there for the weekends, and when we were doing that kind of stuff. My mother didn't work. I assume other than just not having him there, why, there wasn't a major disruption in routine. If my mother had a job outside of the home and had to take care of the home too, why, it would have been a significantly greater burden on her, trying to take care of my sister and me. But she never talked very much about it, even later when we did talk about him. She never had a problem with the amount of travel involved in his jobs. I'm assuming, from *my* perspective, there wasn't a major problem. I was always glad to see him come home. I was always either in bed or at school when he left, so that was not a problem.

Storey: Now you went from McCook to college, is that

right?

Budd: Yes.

Storey: So that was when you began to lose contact with him as a Reclamation employee.

Budd: Right, I came back and lived [at] home the summer after I was a freshman in college. When I was in school I'd get home Christmas, of course, and Thanksgiving and Easter vacations, and then maybe one or two other weekends. It was about 200 miles. It was a five-, six-hour trip, and I did have a car my junior and senior years, but it wasn't something you'd want to take on a lot of trips across Nebraska. They would come down and visit me more often than I would get home. Then the summer after my sophomore year, I had a job there in Crete, Nebraska, driving a truck there, and I stayed there.

Worked for Reclamation in Coalinga, California, after His Junior Year

The summer after my *junior* year, during that year my folks moved to California, and *that* summer I came out to Coalinga and lived with my folks there, and I worked for Reclamation there. He was the head of the office there and I got on as a student aide, summer help, and worked on survey crew out of Coalinga on a canal. And then after I graduated, why, I moved to Chicago, and we got together maybe a couple of times a year, maybe not that often.

Storey: What was going on in Coalinga again, please?

Worked on a Survey Crew on the San Luis Canal in Coalinga in 1961

Budd: My dad opened an office down there for Reclamation. He was field engineer, it was the start-up of the San Luis Unit of the Central Valley Project, and the lower reaches, Reaches 3, 4, and 5 of the San Luis Canal were under the purview of the Coalinga Office–the location and preconstruction surveying was being done out of that office. And I guess eventually he had four or five survey crews working for him. The summer I was there, I worked on the first crew, and then there was another crew put together during that summer. So when I left, went back to school, why, there were two crews, I think, working on it, maybe three, working out of that office.

Storey: And how many people on a crew?

Budd: Usually four, occasionally five. But if you were doing work in brush or something like that, you might need a fifth guy to do your line-of-sight clearing and that sort of thing, but usually four guys on a crew. You'd have a party chief, an instrument man, and then either a head and rear chainman or two rodmen if you're running levels, something like that.

Storey: You're going to have to explain to me what a chainman does, what a rodman does, and so on.

Budd: Well, the chainmen are the guys that measure the distance. Your instrument man will give you a

line of sight and tell you where you need to be, but the guys that are running the chain are the guys that–it's just a sophisticated tape measure. It's operated, the rear chainman is the guy that is responsible for the proper tension on the chain, given the temperature of the day and that sort of thing. So if you're working in real hot or real cold conditions, why, your measurements can be off, depending on the temperature. So given *that*, you have to have the right number of pounds of pull on the chain. So those two guys are responsible for that. The rodmen are the guys that hold the surveying rods vertically so that the instrument man can read elevations off of those rods. They're also the guys that dig the holes, that pound the stakes, get the ice for the water bucket, get the water for the water bucket, clean the truck–they do all the grunt work, or ninety percent of the grunt work, on a survey crew.

Storey: And which position did you occupy?

Budd: The lowest.

Storey: Rodman?

Budd: Yeah. I had no training, a strong back, and a weak mind, I guess.

Storey: Well, with, say, four or five crews, it sounds to me then as if we're talking somewhere in the vicinity of twenty to twenty-five people. (Budd: Yes.) Did the makeup of the crews rotate, or was it a pretty fixed crew? You went out every day with the same group of people?

Budd: Yes, you did, unless there was a problem. You know, you get five guys locked up in a truck, or four, you can have personality problems, and you may rotate people amongst crews until you can find a crew that fits. But once you do that, if you have a crew that's working well together, they like each other, or at least work well together, they'll stay fixed that way for as long as they're still in that office. If you got a good crew working together, you don't monkey with it. You keep it intact if you can.

Storey: And this was the summer between your junior and senior year that you came out? (Budd: Right.) What year was that, then?

Budd: That would be 1961.

Storey: How many other folks were working for your dad at the Coalinga Office?

Budd: (sigh) There were, when I started there, there were four of us, when I first arrived. There was just one survey crew, but by the end of the summer there were three crews, so I would guess there would be somebody in the office, a clerk of some kind to handle administrative duties, answer the phone, that sort of thing; possibly a secretary. If you were really busy, why, then you'd have a secretary *and* an administrative person who handled buying all your local supplies and doing that sort of thing. You may have a geologist or two working there. I would guess there probably were twenty people in that office at the end of the summer, and at the peak maybe forty or fifty, something like that.

Storey: Because it's seasonal work?

Budd: Well, no, because they were *just* on the upslope, cranking up for the project. They had just started when he moved there in February of '61, they were just *getting* things organized, and just getting started. So they were just gearing up for the main effort, and it takes a little while to get that sort of thing cranked up.

Storey: And then that office evolved into a construction office after the location and preconstruction had been done?

Father Moved to Los Banos as Location and Preconstruction Wound Down at Coalinga

Budd: Yeah. And most of the survey crews would simply roll over into the construction activity– they wouldn't relocate those people. But there would be some of the people, like my father, whose job there, when it moved into a construction phase, would basically be over, and he'd be looking for something else. And that's when he moved to Los Banos.

Storey: To start doing preconstruction at that location, or what?

Budd: Well, he was wrapping up the location and preconstruction for the same facility, but from Los Banos all the way down: Reaches 1, 2, 3, 4, and 5, instead of just Reaches 3, 4, and 5. He did that and moved up there in '64.

Storey: Now am I correct in thinking these are pretty impressive canals that we're talking about here?

San Luis Canal

Budd: San Luis Canal, to my knowledge, is the largest one that Reclamation's ever built. Reach 1 has a capacity of about 13,000 cubic feet per second, Reach 2 starts at that, and it winds down to . . . It's a joint project between the State of California and the Bureau of Reclamation. *Part* of the capacity in the facility belongs to the State of California, and that capacity goes all the way through. The San Luis Canal is 110 miles long, and the state capacity, which is about 7,000 cubic feet per second, goes all the way through. So the Federal capacity decreases as you go down the canal from about 6,000 to zero at the end of the joint facility. But I am unaware of any canal that has that kind of capacity anyplace in the United States. I don't know about other countries, there may be some in Russia or China or something that are bigger than that, but it's the biggest one in [the U.S.] . . .

Storey: I was going to say, before I forget, your father's name was Jess. (Budd: Uh-hmm.) Is that short for anything?

Budd: No, J-E-S-S-E, it was [pronounced] Jesse, but he went by Jess.

Storey: Okay, he just pronounced it without the "E."

Budd: Right. If you pronounced it the way it was spelled . . . I don't remember ever hearing anyone

call him Jesse–his mother or father, my mother–it was always Jess, but it was always spelled with an "E."

Storey: The canal, as a joint project, there must have been some interesting relationships between Reclamation and the State of California. Did you know anything about that?

Region Was Responsible for Political Activities with the State and the Design—Field Constructed the Project

Budd: Other than stuff that *I* have read, no. At the time that I was involved in the construction efforts down there, why, those relationships and any controversies that may have existed, took place at a far higher level than I. And even *occasionally* I know my dad got involved in some of the stuff, but primarily as the technical expert as opposed to the policy person. He was relied on to provide expert opinion on why or what you should do. And the arrangements with the State of California, the cost-sharing and all that, was handled out of this office, the regional office. So by the time things got down to the Los Banos and Coalinga levels, the issues had been resolved. There was a *difference* in that the joint project was set up so that it was financed jointly, but construction was Federal, or Reclamation, and it was turned over to the state for operation and maintenance, so you didn't have two designers, two construction groups, working together. When our people were designing, why, the state folks would be involved at that level in approval of designs and specs and that sort of thing. But

once that was done and it came out to the field, why, it was a done deal, and you would proceed on that basis.

Storey: Well, that was my next question, so basically, if I'm hearing you correctly, you didn't, as a member of the survey crew, have a California representative out there looking over your shoulder.

Budd: Not at all. In fact, when I was working on survey crews, and even when I was in the office there in Los Banos for about a year, I never saw anyone that I recognized as a representative of the state. I'm sure that they were there. They had to be out there, just if for no other reason, the boondoggle, just to come out and check progress of construction and that sort of thing, to see what was going on. But I wasn't aware of their existence, and didn't, at my level, didn't mean anything.

Storey: And I take it your father was the same way, as far as you know.

Budd: I presume so. And again, it's just a presumption, because my contact with him after he came to California was pretty limited, that one summer when I worked on the survey crew, and all that would have been handled through Los Banos, not out of Coalinga. And after that, my contact with him was letters and phone calls and that sort of thing, and we did not have an opportunity to talk about it.

Storey: Now, if I understand this canal correctly, we

have five reaches. In the first couple, three reaches there's Federal water *and* state water, and then eventually we get to where we're just state water. (Budd: Yeah.) And Reclamation designed and built the canal, and the state took it over for O&M [operation and maintenance]. (Budd: Correct.) What kind of issues are you aware of nowadays about the joint use of the canal and those sorts of things? Are there any problems or issues that have arisen out of that joint venture?

How the State and Reclamation Manage the San Luis Canal, a Jointly Owned Facility

Budd: There's a very general agreement that identifies how costs will be split, and provides that there will be a periodic review of the cost-sharing formulas that are used. And to *my* knowledge, the relationship with the state is very smooth. We object occasionally to the number of dollars they're spending on operation and maintenance, maybe the charges are excessive, but it's a very businesslike relationship, and there are no significant issues, there are no contentious issues between us that I'm aware of. The contentious issues between us and the state arise around the Sacramento-San Joaquin Delta, and even there we're more likely to be on the same side, if that's an appropriate word, than we are to be antagonists. We have very similar interests, our issues in common are much–we have many more issues in common than we do differences.

". . . Reclamation calls it San Luis Canal, the state calls it the California Aqueduct . . ."

I think that the relationship as far as the San Luis Unit and the joint facilities, other than minor irritations in the state's operating and maintaining the canal, Reclamation calls it San Luis Canal, the state calls it the California Aqueduct, and since they're the ones doing the operation and maintenance, they get to put up the signs, so the signs say in big, bold letters, "California Aqueduct," and printed in little teeny fine print down at the bottom it says, "San Luis Canal, a joint venture," or something like that. That's pretty minor stuff when you get around to it. I think we're paying the state about seven or eight million dollars a year for our share of the operation and maintenance of the facilities, in addition to furnishing our own power for the pumping plants.

Storey: And that's reimbursable too, probably.

Budd: Yes, our water users are responsible for that.

END SIDE 2, TAPE 1. MARCH 16, 1994.
BEGINNING SIDE 1, TAPE 2. MARCH 16, 1994.

This is Tape 2 of an interview by Brit Storey with John B. Budd on March the 16th, 1994.

Storey: One of the things I've run into on other projects, is that when the local water user group takes over O&M, they don't want to put the money into the project to keep it, you know, in topnotch operating condition, and sometimes there's a little tension between Reclamation and the water user district over that. I get the sense from what you

said earlier that it might actually be the opposite in this particular instance, that they're really keeping it in good shape, and maybe even spending maybe a little more than Reclamation might think is appropriate?

Reclamation Sometimes Has Trouble Paying its Share of O&M for the San Luis Canal

Budd: I think that's very true. I'm not directly involved in that, so what I know is kind of hearsay. But I don't think there's any question that the state has a strong desire to maintain the facility in topnotch condition, and I *do* know that we have problems, from an appropriation standpoint, coming up with *our* share of the costs that fall out under the sharing formulas. It's a matter of obtaining appropriations, and there have been a number of years in which our appropriation shortfall has been significant, in the multi-million-dollar range, and we simply haven't paid the state, and they've had to finance the whole thing themselves, and maybe next year when our appropriation situation is a little bit better, why, we'll pay them what we owe them and get the account squared. But they are doing a fine job, as far as I know, keeping the facility in topnotch operating condition.

Storey: The water in the canal: does Reclamation's water generally go for agricultural purposes?

Reclamation's Share of Water in the San Luis Canal Is Roughly Ninety Percent Agricultural and Ten Percent M&I

Budd: Yes, the total quantity of water is roughly split fifty-fifty. Reclamation's share, about . . . it's probably close to ninety percent for agriculture and ten percent for municipal and industrial.

Reclamation's Only Large M&I Customer off the San Luis Canal Is the Santa Clara Valley Water District

Our only large M&I [municipal and industrial] customer off of that facility is the Santa Clara Valley Water District. They get about 150,000 acre feet a year, of which a little over 100,000, maybe 120,000 they use for M&I purposes. You know, we got three small communities, Avenal, Coalinga, and Huron, and the rest then goes for ag [agriculture], and we move about a million–well, if we ever have a *normal* year again, we don't have some kind of a problem with endangered species or drought–we would move around 1,300,000-1,500,000 acre feet through there. So a little less than ten percent, probably, goes for municipal and industrial.

About Half of State Water in the San Luis Canal Goes to the Metropolitan Water District of Southern California

State split is about fifty-fifty: their water, about half of it goes to Metropolitan Water District [of Southern California] for municipal use.

Storey: That's Los Angeles?

About Half of the State Water Project Water in the San Luis Canal Goes to Kern County for

Agricultural Use

Budd: Los Angeles, yeah. And the other half goes *primarily* to Kern County for agricultural use.

Storey: When you say 1,200,000 acre feet, is that the total water for both Reclamation and the state (Budd: No.) or is that just Reclamation's share?

Budd: That's just Reclamation's share.

Storey: So that's about half of the water that actually goes through. And the source is the San Luis Dam and Reservoir, is it?

How Pumping from the Delta and San Luis Reservoir Supply Water to Users

Budd: The original supply comes from the Sacramento-San Joaquin Delta. It's pumped through a pre-existing canal, the Delta-Mendota Canal, *into* San Luis Reservoir in the wintertime. And *part* of the demand is met during the year by pumping directly from the Delta. But once the Delta-Mendota Canal capacity is needed for the original customers of *that* canal, then the San Luis people rely on San Luis Reservoir releases for the remainder of their water. Our share of storage in San Luis is about a million acre feet. Again, in a normal year, we would deliver about a million-and-a-half acre feet from San Luis, so about 500,000 acre feet would be met from, maybe 600,000, from *direct* deliveries out of the Delta. The remainder would come from releases of storage in San Luis.

How Electricity Generated on the Central Valley Project Is Used on the Project

Storey: So the pumping from the Delta, where does the electricity come from?

Budd: It's all what we call "project use energy." It's generated by project facilities at Shasta, Trinity–the Trinity water imports come through a fairly long, significant power drop–we generate it at, like I said, at Shasta–and there's an afterbay there. We generate at Keswick, at Trinity, at Whiskeytown, at Lewiston, at Folsom. I guess that's it. Then when we're making *releases* from San Luis Reservoir, why, the pumps can be turned into generators, so we generate electricity when we're releasing it from storage. So that adds to the available supply–unfortunately, not at a time when we have our biggest pumping load, but it's still available to the project, and any surplus power the project has is marketed by the Western Area Power Administration [WAPA], and that contributes revenues to repayment of the cost of the project.

Storey: I'm a historian, and a lot of the people who might hear this would be historians, so I'm going to ask what might be dumb questions. I'm presuming that we don't have a power line that goes directly, say, from Shasta to the pumping plant for this project.

Reclamation Delivers Power it Generates Directly to Pumping Plants Through a Transmission System Managed by the Western Area Power Administration

Budd: No, we do.

Storey: We *do.* (Budd: Yes.) So we're not putting the power into the grid.

Budd: Some goes into the grid, and the details of how that happens, there actually is a power line that was constructed, that comes from Washington and the Bonneville facilities. It comes all the way down and actually can deliver and does deliver power to our Tracy switchyard. Along the way we pick up the power from Trinity and Shasta and Folsom. It all ties into a facility that it is my understanding that WAPA is responsible for the transmission of the power now that we're not *doing* the power business anymore.

Dos Amigos Pumping Plant

But at that switchyard and at San Luis, there's a large pumping plant called Dos Amigos, which is on the joint state-Federal facilities, at each of those locations, why, it's possible to move power in and out of P-G-&-E's facilities. Pacific Gas and Electric Company is a private utility, and WAPA has a contract with them for exchange of power–we can either buy from or supply to, or *bank* with them, power that they would later replace on *our* demand schedule. So yes, we do feed into the grid, but we also have facilities that directly transport project power from our generating facilities to our pumping facilities.

Storey: Now, in a situation where we have the direct transmission lines, do we actually run and

maintain the transmission lines ourselves, rather than WAPA?

Budd: No, we don't, WAPA is . . . My understanding is a little bit fuzzy on this, but at some point in the switchyard, the responsibility is transferred to WAPA. Prior to WAPA's coming on the scene, *we* were responsible for those transmission lines. We had crews that did that here, and I'm trying to remember back when that happened, but it was in the mid-'70s [1977], I guess, that WAPA took over the responsibility for transmission. But at some point in the switchyard, on both ends, either the generating end or the pumping end, why, WAPA takes over responsibility for transmission.

Storey: Does that mean that we're having to pay for the power we use? I don't' understand this.

". . . we pay WAPA an operation and maintenance cost, but we *do not* pay them a capital cost for the generating facilities . . ."

Budd: Well, we pay WAPA an operation and maintenance cost, but we *do not* pay them a capital cost for the generating facilities. We're responsible for maintenance of the generation facilities, and that *cost* is a part of the operating cost of the project. We *do* pay WAPA, and they have the responsibility for amortization of the transmission facilities. So we do pay WAPA *a* fee for transmission. I guess that could be interpreted as paying for power but that's a minor part of the total cost of the power.

Working as an Insurance Claims Adjustor for Liberty Mutual in Chicago

Storey: Well, we're wandering a little bit away from where we were, but this is very interesting to me. Let's go back and discuss your Chicago Insurance Company. We sort of got from (laughs) Coalinga to here. What company was it that you were working for?

Budd: I worked for Liberty Mutual, and I was in their auto claims business. I was hired off campus by their recruiters and seemed like a great place to live and the job would be interesting and exciting. And it *was* interesting, and it was exciting. It just didn't turn out to be the kind of job that was of interest to me. I didn't *do* very well at it, I didn't *like* it very well, and I think my departure was probably as much a relief to the company as it was to me.

Storey: What specifically did you do?

Budd: I was a claims adjustor, and one of our policy-holders would have an accident, they would call in to the company and say, "I had an accident," and my responsibility then was to talk to them to get their side of the story, find out as much as I could about what happened, talk to the other party, try to develop a relationship with them that would keep them out of an attorney's hands if at all possible, resolve any claims for medical or property damage that they had. I had checkbook authority, carried a checkbook with me I could settle a claim up to $2,500 with–after I'd been there a while, I didn't have it initially–without

anyone's approval. Obviously, I would have to justify the settlement, but if the thing went to an attorney, why, I would be the one that would negotiate with the attorney to resolve it. And, in that instance, why, things got a bit more complicated in terms of how you handled it, the kinds of documentation necessary to support a claim, and those kind of claims would almost invariably exceed my settlement authority, so they would go to–the final settlement approval would go to a supervisor, either mine who had $25,000 authority, or if it was greater than that, would go to his boss. You interview, get statements from any witnesses that you could find–you know, do the usual check-the-scene-of-the-accident kind of thing, take measurements, skid marks, pictures, that sort of thing.

Storey: And then you went to Atlas. (Budd: Um-hmm.) And what were you doing there?

Worked for Atlas, a Licensing Agent for the Standard Oil Companies

Budd: Atlas is a kind of a strange company. They, in effect, are a licensing agent for the Standard Oil Companies at that time. I guess there were five of them: Indiana, Ohio, California, New Jersey–one more. Anyway, Atlas, if you were a manufacturer of tires or batteries or oil filters or whatever it was, you could *bid* to furnish those under the Atlas trademark to the Standard Oil Company. And Atlas was the one that did the testing of what you proposed to furnish, they were the ones that went in and inspected the manufacturing facilities, they tested product on a

random basis to make sure that it met specs [specifications]. They developed their own specifications for tires and batteries, then the companies had to build them to those specs. The field representatives, which was my job, would travel with the Standard Oil Company's salesmen and talk to the dealers, answer any questions they had about the products. If you couldn't answer it, why, you needed to get an answer so you could pass it back to the salesmen. If they were having problems, try to find out why they were having problems. And you would put on product information meetings for the dealers. The salesmen, maybe for a *district* for Standard Oil would have an area that included, maybe, 200 stations, and they'd have a meeting and a free lunch or whatever, and try to get as many of the dealers in as they could. So we'd put on meetings explaining to them how come our tires were better than anybody else's, or why our oil filters were the best, and try to help them sell more Atlas products to the dealers. There was no obligation on the part of the dealers to *handle* Atlas products–there was a lot of coercion, but there was no legally enforceable contract or whatever to make these guys do this, so it was a matter of persuasion.

The other part of the job was inspecting products that had been returned as defective and filling out reports on that. And I'd walk into a warehouse in Memphis or Fort Lauderdale or something, and you'd have 300 tires in this warehouse that had been returned as defective and had been adjusted by the dealers. We had to go through all those tires and determine why it

failed. So you carried a knife, a special little knife with a blade about an inch-and-a-half long, and if you couldn't, in looking at the tire, see why it failed, why, you had to dissect the damned thing and do an autopsy on the tire to find out why it had failed. That was a, especially if you were down in New Orleans and it was ninety-seven degrees, and you're in a warehouse with no fans or no air conditioner or anything, why, it was . . .

Storey: All of tires, (Budd: Yeah.) that smelled like tires. (chuckles)

Budd: Yeah, oh yeah. It was a fun job–I enjoyed it, actually, the *first* time around the country. We were stationed in Chicago, and I had a room in a little old lady's house in Winnetka, just a bedroom. And I was there about one week out of six, and *occasionally* on a weekend in between, but not very often. And the rest of the time I was traveling. The territory went from Newark, basically–the New England states were handled by somebody else–but Salt Lake City; New Orleans; Memphis; Indianapolis; Silver Springs, Maryland; Fort Lauderdale–all over, basically, the eastern half of the country, with not a whole lot going on in the West for Standard of Indiana at that time. Salt Lake was a fairly active area, but *basically* the Missouri River east, and I was traveling all the time. And that was great the first time around, but when you start coming back into the same hotel, in the same town the second time, I started thinking, (dejectedly) "Eyah." And when you're *in* town, you're involved in activities, the Standard Oil folks were glad to see

you, gives them an excuse to get out and go out to dinner and go out drinking and raising hell. After a while it really began to drag, it got to be a real tough thing to do, and you look around at some of the guys that had been around for fifteen or twenty years doing that, and they look like they were road hardened, hung up wet occasionally. It was a tough life. But it was fascinating, I met a lot of really neat people, and a lot of them that I met were the service station dealers that really were on top of what was going on. They had a good go, and they were making a lot of money. I was making $6,000 a year, or something like that. A dealer with a *good* service station was making $70,000 or $80,000–had to be a good one, but in 1965 that was a lot of money. That seemed to be the right thing to do.

Took on a Service Station in Birmingham, Alabama

Unfortunately, when I left Atlas and went into my own station, I went into Birmingham in 1964, and there was an awful lot of stuff going on down there that the kid from Nebraska wasn't really aware of, and when he was aware of it, didn't like it. A brand new service station, had three bathrooms: men, women, and colored. I used the third one as a storage room, and that created a problem for me. Anyway, things didn't go well for the Nebraska kid in Birmingham. That particular time was a real contentious time in that area. They kind of viewed the white boy from the north as a bit of an interloper, and business suffered as a result and I had a couple of thefts and couldn't make the business go.

Storey: Where was the station located?

Budd: Across the street from the University of Alabama Medical Center, downtown Birmingham. Should have been one of the best . . .

Storey: South side?

Budd: Yeah, I guess. It should have been one of the best service stations in Birmingham, and probably *is*, but it wasn't under my ownership.

Storey: Why did you choose Birmingham?

Budd: Ignorance, I guess. It was a brand new station. The location, from the standpoint of the type of client that *I* wanted to have in the station was right, because I wanted the service business from the medical center. And I really felt the potential there was outstanding, but never could make it work.

Storey: So then you moved to Coalinga.

Moved to Los Banos and Took a Job on a Reclamation Survey Crew

Budd: No, then I moved to Los Banos.

Storey: To Los Banos, after your father's death, and took a temporary position. What were you doing there?

Budd: Surveying–back in surveys.

Storey: Back in the field again. (Budd: Um-hmm.) What

were you surveying?

". . . checking the grade behind the slope trimmer on the canal . . ."

Budd: At that time, they were in the middle of construction of San Luis Canal. I surveyed for about a year, and the first six months another fellow and I were responsible for checking the grade behind the slope trimmer on the canal. And that's all we did, day after day, just followed that slope trimmer and made sure that where they cut, they cut to grade, so when the paving machine came behind, why, the canal would be wide enough, or not too wide, and everything would fit. It was an interesting job. I was a GS-2, making $1.80 an hour or something like that, and it was *impossible* to survive on that, but on that job we had all kinds of overtime. I would make as much in overtime in a paycheck as I would make in regular time, and that was about the only way to keep hand and mouth together, was to get the extra overtime. So we had a lot of overtime, and that worked out real well from that standpoint.

". . . after about six months of that, why, I got moved onto a structure crew . . "

And after about six months of that, why, I got moved onto a structure crew–that is, a crew that laid out the control for structures–turnouts, primarily–before they were to be built. And then after the contractor's forces had constructed the facilities, we went back in prior to the concrete pours and made sure that they were in the right

location, that the right height, right set-backs, everything was in the right place, the walls were the right thickness and that sort of thing.

Storey: And how many were on this crew?

Budd: Well, there were four of us on the structures crew. There were two of us on the grade crew, just an instrument man and me.

Storey: And how long were you on the structures crew?

Moved into the Reclamation Office in Los Banos

Budd: About six months. And a job opened up in the office, in the Programs Branch there, and I moved into that.

Storey: And what would that involve?

Programs Branch Did All the Reports

Budd: The programs group did all the budgeting for the San Luis Project, took care of all the fund budgeting, and they also, which was my biggest job, was they did all of the reports. They put together all of the construction progress reports, all the final completion reports, and assembling that information and actually assembling the report. I think it's called a L-29 was the construction progress reports, and it included payments to all the contractors, a little narrative on what they'd accomplished during the month, how much money they made, that sort of thing. Putting that together was the single biggest job that I had. Every once in a while you get

involved in laying out the budget for all the different features. Then we did a final completion report on contracts when they wrapped them up–I think it's called a DC-1–in which you'd go through the specifications, item-by-item, and lay out the total quantities of an item, if it was steel, how many tons or pounds or whatever, whatever the *pay* quantity was, how much had been installed, and how much the contractor earned, and you'd go through each contract that way, and you may have 200-300 different items that you'd have to cull the information out and develop that report. I don't know what they ever did with any of those reports–I'm sure somebody must have had a use for them someplace. We spent a lot of time putting them together.

Storey: How many people in the Programs Office?

Budd: Five, I guess. Four or five. Yeah. Yeah, just four or five, I don't remember just now.

Storey: Do you remember who supervised the group?

Budd: A guy by the name of Ted Peyton was the supervisor. Joe Marquez was in there. Boy, I can see the guy's face, but I sure can't remember his name.

Ted Peyton Headed the Program Office and Was Very Detail Oriented

Storey: What was Peyton like to work for?

Budd: Nice guy. He was a real nice guy, soft spoken.

He was a fussbudget, I guess, is about the only way to describe him. He was very, very concerned about details, and he was always busy, just bouncing from one thing to another, "Gotta do this, gotta do that, make sure this is right." The quality of work he turned out was excellent. Stuff that came out of that group probably because, at least in part, because of Ted's involvement with the detail, was really good, turned out pretty good products.

Storey: Now, if I'm understanding correctly, the Programs Office would prepare the reports saying, "This is what the contractor's done this month, and this is what we owe him reimbursement for"? (Budd: Um-hmm.) Did you actually do the reimbursement?

Budd: That was handled by somebody else, but it was *based* on the documents that came out of the programs group.

Storey: Was the reimbursement done out of the Los Banos office, out of the regional office, the project office?

Budd: My presumption is it was done out of Denver, but I don't know that. I think at that time all of the checks that went out were cut in Denver, but I don't know that–never was involved. *Now*, checks are cut out of San Francisco, and it's all done electronically, but then, as far as I know, everything was hard paper and Denver issued the checks.

Los Banos Was a Large Construction Office at the

Time

Storey: How many folks were there in the Los Banos Office?

Budd: Total, counting the field people and folks up at the dam, about 425. It was a big, big, office– big office–probably 150 in Los Banos and the rest of them scattered from the dam all the way down to Coalinga.

Storey: And the reason it was so large was because it was in a construction phase?

". . . it was a big project–total project approached half a billion dollars . . ."

Budd: Yeah, and it was a big project–total project approached half a billion dollars, which was a lot of money–it's a lot of money today–but in the 1960s, it was the largest dollar project that Reclamation had ever attempted. I mean, we had a earth-filled dam that was about 77 million yards, 110 miles of canal that was a monstrous canal, major structures, pumping-generating plant at San Luis, a pumping plant at O'Neill, another big pumping plant at Dos Amigos with a capacity of about 12,000 cubic feet per second, 180 foot of lift. It was just a *large* project. It was the largest, again, dollar volume, and probably *material* volume piece of the Central Valley Project. The canal is not longer than several of the other canals, but the volume far . . .

END OF SIDE 1, TAPE 2. MARCH 16, 1994.
BEGINNING OF SIDE 2, TAPE 2. MARCH 16, 1994.

Storey: So the capacity far exceeds any of the other canals.

Budd: Yeah, and my recollection, Friant-Kern is about 4,500 cubic feet per second; Delta-Mendota is about 4,600. Tehama-Colusa is about 2,500, and San Luis at 13,000 is just about equal to all the rest of them combined. It's just a *large* project. Pictures of big pieces of equipment down in the bottom of the canal, well below the ground surface, trucks, *big* trucks in and out of the canal that you wouldn't see in most other canals.

Storey: Was Los Banos the project office?

Budd: Yes.

Storey: So it was called the Los Banos project office?

Budd: Don't know what it was called. The project was called San Luis. I guess it was called the Los Banos–I never paid any attention, I don't know.

Storey: Who was the Head of the Office and what was his title, or her title?

John Bucholtz, Project Construction Engineer at Los Banos

Budd: John Bucholtz was the project construction engineer, and he was the head of the office there.

Storey: Did you have much contact with him?

Budd: Yes, he and my father worked together in Wyoming, and again in Nebraska, in McCook–

well, in Indianola. I don't think Buck ever went to McCook. I think when he left Indianola, he went to another project there in Nebraska, at Arapaho, about sixty miles away. But our families stayed close. He had a son that was my age, and we went through elementary school there together in Indianola, and my dad and mom and his folks were friends for a long, long time. I think Buck was a University of Wyoming graduate too, and in fact they may have been in school together–I don't remember that. When Buck got the job as project construction engineer in Los Banos, why, he called my dad and asked if he was interested in coming out to Coalinga, and of course he was. It was a *plum*, it was a good job, given the size of the project and that sort of thing, my dad was at the point where he was ready to wrap up his career, he would have been fifty-four, I guess, when he moved to Coalinga. So he figured this would be his last project, and then he'd retire, and he was excited about that, because it was at the time, and still is, a *big* project.

Storey: And it was a promotion for your father?

Budd: Yes.

Storey: What was Mr. Bucholtz like, as a person and as a manager?

Budd: I don't know that much about him as a manager. I presume . . . I didn't have any contact with him in that capacity, and his capacity was as a friend of my family's and the father of a friend of mine, and I liked him very much, and in fact we still

keep in touch with him. They still live in Los Banos. I liked him, we got along just fine.

Bucholtz Later Became Project Construction Engineer for the Tehachapi Crossing of the State Water Project

We didn't have a lot of contact when I was living down there, but when San Luis began to wind down, why, he went to work for the State of California as project construction engineer on their Tehachapi Crossing, and *their* part of the State Water Project, when they took the water south out of the joint use facilities. And that involved the largest pumping plant in the world, if you combine lift and volume–forty or fifty miles of canal and tunnel, crossing a number of major faults. Given that responsibility, my presumption is that he was very highly respected as a manager, as an engineer–an ability to build things and to move projects from design through construction. I can't imagine the state hiring him to do that, *nor* can I really imagine the Bureau giving him the project construction engineer responsibility on their big project of the early '60s . . .

Storey: But you were in the office while he was the project construction engineer, I think you said? What kind of *style* or image did he project to the people around him?

Budd: (sigh) That's a tough question. I think he was a very competent, capable engineer, and he hired people who were very much like him. But he was not in the office a lot. The day-to-day office

routine was run by his office engineer, and by the geologist and the personnel folks and the assistant project engineer. He spent a large part of his time in Sacramento, working out whatever had to be worked out with Sacramento and with the state people, and the coordination that was necessary with them as construction went on. I don't imagine he was in the office more than half the time, probably less, and when he was, why, you very seldom ever saw him in the halls. Some bosses you'll see wandering around the halls, drop in and see what's going on. He wasn't that kind of a boss. My impression of him, like I already said, is that he was just a real competent, capable guy who had a handle on what was going on, *but* relied more on good people around him than he did on himself to do things.

Storey: So, for instance, he didn't fly off the handle easily, or anything like that?

Budd: I think in temperament, he was a real calm, mild kind of a guy. Running around with his kids, we did some strange things, I'm sure, that kids do. I don't remember him ever hollering at the kids, so I would presume that his demeanor in the office would be the same thing, and I don't remember anyone ever saying, "Oh yeah, he's a real son of a bitch." Everybody that *I'm* aware of liked him. I think there were some . . . His wife was . . . I guess you might characterize him maybe as in a military situation, the General's wife is kind of a *forbidding* personality, and Lois was very much like that, I think. She was a very social kind of person, and as the project construction engineer's wife, she kind of set things up in a military

fashion. She was the head hen of the pecking order, and you didn't get in Lois' way or cross her, but she was, again, very much concerned about people, and if somebody was having a problem, Lois was there to help. She usually knew about them, but she was a very strong personality–still does–and fortunately for Buck . . . I don't know how you characterize Alzheimer's disease, but it's in the early stages or it's mild or something like that. He has a memory problem occasionally, and Lois . . . He's eighty-two, eighty-three–Lois has got to be eighty. And she's taking care of him, and she's had a double mastectomy in the last ten years. She's still able to keep Buck squared away, she's still driving. Every once in a while somebody in Los Banos will say, "Yeah, they found Buck wandering down the street." He'll go out, he goes out for a walk every day–some days he just forgets where home is, or that that's where he's supposed to be going. But Los Banos is a small enough town and they've been there for so long that everybody around knows who he is and they all speak to him, and if he seems a little disoriented, why, they'll get on the phone and call Lois and say, "Hey, I got Buck," and she'll pick him up.

Storey: Did you have any other jobs while you were still at Los Banos?

Budd: No.

Storey: Why did you choose to leave?

Moved to the Region in 1967 When the Los Banos

Office Downsized

Budd: I left in '67 and the office was downsizing, the *bulk* of the construction was over, and they were going through a downsizing, which is a pretty typical swing in a construction office. I came to Sacramento kind of by accident. As everybody was, they'd had a number of employee meetings, telling folks, "Start looking, because you need to bail out, we're going to be going through RIFs" [reduction in force]. They had a pretty good handle on the staffing needs and that sort of thing, and they could forecast with some accuracy the number of people they'd need on staff, and they were telling people, "If you find something, why, bail out, you need to move on," which for a construction office was not terribly traumatic, everybody was used to that sort of thing in construction.

Applied for a Job as a Repayment Specialist in Sacramento

And I'd seen a job in Sacramento, a vacancy notice. I was a five [GS-5] at the time, and the vacancy notice was for an 11-12, and thought it sounded like kind of an interesting job, it was a repayment specialist. But, you know, I couldn't qualify for it, so why apply? And Mel Martin, who was the office engineer, called me into his office a day or two later after I'd seen that, and he asked if I'd seen it and was I interested? I said, "Yeah, I was, it sounded like a fun job," and something that my background would lead me to eventually, but the grade was too high. And he said, "Well, if you think you're interested, I've

got an interview set up for you in Sacramento tomorrow. Why don't you drive on up and talk to the folks." I never did find out what happened, I presume they simply withdrew the vacancy notice and transferred me laterally into the job, but I came up to Sacramento on a lateral transfer.

Storey: That was a repayment specialist you said?

Budd: Yeah.

Storey: Okay, now, when you moved, Reclamation paid moving expenses and everything?

Budd: Yes.

Storey: At that time, were there like housing allowances? Any of that kind of thing?

Budd: When I was living in Los Banos, I was living with my mother, and I had accumulated no furniture, so everything that I needed, all my personal possessions, would fit in my car, so moving for me was not a big deal. I think it cost them $200 or something like that to relocate me. It was not a big deal. You got paid, my recollection was, just on the number of pounds. So I loaded my car and weighed it, and when I got it unloaded I weighed it again and they paid me, I don't know, twenty cents a pound or something like that for moving up here, *plus* mileage. That was it, it was not a big deal.

Storey: So down there you had become a five. (Budd: Yeah.) Was that a promotion within the programs office?

Budd: Yeah, I started out in surveys as a two, and I got my three after six months in Surveys, and then got the four when I went into the programs office, and after six months of that, I got the five. I was still a five when this thing in Sacramento came open, and came up here laterally (Storey: As a five.) as a five. It was a mismatch, I was probably overqualified for where I was, since I had a degree–but on the other hand, I didn't know beans about surveying except what I picked up actually doing it, on-the-job training.

"When I came to Sacramento, I never spent more than two weeks in the second step of any grade, until I got my twelve. . . ."

When I came to Sacramento, I never spent more than two weeks in the second step of any grade, until I got my twelve. So I had my twelve by 1972, I guess, or something like that. It went fairly quickly when I came into Sacramento. The job was a good fit, I liked the job, and my background and interests seemed to match pretty well.

Storey: Well, I hate to say it, but our two hours are up.

Budd: Yeah, and we just barely got started, huh?

Storey: (laughs) That's right. I'd like to ask you now whether or not you're willing to let Reclamation researchers and researchers from outside Reclamation use these tapes and any resulting transcripts for research purposes.

Budd: Certainly. There's no reason in the world that

anyone can't use these.

Storey: Good, I appreciate it. Thank you.

END SIDE 2, TAPE 2. MARCH 16, 1994.
BEGIN SIDE 1, TAPE 1. MAY 25, 1994.

This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing John B. Budd, of the Public Affairs Office, of the Mid-Pacific Region of the Bureau of Reclamation, in the Mid-Pacific regional offices in Sacramento, California, on May the 25th, 1994, at about nine o'clock in the morning, this is Tape 1.

Storey: Mr. Budd, the last time we talked, we had just gotten to the point where you had moved as a repayment specialist to Sacramento. Could you tell me when that was and what you did?

As a Repayment Specialist He Administered and Negotiated Contracts

Budd: I moved to Sacramento in the fall of 1967, around Thanksgiving, I guess. The job as a repayment specialist was primarily contract administration, contract negotiation with the Bureau's water user clients.

Worked on Developing Contracts with Diverters on the Sacramento River

And the first assignment that I had was in the Sacramento River Service Area where the Bureau had had a fairly intense program over the previous five years–well, actually, it began in 1944, but beginning in 1962-63, there had been a

fairly intense negotiation with a number of diverters with water rights on the Sacramento River. Since Central Valley Project was to use the Sacramento River as a conveyance feature of the project, we needed to ensure that we protected Federal storage releases of the Federal water supply, and we had to recognize the water rights of the individuals who diverted. So there was a negotiation that was headed up by then-Assistant Commissioner Stamm. He came out and negotiated contracts with . . . Well, the total ended up being around 140 diverters, but the original negotiation was probably with about fifteen different representatives of districts and major individuals. And that culminated in a group of contracts in 1964, and from that point on it was just sort of a clean-up exercise. There were a few reticent districts and individuals who felt they didn't need a contract, or they didn't have to have one, and we couldn't make them. So it seemed that one of the first things that any new person coming in the Repayment Branch did was try to clean up the Sacramento River contracts–there were three or four left that had not signed, and that assignment was given to the new kid on the block, so that was the beginning of my career in Sacramento, was trying to clean up those contracts.

Storey: These were people who had established water rights on the river, but weren't Bureau of Reclamation projects, is that right?

Budd: That's correct, yes.

Storey: Well, let me ask you, Why *would* they have to

sign a contract if they had established water rights?

Budd: There were two reasons, one was for *our* protection so that water we released from project facilities would get past their point of diversion in years that there was not enough natural flow to take care of their water rights. The second reason was to provide for those people a supply in those months of those years that their water right was deficient. We agreed to sell them some water, and in return, they agreed to limit their diversions during critically dry years. It was a mutual endeavor, there were benefits flowing both ways, although when G-A-O [General Accounting Office] did a report on the contract negotiations, they were fairly critical of Reclamation's negotiations from the standpoint that they viewed us as giving away the store–we would agree to almost anything *just* to get a contract to avoid a dispute on a river. Our view was that if we had to be liberal in determination of the entitlement, it in the long haul worked to our advantage, because failure to settle those disputes would lead to an adjudication of the river system, which would be a monumental task, probably twenty or thirty years *in* court, trying to get a court order that identified each individual's right to divert from the river. And it would have been extremely costly and time-consuming, and we didn't feel that we had the time to do that–nor could we justify the expense of doing it either, what it would cost us, or what it would cost the water users to adjudicate that system. So our response to G-A-O was, "Thank you very much, we appreciate your review and your advice, we'll

try to do better in the future." But we didn't accept their criticism very readily. Our view was, they didn't understand, I think is primarily where we came from on that issue. For the most part, it worked out very well. Most of the districts were satisfied with the contracts, they were *reasonable* contracts, and our relationship with them over the years has been good. We've had a fairly successful relationship in terms of how we have managed those contracts. We've learned, as time has gone on, that all of the circumstances that we forecast– well, let me back up: we learned that we were simply unable to anticipate all of the future occurrences. State Water Resources Control Board, Clean Water Act, Delta Water Quality Standards, fisheries problems, things like that that were unknowns in the 1950s and '60s when these contracts were being negotiated, are now major problems. And what we've done with these contracts is basically insulate these users from any responsibility for those problems, and the contracts will be up for renewal in about– well, they terminate in 2004, so in the next six to eight years we'll begin renegotiation of those contracts and that's going to be a major issue, and that renegotiation is What kind of responsibility do the users have and what should they assume with respect to water quality in the Delta?–a number of issues that get real tangled. In California, under California water law, the area of origin, watershed protection statutes raise their head. The Sacramento Valley, northern California interests, view raids by southern California with some hostility, and given the water supply being in the north and the demand being in the south, there is

an imbalance that is inherent by nature, and the northern folks are . . . In some cases they have sort of a foxhole mentality– they've dug in, they've entrenched themselves, and their attitude is rather contentious as opposed to cooperative. But I would imagine if I owned some land up there, I'd want to protect the water right to it as best I could.

Storey: I guess I'm like G-A-O, I don't understand either.

Budd: Yeah, it's a complicated issue, there isn't any question about it.

Storey: These contracts, did they give up water rights? Did they, in effect, abandon anything?

The Alternative to Contracting on the Sacramento River Was Either Litigation or Adjudication of the River

Budd: What they did in the contracts was, they recognized in the contract that their right was deficient, that it was not a right to divert all of the water that they needed. So from that standpoint, yes, they gave up the claim that their right allowed them to divert all the water they needed. The hydrology of the system I think, just from a practical standpoint, if you got down to litigation, you laid it out, why no, they didn't give up anything. They probably got more than they would have gotten had they litigated the issue. But if you look at it from a dollars and cents standpoint, we probably would have spent $40-, $50 million dollars, litigating this thing. It would have been a twenty-year legal exercise with

hundreds, thousands, of hydrology studies; a great deal of data-gathering that probably would have resulted in very little change in any of the basic information available to the people. All of the water users would have been burdened with attorney and consultant fees. We would have had significant staff and Justice Department costs. As a policy decision, while not privy to that decision, looking at the documents that I did get to see, my conclusion was basically they had said, "Look, it's cheaper for us to give away a little bit of water to get the settlement, than it is to litigate it." And from that standpoint, the decision to provide . . . We would recognize that a right claimed by the user yields a little bit more than we think it really would yield, *just* to get the settlement. And from that standpoint, my judgement over those years was that it was *probably* a good decision, that it cost us less in the long run, in terms of dollars and cents, and probably a little bit more in water, but certainly less in dollars and cents, and I think probably *had* we adjudicated it, the relationship with the diverters in northern California, between the diverters and the Bureau, would have been strained, it would have been entirely different than it is now. There is now a fair sense of community, of cooperation, of willingness to approach problems with the idea that you can settle the issues, than there would have been had we litigated it. And just simply from *that* standpoint, not looking at the cost of the litigation, I think from that standpoint we probably saved money. So while we did, if you looked strictly as a technician at the water rights that we recognized, we probably gave away some

project water to get the settlement, but if you back away from being the technician and look at it from a broader perspective of total United States costs and the relationship that you need in as complex a hydrologic system as this is, to make things work smoothly, I think the decision was the right one.

Storey: Yeah. Now, am I understanding correctly that potentially we could get to 2004 . . . So this was a forty-year contract, or series of contracts, basically. And if things fall apart, we might have to adjudicate the river?

Budd: That's entirely possible. It depends on the ability of the negotiators to work out a deal. And from my standpoint–obviously the water users would feel differently–my standpoint, it depends on the water users *recognizing* what's going on in the *real world* and agreeing that they have some responsibility for fishery impacts that have occurred, environmental problems that exist now, that did not exist [then]. There are a number of those folks who basically contend if it weren't for southern California, everything would be okay; therefore, we have no responsibility. But if you divide up the total pie, you probably should assign some of the responsibility to the Sacramento River people. My view is, if they're reasonable, this won't be a problem. It's going to cost them a little bit of water, it's going to cost them some money, but we will be able to arrive at an equitable contract that will resolve the issues and avoid an adjudication. I suspect that *their* view is just the reverse, that if the Bureau is reasonable and recognizes *their* water rights and

their entitlement, why, then there won't be a need to adjudicate it either, but the Bureau has to be the reasonable party. So I guess, given that, there's probably grounds for negotiation room to give and take on the thing. But if it does fall apart, and it's possible that it could, you have–I use the word–"fringe" elements, from the standpoint that they're very vocal, very radical, with a "leave me alone" mentality, "You can't touch me, don't even *consider* taking any of my water or charging me anything for it." If that group moves into power, if they become the movers and shakers amongst the water users in the Sacramento Valley, maybe you *do* adjudicate it, maybe you *can't* settle it. But again, I guess my counsel on that one is, if there is *any* way to settle it, do it, because an adjudication of it will be a disaster for everyone involved. You'll have another twenty or thirty years of uncertainty. Uncertainty in the water community, in the water supply situation, is an uncertainty in some really basic infrastructure for the state of California. It's one of the things that is now becoming apparent to southern California interests, is the uncertainty that has arisen out of the Miller-Bradley Bill, with respect to water supply from [the] Central Valley Project, has implications for credit worthiness of southern California. When that became apparent in the last year or two, those folks got real nervous, and rightly so. Well, if you compound it with an adjudication on the main river system, which would also, by necessity, I suspect, involve the State Water Project and their Feather River system which is tributary to the Sacramento, it simply wouldn't be economically healthy for the state. Southern

California is finally recognizing that water is as important an input to the infrastructure as transportation and utilities of sewer and telephone and power–electricity. I've been getting calls from Moody's and Standard and Poore's for five-, six years: the bond rating people asking me what the situation is with respect to water, what kind of *certainty* is there for water supply out five, ten, thirty years in the future? They're rating credit worthiness, bonded indebtedness, ability to pay, and they're concerned about that kind of stuff. While the bond rating folks have been interested, it hasn't really been apparent to a lot of the business community that that, yeah, in fact [water] *is* important.

But anyway, if you adjudicate the river, you got a real problem, I couldn't even begin to *imagine* how much it would cost or how long it would take.

Storey: Well, when you came in '67, about how many contracts were left for you to negotiate, do you think?

Budd: Oh, I guess there were five or six.

Storey: Do you remember any specifics about any of them?

Budd: Oh, there was a golf course up in Redding, Riverview Golf and Country Club. A couple of small individual contractors. And one district form contract, the Maxwell Irrigation District contract I guess had not been executed–but it was

pretty well wrapped up. And then there was one, the City of West Sacramento came in later with a claim of right, and we took care of that one. But that was not really a hold-out on the original negotiations– that was a latecomer to the game. But I guess the Maxwell Irrigation District one was probably the largest. I've forgotten the quantity of water, about 10,000 acre feet I guess, maybe 15,000. All of them, with the exception of the country club, were fairly easy to resolve. It was a matter of sitting down with the principals, whether it was a board of directors or an individual, and working out the details, just listening to their concerns and explaining what we wanted and what we needed to do and why, and for the most part it pretty well came together. The golf course was a different matter, and I guess that was just one individual who was on the board of directors, who was of the view that they shouldn't have to pay a nickel for *any* water that they took. And that one took a while. That individual director had to depart the board before we finally got–he had enough sway with the rest of the directors– I think there were five on the board–that they simply wouldn't agree. And when he departed the board, why, we signed a contract and got payments back to 1964, and it worked out. But it was a matter of the players having to change before you could get a settlement.

Storey: Do you remember the name of that person?

Budd: I don't, no.

Storey: Do you remember how long it took you to get a

settlement on the golf course?

Budd: About two years, from when I first started.

Storey: But if I'm understanding correctly, the majority of the contracts had been completed in '64.

Budd: Yes, that's correct. There was a team put together by the commissioner that was made up of Assistant Commissioner Stamm and two other fellows, and I don't remember offhand their names or titles, other than one was a fellow by the name of Colter and another was a fellow by the name of Ritter. And they produced a report that they had basically negotiated with the key water user organizations. It was referred to as the Stamm-Colter-Ritter Report. And it proposed to the secretary three different types of contracts to recognize the basically three different groups: one was the districts, there was a district form contract; then two individual form contracts, one called long form, which contained excess land provisions; one called short form which was for those contractors with less than 160 acres. And there had been agreement reached with–and it was a rather informal–well, it wasn't informal, but it was an organization without authority to bind, but it was an organization of water users who sat down with the Bureau people and ironed out the language of these contracts and said, "Okay, this is acceptable to us as this organization. Now, you need to get it squared away in Washington to make sure this language is okay with the secretary, and then you can proceed to sign these contracts." And that happened, even though all the individual

diverters were not involved in the negotiations, as far as I know they all signed the contract as the form was agreed to by the main negotiators. There were no changes in the language in the contracts.

Storey: Was there anybody who just continued to refuse to participate?

Budd: No.

Storey: So everybody has a contract.

1976 and 1977 Were Dry Years

Budd: By 1969 we had wrapped up all of the diverters. And as it's turned out, even if there *had* been, in 1977 the State Board would have stepped in and shut off their diversion. Seventy-seven [1977] was a critically-dry year, driest year of record, following 1976, which is the fourth-driest year of record. And there was very little water in the system except that which had been stored in ours and State Water Project storage facilities. And the State Board would have shut off everyone without a contract. In fact, they even told the riparian diverters, who we did not contract with, that they needed to reduce their diversions. So had there been a holdout, when '77 came around, my suspicion is they would have, at that point signed. But by 1969 we had all the contractors that had reservations [about signing up], signed up. And I forgot, the City of West Sacramento, which at that time was East Yolo Community Services District, came along in 1972 or '73, I've forgotten–maybe '74, I don't know. But anyway,

there were no outstanding contracts left. I mean, everyone had agreed, we had signed up everybody. And part of it was peer pressure. The districts knew who hadn't signed, and the individuals all knew who hadn't signed, and they knew they were paying, or they were having to pay for part of their water, and there was some pressure by those folks on the others to get in line and join their fellow diverters. It wasn't all Bureau of Reclamation that forced it.

Storey: Could you explain to me what a riparian diverter is?

Riparian Water Diverters in California

Budd: Under California law there are several classes of diverters. And a riparian diverter is basically *the* senior diverter. Their right arises from the fact that their land is adjacent to or riparian to the stream. That is, their property borders the stream and the riparian land is then the smallest parcel in the chain of title that has remained adjacent to the stream. And under California law, they have the right to divert all the water that they need for reasonable and beneficial use. And the further up on a river system you are, why, the more *senior* you are. And under California water rights law, the water goes *first* to the senior riparians, and then to other riparians, based on their physical location on the stream, then to appropriators, and appropriators' rights are quantified based on seniority–that is, the *oldest* application for appropriation is the senior, so he's entitled to his cut before anyone with a junior or more recent application is entitled to any water. It's old

English common law that came over here with the Gold Rush, came to California in the Gold Rush, and has been the basis of California water law ever since.

Storey: And if I'm understanding correctly, we had contracts with s*ome* of these groups of diverters, but not with others?

Budd: We contracted with all of the appropriators, we *did not* contract with the riparians. We didn't feel that . . .

Storey: Because they were so senior . . .

Budd: Yeah. Given the hydrology of the system and the fact that they were "first in time, first in line"–I mean, they had the senior right–that there was, in *all* cases, there would be water available for the riparian diverters.

Storey: Excuse me, so in a sense these contracts were with people who were less senior. (Budd: Yes.) And they were then paying Reclamation for a portion of their water under certain circumstances?

Budd: Correct.

Storey: Okay.

Pre-1914 California Water Rights

Budd: Now, in the ranking of priorities, under California law there's what they call pre-1914 rights, and those are pretty much lumped in one

group. The history and the records on those is pretty vague. All you had to do is do a posting, and that came about by planting a post on the edge of the river with a notice on it that said, "I," or "we," or whoever–if it's an individual or a district–"intend to divert at a rate of such-and-such for this area." And that posting then was the genesis of your right. And in 1914 the state set up the State Water Rights Board, and from that point on you had to apply to the board to get a permit. You had to *apply*, then after you met certain conditions you would get a permit to divert, and once you started diverting and you lived up to the terms and conditions of your permit, after a certain number of years it would go to license. And all of those permits, the seniority is based on the date of application, and they begin in 1914 and come forward, and there are still people today who are applying. But those rights are very, very junior, and they may yield water only in the winter months–you would get no water in May, June, July, August, September, and October. When it's flooding, why, you could divert water.

END SIDE 1, TAPE 1. MAY 25, 1994.
BEGIN SIDE 2, TAPE 1. MAY 25, 1994.

Storey: . . . dates to about October of '27?

Reclamation's Water Right for the Central Valley Project Was Assigned in 1927

Budd: Nineteen twenty-seven [1927], which falls pretty much in . . . It's relatively a *junior* right compared

to the large districts that have applied. Some of the districts are pre-1914, most of them are in the late teens, early '20s, so we're kind of a junior diverter in the hierarchy, and certainly in terms of the total quantity of water. The right that we had was assigned to us by the State of California. The state had reserved unto itself a block of water with the 1927 priority. They had anticipated construction of a project that would deliver water, and in fact they had attempted the Central Valley Project and couldn't, financially [make it work]. They ended up having to ask the United States to step in in 1937, and part of that agreement was that they would assign us the rights with the 1927 priority. So that's where we stand in the hierarchy of rights.

Storey: When you came in, were you doing anything in addition to negotiating these contracts for water on the Sacramento River?

Budd: [I] was involved in . . . Well, I guess basically, for the first year or two, that was *about* all I was doing. We had a person who was handling the Sacramento Canals Unit negotiations who actually lived up in the valley and worked up there in Willows, and he was negotiating contracts with the districts along the proposed Tehama-Colusa and Corning canals, and I was doing some of the grunt work for him, the basic research kinds of things, putting together land use-, water requirement reports, and that sort of thing. That went on for several years.

In 1970 He Was Assigned to Work on the San Luis Unit of the Central Valley Project

Then in 1970, my assignment was changed and I started working on San Luis Unit negotiations, primarily with Westlands Water District. They had entered into a contract in 1963 that needed amending, and my assignment changed to that at that time.

Storey: Repayment, I need not tell you, is one of the *very* controversial things about the Central Valley Project, I think–especially the acreage limitations and so on. Could you, for me, put yourself back to that time and tell me what Reclamation's thinking was to the best of your memory, about repayments and acreage limitations and so on?

Subsidies and Repayment on the Central Valley Project

Budd: There are a couple of things that always seem to baffle, surprise, amaze, puzzle, people out here. One was the subsidy issue in terms of Reclamation repayment, project repayment. If you looked at Missouri River Basin projects, Columbia River Basin projects–any of the large projects–the agricultural users were paying a *far*, *far* smaller percentage of total allocated costs than Central Valley Project agricultural users were. I've heard numbers in the five to ten percent range in terms of repayment on Missouri and Columbia River Basin projects, Kansas River Basin Projects.

Storey: You mean total repayment, or . . .

Budd: Repayment by agricultural users of the costs

allocated to agriculture. Total repayment, the picture changes a little bit–well, not really, because in almost *all* cases total repayment occurs, the only thing that changes is who makes the repayment–whether it's power users or water users. And in the case of Columbia and Missouri River Basins, the costs that aren't paid–*and* in Central Valley Project–it's pretty typical across Reclamation–the costs that aren't repaid by water users *are* repaid by power users. If there isn't a power function in the project, why then Congress will address that issue when it authorizes the project, and it'll write those costs off. But in those areas where it *did not choose* to write the costs off, that repayment was required, Central Valley Project is really kind of a star in that little exercise, from the standpoint that the water users are paying well over ninety percent of their allocated costs. And I have not seen the studies or the numbers, but I have talked to people who have indicated that repayment of costs allocated to agriculture ranges on the order of five to ten percent in a number of other major projects. So it always puzzled us why we got beat up for the subsidy issue, when we were repaying basically all of the cost. The other part of it, the subsidy thing, came to surplus crops and production of cotton. The critics of the project contended, "Well, using Federally-subsidized water to produce more crops that are subsidized by the Department of Agriculture under their various programs." That always puzzled us, because *most* of the crops grown in Central Valley Project are not on *anybody's* commodity list, they don't participate in program payments. Lettuce, carrots, tomatoes, melons, onions–you know, the

things that are grown in Central Valley Project, the tree crops, grapes, don't receive subsidy payments. Cotton is criticized, and we do grow a lot of cotton out here, but essentially a hundred percent of the cotton grown in the Central Valley Project is exported, it does *not* go into the domestic market, and it is not surplus on the domestic market. It's a different type of cotton, it's what they call a long-staple cotton. It's Acala or Pima cotton, it's considered a premium cotton in those countries who wear a lot of cotton. The Third World countries, the Arab and southeast Asian countries, *prize* our cotton and it's purchased, it's exported, it's a major component of United States exports. Getting beat up on that issue didn't make a whole lot of sense.

Excess Lands Issue on the Central Valley Project

On the issue of excess lands, again we're puzzled, because if you looked specifically at the record of enforcement, Central Valley Project acreage limitation enforcement was outstanding, much better than basically any other region [of Reclamation]. The percentage of noncompliance was smaller, the issue boiled down to an issue of *huge* land owners in primarily the San Luis Unit receiving Federal water. But the terms and conditions under which they received the water were in *complete* compliance with the law, there was *never* any question about that. Standard Oil, Union Pacific, Boston Ranch, Giffen and Sons, were all very large landowners. Southern Pacific owned about 100,000 acres in Westlands. But before any water went on that land, they agreed to dispose of it, which is what the law required.

They were *entitled* to water for a period of ten years, some of the land was sold well within that period, some sold after because of a lawsuit that delayed sales. But the criticism has always been a puzzlement because our record of enforcement was better here than anyplace else in the Bureau.

"There were a number of congressmen and senators who made their living beating up on Reclamation . . ."

On those issues, they were a fact of political life. There were a number of congressmen and senators who made their living beating up on Reclamation, generally.

Congressman George Miller and the Central Valley Project

But if you were from California, why, you beat up on Reclamation in California if you were from an area outside the project service area, or even inside, in the case of George Miller. His constituents get a hundred percent of their water from us. George chose to wage war on the San Luis Unit.

Storey: Are his constituents rural or . . .

Budd: Urban. The project started out for Contra Costa as about sixty percent agriculture and forty percent urban. It was the first Unit of the project to go into operation in the early '40s. During World War II, that area bloomed and became a major industrial area, and the result was agricultural land was converted to industrial use.

Port Chicago is a major military munitions depot, they ship tremendous quantities of naval ammunition and other out of Port Chicago and that area in the Martinez-Contra Costa-Concord area, turned into an industrial area. Now it's essentially a hundred percent municipal, no agriculture. The thing became political. Senator Gaylord Nelson from Wisconsin, a couple of congressmen from New York, a senator from Pennsylvania–I've forgotten their names now–were regular critics. Congressman [Samuel] Gejdenson from Connecticut–major critics of Reclamation and *particularly* Reclamation in California, which, again, was a puzzlement, to *me* anyway, because of the nature of the project. We weren't contributing to the corn surplus or the wheat surplus or anything like that. If you took away subsidies from irrigation projects and from Reclamation, it would be kind of a *bump* in the road for California, but it would be an absolute disaster for North and South Dakota, Nebraska, Texas, Oklahoma, Kansas, Colorado, Wyoming. Oregon would be hurt, not too bad. Washington would probably get along okay, after some *major* readjustment. But California would do better than any other state if you eliminated subsidies. But we seem to be, for whatever reason, the lightening rod for critics to Reclamation. And I guess probably it was because the large landowners were easy targets in the Westlands District. You had a fellow by the name of Russell Giffen who owned about 70,000 acres, Boston Ranch was about 25,000 acres, Standard Oil owned 10,000. A couple of fairly large individual landowners in the 7,000-10,000 acre range, and of course then Southern Pacific

with about 105,000 acres. And they, I guess, became the lightening rod for the criticism for the project. But when you *do the analysis* of the criticism, it just simply doesn't stand up.

Storey: Now when you say that, are you saying that because they complied with the *letter* of the law? or did they comply with the spirit of the law in dispossessing those?

Budd: Well, I guess it all depends on whose interpretation of the spirit you use. In the recent reauthorization of the acreage limitation provisions, in a couple of instances, Congressman Miller testified as a witness concerning certain things that should be in the law. And he worked for those things as Chairman of the subcommittee, but they didn't show up in the law. They were not in the final act as it was passed, yet Mr. Miller contends that his position was the *spirit* of the law. Well, that really seems kind of weak. It makes a good argument for him, until you start going back and find out that, yes, he argued, he debated, he pitched to Congress as a witness, he went over to the Senate, he testified that these things should be in the law, the Senate said, "We don't think so, we don't think they ought to be in the law," yet now Miller argues that that stuff was in fact the intent of the law. That's nonsense! But it makes a very convenient argument until somebody goes back and says, "Well, what's he talking about? What's the history? We've got the legislative history, we can look at it. Oh, well, that's *his* opinion. That's *Miller's* intent, but that certainly isn't what the law says or what the law does."

Whose intent are we going to . . . And do you argue the intent of the law, or do you argue the law? The compliance with the law was complete. The law said that you can't get water on land in excess of 160 acres unless you agree to dispose of it within a period of ten years at a price that does not reflect the benefit of the project. And that's exactly what those people did down there, they signed what are called recordable contracts agreeing that in return for water on the land, pending the sale of it, that they *would* in fact sell it at a price we would approve as not reflecting the benefit of the project. And that's exactly what happened, and they sold probably 250,000 acres in Westland, under recordable contract, land that the prices we approved would range from $8 to maybe the top was $1,100 an acre, when neighboring non-excess land was going for $2,000-$3,000 an acre. So the windfall benefit didn't come into there as it was contended. They didn't receive that. I get personally very frustrated arguing Mr. Miller's intent of the law and what the law does in fact say. The issue of trusts was one that was argued, and Miller lost, yet his *intent* is now touted as what the law is *intended* to do. Bullshit! That just simply isn't right. Sam Gejdenson from Connecticut is the same way. The arguments they make are spurious. You sit down and do an analysis of the situation, and you lay out the facts, and their arguments simply don't hold up. You're arguing a political philosophy and you can get buried in those arguments very easily. The comment somebody once made to me is, when there was an article in the paper that was on– I've forgotten the subject–but anyway it was

anti-Reclamation–I said, "We ought to write back to this guy. We ought to get a letter to the editor in there or put out a news release or something." And the comment was, "Well, you don't usually argue with people who buy their ink by the barrel." And George Miller buys his ink in the *Federal Register* by the barrel, and then he takes that, something *he* put in the *Federal Register* and promotes it as the intent of Congress or gives it a whole lot more weight than it deserves. It gets a little frustrating.

Storey: Tell me about this trust issue. What's involved there?

Trusts and the Reclamation Reform Act

Budd: The issue . . . We're getting technically beyond my expertise, but basically it has to do with who the beneficiaries of the trust are. Trusts are used as estate planning mechanisms by all kinds of people for primarily tax purposes. You put land in trust for a minor child as an inheritance tool to avoid estate tax problems. And you don't do it because of water. But the way the law was amended in '82, you could establish a trust–in one of the particular cases it was for grandchildren–and they put 900 acres in trust for three or four grandchildren.

Storey: The acreage limitation.

Budd: They put the maximum in there. They put 960 acres for each grandchild in the trust, and then operated that total parcel as one farm. The trusts

were clean, the proceeds of the trust went to the child, the grandparent received payment for management of the land, did not participate in any of the risk or benefit, they simply were paid. And Miller now contends that that is a violation of the law. The law is pretty specific. He said that violates the spirit of the law.

Now, there was one that I think most folks agree–I don't think anybody really disagrees–the Boston Ranch situation. A large corporation owned about 25,000 acres, set up trusts for its employees and disposed of the land to those trusts. It was based on longevity and salary–there was a formula that they used to dispose of the land. Then the corporation operated all the land in the trust as one unit, they had a 25,000-acre farm owned by the employees, but operated by the ranch. But the hook to that one, and that really gave me some heartburn on it, was that they charged a lot more per acre to manage it than if you went out for bids for an operator–you could get a better deal by probably fifty percent. They probably charged twice the going rate for farm management. I think most people, Reclamation folks, the Solicitor's Office people, all agree, yeah, that probably wasn't intended, *but* it's permitted under the law, that's what the language says. *Therefore*, we can't stop it. Well, Miller went nuts, probably rightly so in that case.

But for the most part, ownership and operatorship setups are done for *tax* purposes, not for *water* purposes. People set up corporations to farm because of the risk involved. They don't

want all of their personal assets to go down the tubes when the price of tomatoes falls out the bottom. So they set up a corporation, lower tax rates, you got different investment laws, different tax credits for investment and that sort of thing. So the criticism that California, the Central Valley Project is full of corporate farms, is a bogus criticism from a Reclamation standpoint, but it's absolutely true, but it's done for tax purposes, because the guy that farms 960 acres as a corporation, over the long haul, or even the short haul, depending on what kind of a year it is, is going to make more money doing it that way, than the guy who farms it as an individual. And it's strictly a tax law arrangement.

Storey: Back in 1970, you found yourself working with the Westlands District in the San Luis Unit. Was the acreage limitation at *that* time this kind of an issue that it is today?

Senator Gaylord Nelson and Acreage Limitation in the Central Valley Project

Budd: It was a major issue, in the Westlands situation, primarily because of one senator, I think: Gaylord Nelson from Wisconsin took on acreage limitation as his cause.

Hearing Regarding the First Westlands Contract

There were hearings when the first Westlands contract came up in the early '60s, 1960–the year it [the Unit] was authorized, it required that distribution system contracts be submitted to the Senate for oversight. And there were hearings

and there was a great deal of criticism of Westlands and the San Luis Unit because of the size of the farms. And there were some negotiations amongst the water users, Interior–the Department, and the secretary, and the assistant secretary were very much involved personally.

Ralph Brody, Manager of the Westlands District

The Manager of the District at the time was a fellow by the name of Ralph Brody who was very well connected Democratically. His former role had been working for Governor Brown as the principal political staff responsible for success of the State Water Project bond issue. And having completed that in 1960, he moved over and became manager of the Westlands District. He spent an awful lot of time in Washington with the political folks, trying to work out an acceptable arrangement that would allow the San Luis Unit to proceed.

The Vietnam War meant "We were getting eight to ten million dollars for distribution system construction, when we needed twenty to thirty for an optimum construction schedule . . ."

One of the things that was going on was expenditures on Vietnam were still very, very high. Money was tight, we weren't getting anywhere near the appropriation we needed to maintain a decent construction schedule–it was just being strung out with a *token* amount of money available each year. We were getting eight to ten million dollars for distribution system

construction, when we needed twenty to thirty for an optimum construction schedule that would allow us to put the right number of people to work, and minimize the cost, maximize the investment. So there were lots of things going on.

"NEPA was enacted in '69, and *nobody* envisioned the impact that that was going to have. . . ."

NEPA [National Environmental Policy Act] was enacted in '69, and *nobody* envisioned the impact that that was going to have. But it *was* an issue, not to the extent that it is now, to the scope that it's an issue now, to the number of people that are interested at this point, I don't think. But it *was* a significant issue. There were deals cut that were public, and I suspect some that were private. There was an awful lot of negotiation in Washington on terms, conditions of future contracts, that the region simply wasn't aware of, or certainly wasn't involved in. As you knew, when Brody was in Washington, he had a great deal of access to the Hill. Congressman Bernie [Bernice F.] Sisk and Bizz Johnson. Johnson is head of the Appropriations Committee. Sisk, I've forgotten what his role was and what committees he was on, but he was the congressman from the Fresno area who was pushing very hard for this thing. But Bizz Johnson was the congressman from California with the control of the Appropriations Committee stuff, and he was a key player in Reclamation and San Luis Unit. I don't recall on the Senate side who the key folks were, other than Gaylord Nelson. I don't know that the California delegation was involved in

any great extent–I just don't remember. But it was a different *world* than I had been involved in, in the Sacramento Valley–their politics up there were essentially nonexistent, but the Westlands thing was a different animal. In hindsight, we had a deal cut in the early '70s, and Brody (sigh) we'd in fact worked out the details of a contract that was acceptable to Interior, and Brody wanted–and I don't remember the precise issue, but he wanted a change in the acreage limitation language, and he felt he could get that change.

". . . in hindsight I think Brody made a significant mistake by not *signing* the contract when he had the opportunity . . ."

The result was (sigh) the contract wasn't executed, and has never been executed since then. It just simply got rolled up in events, change in administrations, the NEPA environmental movement, Earth Day, all that stuff, just rolled over Reclamation and particularly San Luis Unit and issues relating to the Sacramento-San Joaquin Delta. And Westlands still does not have that amendatory contract, and probably will never get it. And in hindsight I think Brody made a significant mistake by not *signing* the contract when he had the opportunity, and then working to change it.

Storey: He had a contract that was going to run out, say, around 2000 or so?

". . . one of the conditions that the Senate imposed . . . was that Westlands agreed to merge with a neighboring district called the West Plains

Water Storage District. . . ."

Budd: (pause) Yeah. The contract that he had . . . . He'd entered into a water service contract in 1963, and then a distribution system construction contract in '65. But one of the conditions that the Senate imposed, and that the secretary agreed to, on the distribution system contract, was that Westlands agreed to merge with a neighboring district called the West Plains Water Storage District. Westlands at that time was about 400,000 acres. The West Plains District, which was immediately adjacent to Westlands, but on the west side or the uphill side of the canal, was about 200 . . . .

END SIDE 2, TAPE 1. MAY 25, 1994.
BEGIN SIDE 1, TAPE 2. MAY 25, 1994.

This is Tape 2 of an interview by Brit Storey with John B. Budd on May the 25th, 1994.

Budd: West Plains Water Storage District was immediately adjacent to Westlands. The boundaries were . . . (Storey: Contiguous?) contiguous. But what Gaylord Nelson and company and the critics of acreage limitation anticipated would happen, is that under the law at the time, you were entitled to 160 acres in *each* district. They could envision this monstrous Southern Pacific Company with 100,000 acres in the two districts now having 320 acres of eligible land instead of just 160. So they insisted that Westlands and West Plains merge. In return, the United States agreed to negotiate an amended contract to provide water for the additional lands.

And that contract has never been consummated, probably never will. Time and events have just overtaken that situation to the point that additional water from the project after the termination of the current contract and the court order that arose out of subsequent litigation in 2008, my guess is they will end up with the original quantity of 900,000 acre feet in 2008. They will *never get* the contract for the additional water they need for the West Plains area.

Storey: Okay, now when you say they "don't have a contract," does it follow that they are not getting any water?

Budd: No. When we, during the Reagan Administration, advised Westlands that we were no longer going to negotiate for the additional water supply, Westlands went to court and for whatever reason–and I'm not that familiar with the details of that because I, by '84, was no longer working on Westlands–but the court found that we had an obligation to continue to provide an *additional* block of water. And that court order runs through the term of the existing contract. So from, actually, 1967 when we first started delivering water, '68, we have been furnishing water to Westlands, over and above the quantity identified in the original contract. (Storey: So some of it's going to West Side.) West Plains area, yes. (Storey: West Plains, excuse me. Okay.) Yeah, the whole area is kind of referred to as the West Side, the whole Westlands . . .

Storey: Well, now, as a repayment specialist, were you

working with Westlands on the revision of the contract?

Budd: Yes. The negotiations were fairly intense and drawn-out. It was a major effort on our part. There was a negotiating team set up that was appointed by–well, I'm not sure *how* it was actually appointed–but the team was composed of a representative of the Washington Office and . . . (pause) I'm losing my memory! He was subsequently regional director in Texas– what's the . . . (Storey: In Amarillo?) Amarillo. Gene Hinds. Gene Hinds was the representative from Washington, the regional director was a member. (Storey: That would have been Robert Pafford then?) Well, this was after Pafford's time. This was Billy Martin's time.

Storey: So that would have been after '73.

Budd: Yes. Well, there was a break in activity from '73 until–there really was no significant progress made on a contract between 1971 and 1977-78. There was activity but no progress. And actually, I skipped, very conveniently, about five or six years, and it's just simply because there wasn't anything significant that occurred in that period of time. There was no significant progress, I should put it that way. There was a lot of activity, a lot of things going on, Brody spent a lot of time in Washington.

Westlands Offered to Provide the Money for Construction If Reclamation Could Guarantee it Would Be Paid Back

We spent a number of years in there trying to arrange a deal that would permit Westlands, because of the appropriations situation with Vietnam, we simply weren't getting the money we needed, Westlands said, "Well, we can go out and *borrow* the money, if you will, in effect, guarantee the loan." The *deal* was, Westlands was paying us $7.50 an acre foot for water, and what Westlands proposed was they would borrow the money to complete the distribution system so we didn't have to rely on appropriations. In return, we would agree to reduce the water rate to Westlands and they would use that cash flow to retire the bonds. That is, instead of paying us $7.50, they would pay us $2.00, and the $5.50 would then be paid to the bondholders to retire the bonds. And we hired financial consultants and we had worked out an arrangement that we felt was acceptable. It protected the interests of the United States, given the underlying premise that irrigation pays no interest, because we would, by virtue of reducing the water rate, be paying the interest on the bonds. And there was some concern in Congress about doing that. In effect we had a Federal guarantee of a private bond issue, and that raised problems. And politically, we never could quite get it pulled off. And in '76, Carter came in?

Storey: No, he was elected in '76, he would have been . . .

Establishment of the San Luis Task Force

Budd: Coming in, in '77. (Storey: Right.) Miller, at that time, got an act passed that established the

San Luis Task Force, and San Luis Task Force took off reviewing the Federal involvement in San Luis Unit and the whole project. I've forgotten the appointees to the Task Force, but there were eight or ten: the assistant secretary, the comptroller general, the solicitor for Interior, a couple of people from California, one by the name of John Garamendi, who is now one of the contenders for governor in this election. Westlands was on the Task Force, there were a *couple* of acreage limitation activist groups involved. Anyway, that occupied about three years during which there was no progress on a contract amendment. Again, there were opportunities to sign contracts that were not taken, that in hindsight were mistakes. But for the most part, the intention of the district was well meaning, they had the best interests of the district at heart, they felt they needed to do some things that made sense, and never got them done, they just fell apart. We never did enter into an agreement with Westlands in which they would finance the construction.

". . . there's still about 40,000 acres in Westlands and the West Plains area that *do not* have distribution system facilities. . . ."

And the result is, there's still about 40,000 acres in Westlands and the West Plains area that *do not* have distribution system facilities.

". . . landowners . . . constructed pumping plants and pipelines . . . temporary facilities . . . around twenty years old . . ."

The landowners themselves have constructed pumping plants and pipelines and are taking water to their land, through temporary facilities. And temporary facilities now, for the most part, are around twenty years old–(chuckles) fairly long-term temporary!

Storey: So if I'm getting this picture correctly, between about 1970 and 1980 you were working *mostly* on the San Luis Unit with Westlands?

Budd: Correct, yeah.

Storey: And it was a lot of negotiations which never culminated.

Budd: Spent a tremendous amount of time working on that thing to, my view, no progress. When the Task Force was appointed, I spent about two years as the regional coordinator. Any member of the Task Force or anybody from Interior that wanted information came through me, and I coordinated the region's responses to requests and went back to Washington a number of times and met with the Task Force as key regional staff, I guess.

Storey: Briefing them?

Budd: Yeah, doing some briefing–primarily providing the commissioner and his staff with information. They handled most of the briefing. Philosophically, there was an issue there: the commissioner, I think, and his staff were pretty much opposed to Westlands.

Storey: This would have been . . .

During the Carter Administration There Were Westlands Issues with Reclamation Staff in Washington

Budd: [R. Keith] Higginson. They philosophically held a similar view to Miller's, and the deputy assistant secretary at the time very definitely had the same view. Those were the folks that came in with the hit list under the Carter administration, and they had some issues with Reclamation that they wanted resolved. Deputy assistant secretary was a young fellow by the name of Dan Beard–personable guy, but very definitely a different *philosophical* view than a lot of the people in Mid-Pacific Region. I think the regional view was that this is a good project, that it's going to produce value to the nation, and the ownership thing is a *transient* thing, it's going to be resolved. We're in compliance with the law and we intend to *stay* in compliance with the law. And that if the political folks would leave the damned thing alone and we could get it constructed, why, we would get the land in the hands of individuals that much faster. But it seemed to keep getting tangled up politically and never *has* gotten straightened out. The San Luis Task Force effort was about a two-and-a-half-, three year effort.

Also Worked on Sacramento Valley Canals and the San Felipe Unit Contracts

During the mid-'70s, from *my* standpoint,

why, I also picked up a number of other . . . I went back to the Sacramento Valley Canals service area and negotiated a number of contracts up there and the San Felipe contracts became my responsibility. I negotiated a couple over there, wrapped that up, so from *my* standpoint, why, it was, as the political fighting took place, why, I had other things to do, so I wasn't terribly concerned about workload–I had enough going on that it was not a problem.

Storey: So you weren't *exclusively* working on the Westlands project.

Budd: No, I negotiated a number of water service and distribution system contracts in Tehama-Colusa Canal; and several loan contracts, Yolo County Flood Control small project loan. They built a project called Indian Valley, and I negotiated that. And the San Felipe Unit contracts, Merv DeHaas [phonetic spelling] had started those negotiations, and he went to Zaire on one of the foreign activities teams, and I took over the Santa Clara Contract and finished that, and negotiated the San Benito Water Service and Distribution System loan contracts over there. There was a lot of stuff going on. We were busy, plenty of activity, but Westlands was certainly the 800-pound gorilla–when Westlands needed attention, why, it got it. From the standpoint of a career staff guy, dealing with Westlands was a real plum. I got to know an awful lot of people that I wouldn't have gotten to know otherwise, was involved in a lot of issues that were things that other folks would not be involved in.

Worked as the Staff Guy for the San Luis Task Force

As the staff guy to the Task Force, and subsequently to the negotiating team, why, I moved in a circle that was a little bit different than what you ordinarily would expect to be involved in as a GS-12. And that, I guess, is what probably kept me in Sacramento–I was always satisfied with the job that I had because there was something exciting going on most of the time. It wasn't "come to work and do the same thing day after day." It was *different*, the people that were involved were *different*, the issues were *different*. So from that standpoint, why, there was a lot of job satisfaction that came out of it.

Storey: You've raised the issue of grade, and I wanted to ask you, what did you start out at Los Banos as?

Budd: GS-2.

Storey: That was in 1965. So by the late '70s you were a twelve.

Became a GS-12 in 1972

Budd: I was a twelve in '72.

Storey: Okay, so in seven years you became a twelve.

Budd: Yeah. Starting out as a GS-2 was kind of an anomaly anyway. I had a degree in economics, I started out in surveys, which is an engineering thing, and it just took me a while to get over into

a career area where my education would help me. I enjoyed what I was doing, I liked the Bureau, and the Bureau was good to me. From the time I started, until I got my twelve, why, I was never more than two weeks in the second step of any grade. Promotions came very regularly.

Storey: Could you go through those for me? Do you remember them?

Budd: Well, I went [from a] two to a three in surveys in Los Banos. And when I went into the office in programs I went to a four.

Storey: That was here in Sacramento?

Budd: No, that was in Los Banos, in programs. And then a five. And that happened in two years, from a two to a five. You could go six months was the [time required] per step, and once you start going *two* grades, five-seven-nine, then you have to be a full year in grade. And I came up here laterally as a five, because I wasn't eligible for a seven–I hadn't been in grade for a year. And the job that I moved into here was banded from a five to eleven, and I moved right up. Each year I got a promotion.

Storey: Five-seven-nine-eleven?

"I got my thirteen [GS-13] in '89 when I moved into the job that I'm in now. . . ."

Budd: Five-seven-nine-eleven. And when I was eligible for a twelve, why, they advertised for the job, and surprisingly, I got selected! So I got my twelve

the year that I was eligible for that. And from *that point on*, things slowed down real quick. I got my thirteen in '89 when I moved into the job that I'm in now. So I was seventeen years as a twelve.

Storey: What was the title of your job when you were five-seven-nine-eleven?

Budd: Repayment assistant was the five-seven, the nine-eleven was repayment specialist.

Storey: And then when you became a twelve?

Budd: That was repayment specialist. (Storey: Also?) Yeah.

Storey: And did you remain a repayment specialist until '89? (Budd: Yeah.) Okay.

Budd: Yes, same classification, every once in a while I'd get a within-grade [promotion], but other than that, why, things were pretty slow. That was part of the deal that my wife and I made. She had a career and moving was not something she really wanted to do. My mother was here and her folks were here, and basically, the deal we made was as long as I was happy with the job that I had, why, given her income and mine, why, we wouldn't worry about career advancement. If the job got to the point I didn't like it, then we'd start looking around, but I never was unhappy with it.

Storey: You mentioned that while you were working on Westlands, you were also working on San Felipe, Santa Clara I think you said. Do any of those

stand out as particularly notable or as particular issues in your mind now?

Need for Negotiating Early Rate Adjustments in Contracts

Budd: No, not really. I think one of the things that stands out in the San Benito water service contract, we had negotiated some provisions for rate adjustment in the Santa Clara contract that were rather unique. Rate adjustments were not things that were known in Reclamation water service contracts. We established a rate and it was fixed for the term of the contract. And recognizing the inflation that took place in the late '60s, early '70s, we said, "This is crazy, we got to do something different, because O&M costs are now exceeding the water rate." So we'd made some changes in the Santa Clara Contract that provided for periodic adjustment of the rates. And we did the same thing, then, in the San Bonito contract, and that went back to Washington. We signed the Santa Clara contract, bundled it up, it was finished. San Bonito contract went back to Washington and went down to the department for review and a fellow by the name of Beard got hold of it and decided he didn't like it, and he wanted the adjustment period to be shortened. We adjusted every five years, he wanted them adjusted annually. And the only thing that stands out is just simply that's when I first met Dan Beard. We went back to Washington to negotiate *with the* department on the San Benito contract, and our goal was to attempt to convince Dan that the contract was a good contract, it provided protection for the

United States and we shouldn't change it, because if we did, it's going to be different than Santa Clara, then we got two water users on the same facility with different terms in their contracts, and we were going to have a problem keeping the thing sorted out. It complicated cost allocations and we didn't want to do that. The only thing that really stands out, I guess, is that was the first time that *I* had gone back on a contract. I'd been back on the San Luis Task Force stuff. And our meeting with Dan, I guess it was about six o'clock in the evening, and we got down there, and I was, number one, surprised how casual he was, and number two, why, he opened the door to a closet, and all that was in the closet was a refrigerator. He opened the refrigerator door, and all that was in there was beer, and it was damned-near full. So we had a couple of . . . . (tape turned off and on)

Storey: Beard's refrigerator.

Budd: Yeah, Beard opened the refrigerator and we all had a couple of beers and we ended up convincing him that it was a good contract, and so we didn't make any changes in it. Other than that, they were fairly routine. We were dealing with a fairly expensive project, inflation was eating into the cost ceiling fairly quickly, but there was nothing particularly notable about the contracts. I suppose someone who had negotiated loan contracts or something like that earlier, and was looking at costs of $100-$200 an acre would be very surprised at a loan contract with a cost of $700 or $800 an acre. The dollar amounts were significant, but that had started

because of the inflation in the '60s and '70s.

How Adjustable Rate Contracts Work

Storey: How did this work, if it was adjustable? Would that be a negotiated rate, or would it be based on inflation, or how did that work?

Budd: Well, you'd negotiate the rate, but you wouldn't negotiate the dollars. What you would negotiate is the *procedure* or the process. You'd negotiate what went into the components, what went into the computation of the rate, and once you agreed that these costs were appropriate costs, the process then would be automatic. And you would say, "We will adjust these rates every five years," and our accounting folks would start cranking out numbers.

Storey: On the basis of a formula that you had negotiated. (Budd: Yeah.) And how long was the term of the contract?

Budd: Forty years.

Storey: Okay. Now, if we could, let's try and step back before you had decided that it was appropriate to negotiate a rate that would keep increasing– or possibly *de*creasing, I presume, based on a set formula.

". . . the first contract with an adjustable rate was Contra Costa in 1970, but prior to that time, the rates were fixed: for ag water . . ."

Budd: Prior to the . . . actually, the first contract with an

adjustable rate was Contra Costa in 1970, but prior to that time, the rates were fixed: for ag water it was $3.50; and for M&I water it was $10.00. That's what people paid, and that was good for the life of the project. What we were *finding* was that inflation was driving up the capital cost of the project, it was also driving up operation and maintenance costs. And O&M costs were *exceeding* the revenues we were receiving from the sale of water.

". . . it became evident to us that we *had* to fix that situation . . . if you projected 8-, 9-, 10-, 12 percent inflation rates . . . the water rate, just to cover O&M would have to be $35.00 or $40.00 or the deficit was going to be horrendous. . . ."

And it became evident to us that we *had* to fix that situation, because keeping in mind, this again is the early '70s, we were looking to 1994 and '95, another twenty to twenty-five years before we could have any significant effect on the existing contracts, and if you projected 8-, 9-, 10-, 12 percent inflation rates that we were experiencing at *that* time, the water rate, just to cover O&M would have to be $35.00 or $40.00 or the deficit was going to be horrendous. And we did not believe that we could sign contracts in 1970 or 1975 for another forty-year term at a fixed rate. That would carry *those* contracts past the renewal date of '95, which really is when *most* of the contracts–not the majority of the water, but the majority of the contracts–are up in '94 and '95 for renewal. But we *didn't* want to extend this situation out in 2008, 2010, further on

out in the future. So we looked at a number of alternative procedures for rate adjustments and concluded that every five to ten years was an appropriate time to adjust the rate–partly because, keeping in mind that we *didn't* have the computer technology then that we have now to keep costs. Hand calculation of the rates with the tremendous amount of data that has to go into it, was a *very* time-consuming exercise. Now, once you've got your database set up, hell, it's a piece of cake. Still requires one person *most* of the year to keep track of rates and calculate them. But we were back in the 1970s, computer technology, why, you're thinking about five-, six-, seven people doing nothing but rate calculations for the project, and it just is not an acceptable . . .

Storey: When you say "the project," you mean the Central Valley Project (Budd: Yeah.) with like 120 districts, is that right?

Budd: Yeah, about 120 districts: 170 contracts, but about forty of them or fifty, are individuals.

Reclamation's Long-term Contracting

Storey: Were you involved enough in repayment, using the old thinking, that you could sort of walk me through the way Reclamation was thinking, when it was doing long-term contracts at fixed rates?

Budd: Oh sure, yeah. I came to work at the end of the fixed-rate-thinking period of time, but did negotiate some contracts that had fixed rates in them. Those contracts didn't have forty-year

terms, they terminated in 1995, so they were twenty-, twenty-five-year-term contracts.

". . . construction cost indexes . . . [were] basically *flat* from 1950 . . ."

But if you went back and looked at construction cost index, a curve, construction cost indexes, O&M cost indexes, the curve was basically *flat* from 1950, there really wasn't a whole lot of change in *relative* terms, from the 1940s. And inflation . . .

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". . . it took a while to adjust thinking to [inflation in the 1960s and 1970s] . . ."

Budd: It took folks by surprise, and it took a while to adjust thinking to that, "Well, maybe inflation in excess of one or two percent or zero, *is* a fact of life from now on, and we need to crank that into our thinking.

". . . it became pretty evident that we needed to provide [for inflation] in our contracts . . ."

So once that adjustment was made, it became pretty evident that we needed to provide in our contracts, since *they* were forty-year contracts, and even a *three* percent inflation rate, you could get a doubling in a period of time, or tripling.

"So once the adjustment in thought was made . . . we started looking at . . . how do you do it . . ."

So once the adjustment in thought was made, why then we started looking at the mechanism, how do you do it, what costs go into the base, do you use an *average*, do you pick a point every five years, or do you collect actual costs, or what do you forecast for future costs if you're adjusting the rate, do you simply look at the past and collect the past stuff? Makes sense to look out into the future and anticipate some level of inflation. If you're setting rates for the next five years, let's try to target the rates so that there is no unpaid balance at the end of five years, that you can come out at zero.

"And we spent a great deal of time trying to *develop* the process, particularly for agricultural rate setting. . . ."

And we spent a great deal of time trying to *develop* the process, particularly for agricultural rate setting. How do you charge the users? If different contractors get different service, do you charge them the same? That had been our philosophy in the past, is that if you're getting water for ag purposes, you pay $3.50. There was a little deviation for that when Westlands came on, recognizing that there was a significant pump lift involved in Westlands, why, we charged them $7.50. And that kind of led to the thinking that, "Well, gee, there are some ag users who don't get any pumping at all, some who get a lot, some who get a little bit. There are some ag users who

don't use any conveyance facilities. So how do you establish the rates to provide equity?"

". . . State Water Project . . . charged based on number of miles you were away from the source . . ."

And State Water Project would come along with a rate procedure that was even different–they charged based on number of miles you were away from the source.

". . . they contend that there is no subsidy involved in the State Water Project, but . . . their pricing structure was set up to accommodate agriculture in Kern County and have the Metropolitan Water District users . . . pay a larger share of the total costs than they otherwise would. . . ."

Which has always been kind of a kick to us because they contend that there is no subsidy involved in the State Water Project, but the fact is that their pricing structure was set up to accommodate agriculture in Kern County and have the Metropolitan Water District users, who are further down the line, pay a larger share of the total costs than they otherwise would.

"We base our rates on what we call a postage stamp rate: that is, the guy at the head of the canal pays the same as the guy at the end of the canal for the same service. . . ."

We base our rates on what we call a postage

stamp rate: that is, the guy at the head of the canal pays the same as the guy at the end of the canal for the same service. The State Project, the rates increase the further you get from the source of water.

". . . but that was the deal that was cut to make a State Project viable, was that *Met* would pick up the lion's share of the costs, and they would structure their rates in that manner. . ."

There *is,* in fact, a subsidy for state users, but the state people deny that it exists or that that was the reason. But some of the oldtimers talked about the negotiations on the state–and I can't even remember who passed that on to me–but that was the deal that was cut to make a State Project viable, was that *Met* would pick up the lion's share of the costs, and they would structure their rates in that manner. Anyway, we broke the rates out into different components–storage, conveyance, and pumping–and we used the postage stamp concept within that arrangement.

". . . it took us a long time to walk through that process, and to become comfortable with annual adjustments. . . ."

That is, anybody using pumping that used the same amount of energy would pay the same rate, regardless of where they were in the project. And if you used storage, you pay the same for storage. If you used conveyance, you'd pay the same for conveyance. So the head end of the canal pays the same as the tail end, and you pay

for your own pumping. If your needs are greater than your neighbor's, you're going to pay more than your neighbor pays. But it took us a long time to walk through that process, and to become comfortable with annual adjustments.

Storey: When *did* we become comfortable with annual adjustments?

". . . probably five years ago . . . we recognized we would have the ability to, without hiring a *whole* bunch of people to do it, we'd have the ability to be fairly timely. . . ."

Budd: Oh, probably five years ago (sigh), maybe as much as ten, we recognized we would have the ability to, without hiring a *whole* bunch of people to do it, we'd have the ability to be fairly timely. And even if you did hire a big staff, calculating the stuff without computers simply takes time. So the districts, the water users, would say, "We have to know well in advance of the first delivery of water each year what you're going to charge us, because we have to develop our budgets, we have to prepare our tax requests to the local counties by *November* of each year, so we have to know by September what you're going to charge us for water the following year. We haven't even closed our books by September, so we don't know whether we had a deficit O&M or whether they paid all their costs that year. We hadn't been able to do the *accounting* for that particular year. So just having those kinds of problems to address took some time. But I would guess–the specific question, I'm not sure we're

really comfortable with it now, because it *does* create a workload.

Storey: Yeah, we started on a five-year schedule, say . . . Let's see, am I thinking correctly? fifteen, twenty years ago.

The 1970 Contra Costa Contract Called for Adjustment after Twenty-two and Thirty-two Years

Budd: In 1970, in the Contra Costa contract, we had provision for an adjustment in 1992, which was twelve years, and another adjustment ten years later. So basically we had two adjustment provisions.

Storey: You said '70 and '92. That's twenty-two years.

Budd: I'm sorry, twenty-two years, yeah. And that was the 1970 contract, twenty-two years and thirty-two years we adjusted the rates.

In 1975 the San Felipe Contracts Called for Adjustment Every Five Years

Then we started on the San Felipe contracts in '75, why, that had a provision for adjustment of operation and maintenance costs five years after the initial delivery of *water*, and each five years after that, and there were two capital component adjustment opportunities, based at years 20 and 30. So it was sort of an evolving process. We got in one rate adjustment and then another, and then some more, and now we're down to annual adjustments.

Storey: And part of the ability to do that, actually is technological, I'm hearing.

Part of the Ability to Adjust the Contracts Regularly Had to Do with Technological Advances Which Made it Possible for Reclamation to Respond More Often

Budd: Oh absolutely, yeah, at least as far as we're concerned. We weren't geared up to submitting bills or calculating rates. We just simply didn't have the staff capability to do it. While it wouldn't bother a utility, they produce rates, calculate rates, and produce bills for hundreds of thousands of people on a monthly basis, that was something really new for us. We weren't prepared to do it.

Storey: And when did this technology *start* to make an impact on the repayment program? Can you place it? Do you happen to remember when you went onto the mainframe, or when you went onto "X" or "Y"?

Received a Performance Award for Putting Word Processing into the Repayment Branch

Budd: Oh, I suppose it really began in 1980, the late '70s, early '80s. One of the things I got a performance award for was putting in a word processing system in the Repayment Branch back in the late '70s, early '80s–I've forgotten precisely–but that was what the Repayment Branch staff did, they used words. And hell, my first job I learned how to dictate, and I retained

that skill, and I would dictate stuff. But the people I was working with were writing things out longhand, doing it over and over and over again, or they'd take a letter and they'd cut and paste and pull things together. Boy, it was slow! And there was equipment out there very early on–the Vydec machines, if you remember the word processing under that, you know, a plastic disk exercise. And I spent a *lot* of time trying to convince our people that we needed, first, for our secretary, this word processing capability, that the secretary should be able to not have to retype all this crap. That if you took something and cut it out, she ought to be able to go–all you did was modify a letter that went to somebody else, she ought to be able to pull that letter up and make those changes. And the response from management was, "Nah, that machine is $7,000. You're going to have to keep it running twenty-four hours a day to make that adjustment warranted." Anyway, I beat on that for about five years, and we finally got a word processing system set up in there, and that started about 1980, and now everybody's got them. But the Repayment Branch was the envy of the office when we had that stuff, because it was great. We could produce stuff like you wouldn't believe. And compared to what we used to do, why, it was marvelous.

Storey: Tell me more about management attitudes about this.

Budd: Reclamation's attitude, management towards *people* things, is kind of drug along kicking and

screaming, whenever there's a change in technology. But the equipment *was* expensive, but they weren't terribly concerned about comparing output, and saying, "Okay, you can get this much output for this many dollars. And for this many more dollars, you can get more output." That didn't matter, it didn't count. It was the budget dollars available for the equipment, that was all that counted. "We don't have that in the budget, we don't have that kind of money. We're not going to spend that kind of money." Hell, we had problems when IBM came out with electric typewriters! And we never did get a typewriter that had a *memory* in it, so the poor secretary could take advantage of just *that* little advancement. When we finally made the change, why, it was a big-time change to an e-mail system. It was just a real local system, only had about twelve, fifteen stations on it.

Storey: Just in the Repayment Branch?

Budd: Just in the Repayment Branch.

Storey: Did management have concerns about professional staff working at a typewriter or a terminal or whatever?

Budd: I don't know. I suppose there's some of that. I really don't know what the motivation was behind the resistance to doing that. Certainly budget was part of it, but the analysis that you would do in terms of dollars per product, the unit cost of your product didn't enter into it. From a *business* standpoint, it made no sense for us to

continue to do stuff with cut and paste and pencil and pen. When we made the change, we had a system that was designed for word processing, for people writing stuff. In fact, parts of it are *far* better than the WordPerfect system that we use now. It had– I've forgotten what it was called–but you could set up your own mini-programs, so that if you typed a "C" and that's all you typed, what showed up on the screen or what was printed was "Commissioner," or if you put in "R," it was "Reclamation." or if you put in "D," it was "District." You just had this shorthand. "DOI" was "Department of the Interior." And you could be as elaborate as you wanted to be, with that thing. Or "USBR" was "Bureau of Reclamation (Reclamation)." You had four keystrokes that put all this crap in. You could whack along there and maybe thirty keystrokes you had six or seven paragraphs if you used the right set of stuff.

Storey: You could put in standard paragraphs, for example.

Budd: Absolutely, and you could have one letter that would be a standard paragraph. Or you'd say, "S12," standard paragraph twelve that's stored in this thing would appear. And it was really well designed from that standpoint. Anyway, it took us a long time to get that, and within two years of having it in, why, we were overtaken by the rest of the region. That system wasn't compatible with the IBM system that we now have. So it went the way of the wild goose.

Adjusting to New Technology

Telephones, cellular phones. This was three years ago, two or three years ago. I was going on a trip, a little tour with some visitors, congressional staff types, I needed a cellular phone to take along, to make sure that arrangements were squared away, give *them* access to the outside world while we were on this little tour. I went down to 400 to borrow a phone–they had purchased some for their appraisers. They had two or three of them, I've forgotten. And checked out the phone, brought it down to my desk, opened it up, and there's a piece of paper in there. It said, "This phone is to be used in emergencies only." So if your car breaks down or something like that, you can use the telephone. But the people who had these phones were appraisers who spent, when they had the phone with them, were out someplace in the middle of some agricultural area, driving from point "A" to point "B," and if you got a guy out in the middle of Westlands, who needs information from the county seat, he's got to drive into Fresno, which is forty-five or maybe as much as seventy miles, and get the information; or drive to the nearest phone and use a pay phone someplace to do it. (Storey: Three hours out of his day.) Or if he's driving from Fresno to Sacramento, he can't use the phone to do business while he's . . . It's silly, archaic kinds of things that . . . You've got a guy, it's probably costing you $30-$40 an hour, going down the road, driving a car when he could be doing something productive that would cost you an extra twenty-

four cents a minute–or I don't know what the government rate is, it's probably ten cents a minute. Why not put him to work?! Why not get something out of him?

Storey: Well, this has been very informative today, but I'm afraid we're at the end of our time. So I'd like to ask you again if you're willing for the tapes and any resulting transcripts from this interview to be used by researchers from within Reclamation and from outside Reclamation.

Budd: Sure, no problem.

Storey: Good, thank you very much.

END SIDE 2, TAPE 2. MAY 25, 1994.
BEGIN SIDE 1, TAPE 1. MAY 27, 1994.

This is Tape 1 of an interview by Brit Allan Storey, senior historian of the Bureau of Reclamation, with John B. Budd, of the Mid-Pacific regional office of the Bureau of Reclamation, in the offices of the Mid-Pacific Region in Sacramento, California, on May the 27th, 1994.

San Luis Canal and California Aqueduct

Storey: Mr. Budd, one of the things I'm a little confused about is ~~that~~ whether or not the San Luis Canal and the California Aqueduct are the *same* canal, the same facility.

The San Luis Unit of the Central Valley Project Was Authorized as a Joint State-Federal Facility

Budd: Okay, and the answer is yes and no. The authorizing legislation for the San Luis Unit of the Central Valley Project included a provision for joint state-Federal construction and operation *of* that Unit–that is, the San Luis Reservoir and the San Luis Canal could be constructed large enough to accommodate the needs of both the State Water Project and the Federal Central Valley Project. And at the time the San Luis legislation was being considered in Congress, the State Water Project had not been approved by the voters of the State of California, so it was in limbo to some extent, and the state people recognizing that two parallel facilities didn't make a lot of sense, *asked* the Congress to make provision for addition of capacity to accommodate state needs, and that was done.

California's California Aqueduct Travels 600 Miles from the Delta to San Diego

Reclamation Shares the San Luis Canal from the Delta to Kettleman City

So basically, what we have is a California Aqueduct that stretches from the Delta to San Diego, I guess, some 600 miles, and a portion of that, about 110 miles, from San Luis Reservoir, and *including* San Luis Reservoir, to Kettleman City is jointly owned and operated by the State Water Project and Central Valley Project. *We* constructed the San Luis Reservoir, the O'Neill Forebay and San Luis Canal; the state constructed the remaining portions which are all state-only facilities.

Reclamation Pays the State to Operate the Joint Facilities in the San Luis Unit

The state actually does the operation and maintenance of the joint facilities and we pay them for that service. The capacities are large enough to accommodate both state and Federal projects, and we share about forty-five percent Federal, fifty-five percent state is the split.

Storey: Are there any tensions between the state and Reclamation over this joint usage facility?

State/Federal Communication over Operation of the San Luis Unit

Budd: I don't think there are any tensions. There's constant communication between the operators, whose water's being pumped at what time, and how much energy is to be furnished by each, by the project to pump water, and obviously if you pump water into a reservoir at a lower elevation, it costs you less in energy to get it in there, than if you're stuck with pumping it in on the top. But the operators seem to work very well together, and, from an operational standpoint, there doesn't seem to be any particular problem.

Periodically Reclamation Is Late Paying its Share of Operating Costs for the San Luis Unit

I think if there is any tension, it arises primarily from our budget problems–periodically we're late in our payment of our share of the operation and maintenance costs, and the State Water Project

folks have to underwrite our share. But that doesn't happen that often. Every three or four years, I guess, why we'll be late in a payment or we'll only make a partial payment. And that irritates the state, because it amounts to six-, eight million dollars and they have to pick up the financing costs on that, and that's an additional *burden* to them. But that's about the only area of tension we have. The operation of that facility is pretty well insulated from the political activities and the politics of water in the [Sacramento-San Joaquin rivers] Delta. It's strictly an operational issue, and, from that standpoint, works pretty well.

Storey: So if I'm understanding this, then we have San Luis and the O'Neill Forebay, which is a pump-storage project, is that right? (Budd: Correct, yes.) For hydrogeneration? (Budd: Correct.) As well as a water supply to the San Luis Canal/California Aqueduct. (Budd: Right.) Then we use the San Luis Canal to deliver water to Westlands, is that right?

Reclamation Contractors on the San Luis Canal

Budd: Westlands is a principal contractor, there are three small cities and Lemoore Naval Air Station, and two other water districts that take water from the canal.

Storey: And then by the time we get out there 110-115 miles to, what was the name of the city again? (Budd: Kettleman City.) To Kettleman City–our water has been taken out and then it's state water

from that point on?

Budd: That's correct. And the capacities, as I recall, at Mile 18 Pumping Plant, which is really the *beginning* of the canal, is about 13,000 cubic feet per second, and by the time it arrives at Kettleman City, why, it's down to about 7,000 cubic feet per second. So we've got six-thirteenths of the capacity at Dos Amigos.

Storey: Dos Amigos is Mile 12?

Budd: It's Mile 18. The first eighteen miles of the canal are flat, there's no drop in that, and it acts simply as an extension of the forebay–it provides additional storage for operational flexibility. And, obviously, because there *is* no drop, why, it avoids increasing the pump lift at the pumping plant.

Storey: Okay. So we operate San Luis and the forebay and ~~generate~~ the hydrofacility jointly with the state?

Budd: Yes, it's actually their crews that do the operation, but the costs and any generation are shared under a formula that we've agreed to in a contract.

Storey: Do we have any say at all in how those facilities are operated?

How Reclamation Reviews California's Operation of Joint Facilities in the San Luis Unit

Budd: Oh sure. We review their budgets from a maintenance standpoint, and the operation of the plant and the canal is dictated, to large extent, by the operation of the pumping plants in the Delta, or the delivery schedules to the contractors that both the state and the Federal projects have to meet.

Storey: The last time we talked, we had discussed repayment and Westlands and the San Felipe Unit as major projects, and that got us into the mid-1970s, I think. When did you become involved in that? Were there any major projects?

Drainage Became a Major Issue in the 1970s

Budd: No, there's nothing new that came on-line then. Some of the issues that were requiring attention during the early and mid-'70s died down, they became less newsworthy, I guess. Other issues cropped up as the '70s went on. Drainage became a major issue, and how we were going to meet our obligations under the San Luis Act to provide drainage to that unit. The Kesterson situation *blossomed* and we began responding to that situation. The San Luis Task Force was established under P.L.-99546, I think. That's not the right citation, I don't think,[3] but in any event,

3. The San Luis Unit Study, an act for continuation of construction of distributions systems and drains on the San Luis Unit of the Central Valley Project became law on June 15, 1977. P.L. 95-46, 91 Stat. 225. Section 2.(a) specifies establishment of a task force "to review the management, organization, and operations of the San Luis (continued...)

the San Luis Task Force was established by statute, and that activity proceeded during the Carter administration years, and that required a fair amount of time. Most of the time was spent trying to sort out the issues with Westlands and San Luis Unit to satisfy the Congress and the political appointees.

Storey: Tell me, as a repayment specialist–excuse me, that's not the right term.

Budd: Well, that's what I *was* at the time.

Storey: Is it?! Oh, I guess it *is* the right term then. How were you involved in the drainage issue at San Luis, and what was that issue?

The San Luis Act Required Reclamation to Provide Drainage

Budd: San Luis Act[4] required that we provide drainage. It was recognized when the unit was proposed that drainage would be a problem, shallow saline groundwater would need to be disposed of if you were to continue the irrigation of the land on the west side of the valley–just the nature of the geology of the area led us to that conclusion.

Existing Water Users Feared Westlands Development Upslope Might Affect Their Land

3. (...continued)
Unit . . ."
4. The San Luis Unit Study of June 15, 1977. P.L. 95-46, 91 Stat. 225.

and Went to Court to Stop Development

And the act provided for it, there was even, in fact, litigation early on by existing water users, districts down there that were concerned about the impact of the application of additional water upslope of their lands, and they went to court to ask that the United States be enjoined from *construction* of the San Luis Unit until we had proceeded with construction of a drain. And we assured the court that we were in fact proceeding with construction of drainage facilities and the litigation was dismissed on that basis.

"We constructed about eighty miles of the San Luis Drain from the Kesterson Reservoir site upstream to about the southern third of Westlands . . ."

We constructed about eighty miles of the San Luis Drain from the Kesterson Reservoir site upstream to about the southern third of Westlands is about where the drain terminates now.

". . . the issue of discharge of the drainage water to the Delta became quite controversial. . . ."

And the issue of discharge of the drainage water to the Delta became quite controversial. There were a number of people concerned about contamination by polluted water in the Delta.

Operation Plan for Kesterson Reservoir

Our operation plan had anticipated construction of a reservoir at the Kesterson site, which would be a holding reservoir that would allow you to store water during the summer months when the outflow in the Delta, the fresh water flows, were small, and then release the water in "slugs" if you will, during the wintertime when the fresh water flows were very high, and on that basis you would get a dilution of the drainage water.

Reclamation was forbidden "to spend money acquiring land for the drain north of Kesterson, until the State of California had a agreed on a point of discharge. . . ."

In our view, at the time, impacts would be minor, if any. But that assurance was not satisfactory to a number of people, and I guess about 1965–the date I'm fuzzy on–a Congressman by the name of Baldwin got an amendment put on an appropriation act that forbid us to spend money acquiring land for the drain north of Kesterson, until the State of California had a agreed on a point of discharge. And from that point on, discussions with the state, the environmental community, other folks, drug on and on. We never did agree on a point of discharge, but the Kesterson Reservoir was, the first stage of it, was completed.

Westlands Wanted to Hook Drains to the Existing Collection Facility and Use Kesterson as Evaporation Ponds

We had completed about eighty miles of

conveyance facility, and we'd also completed installation of open-joint collector lines in about 40,000 acres of Westlands. And the Westlands people proposed to us that we use the Kesterson facility as an evaporation facility and allow them to hook up on-farm tile collectors to *our* collector system, and evaporate the drainage water. *We* agreed to that proposal, and allowed them to discharge a limited amount of the water into the drain which was conveyed to Kesterson and evaporated.

Selenium in the Drain Water

One of the constituents of that drain water was selenium, and in the years that we were studying the drain, we'd looked at the water quality, and we knew that there were large quantities of nitrates and salts of one kind or another in the drain. We knew there were a number of *trace* elements, but the technology at the time was such that measuring the quantities of the trace elements was a very, very expensive task, and it usually wasn't done–they were simply lumped in a group and called trace elements. And it turned out one of these trace elements was selenium, and in quantities that it occurred in the drainage water, it would accumulate in the soil, be picked up by the plants, and the resident birds that used Kesterson . . .

How Kesterson Became a Refuge

I need to back up a little bit and talk about Kesterson as a refuge. When Fish and Wildlife

Service found out that we were proposing a reservoir in the middle of the San Joaquin Valley, they suggested that they operate it as a refuge, and that made sense to us, since there was going to be water there periodically, and they were willing accept the nature of the operation. But they felt that just simply the existence of *water* provided an opportunity to create a refuge that would provide habitat for all kinds of critters, but particularly waterfowl. So we had signed an agreement with them in the early '70s under which they operated and maintained the completed portion of the Kesterson Reservoir as a refuge. And for the first five or six years of that operation, we furnished fresh water to the refuge from the Delta-Mendota Canal, and they operated it as they would any other refuge.

In 1979 we permitted Westlands to begin discharging drainage water, and the amount of fresh water decreased as the amount of drainage water increased. Since we had no outlet to Kesterson, you couldn't put any more water in there in a particular year than you could *evaporate*. So you had to be very careful how you managed the quantities of water.

Selenium Concentration Proved Toxic to Wildlife

Well, the evaporation of the water led to the concentrations of selenium, which, when picked up by the waterfowl, led to deformities and death and reproductive failure in the waterfowl, and that created quite a flap. And we spent a number of years addressing that–in fact, we still are.

Kesterson site is being very closely monitored and managed to minimize the attractiveness to birds.

"We've purchased additional land for Fish and Wildlife to operate as a refuge, in a mitigation measure for the reservoir. . . ."

We've purchased additional land for Fish and Wildlife to operate as a refuge, in a mitigation measure for the reservoir.

". . . we directed Westlands to plug their drains and quit discharging into the San Luis Drain . . ."

Westlands Sued over Closure of the San Luis Drain and Other Issues

The discovery in the early '80s, '82 as I recall, led to the closure of the facility in '84, and we directed Westlands to plug their drains and quit discharging into the San Luis Drain, which of course led to a lawsuit on the part of Westlands, which there were a number of other issues that were involved, including our failure to keep our promise to negotiate a new contract for the land that had been added to the district in 1965. But settlement of that litigation had a number of terms and conditions to it, but the most important, I think, as far as Westlands was concerned, was we agreed to *attempt* to resolve the drainage problem and provide drainage to the San Luis Unit, and we also agreed to furnish an additional quantity of water *to* Westlands throughout the term of their original contract. So

they've got their water supply tied up under a court order through the year 2008. After that, things will be pretty unresolved.

Storey: We agreed to provide additional water because of what?

"Holum Memorandum" of 1964 Agreed to a Merger of Westlands with the West Plains Water Storage District and Negotiation of a Water Contract for the Expanded Area

Budd: In 1964, Assistant Secretary [Kenneth] Holum signed a memorandum that *surprisingly* was referred to as the "Holum Memorandum." And in that memorandum, there were a number of things agreed to that were in some sense dictated by the Senate during the hearings on the Westlands distribution system contract, but the two principal things in that memorandum were an agreement by Westlands to merge with the West Plains Water Storage District, and an agreement by the United States to negotiate a contract for water supply for that annexed area. And Westlands was merged by statute of the Legislature of California, in 1965, with West Plains, but we never did conclude negotiation of a contract for that area.

Storey: So this was the water supply we talked about in the last interview.

Budd: Yes.

Storey: Okay. I want to make sure that I understand

what was going on. Because of environmental concerns, and the fact that Reclamation had to negotiate with the state to release the waters out of Kesterson, and could never reach an agreement, it became a closed system with no outlet, is that right?

Budd: That's correct. That's correct.

Storey: What did the irrigation district ultimately do about disposing of their drainage?

Westlands Is Managing Drainage Water in Situ

Budd: They haven't done anything yet. Well, they haven't done anything about *disposal*. They have done a number of things about *management* of the drainage water in situ, if you will. They have instituted irrigation management practices that result in very little water percolating below the root zone, so that they're *minimizing* the amount of drainage water that is accumulating in the soil profile, but that is continuing to occur.

"The depth to shallow groundwater is decreasing every year, and it's a highly saline water . . ."

The depth to shallow groundwater is decreasing every year, and it's a highly saline water, in many cases saltier than sea water, and is unusable in its natural form for any purpose that a farmer would do with it.

"The Westlands District itself has spent a *great* deal of money looking at alternative forms of

treatment for drainage water to remove the undesirable constituents . . ."

The Westlands District itself has spent a *great* deal of money looking at alternative forms of treatment for drainage water to remove the undesirable constituents, they've contacted all the big salt companies, for example and asked if they would be interested in taking the water *free*. They'd be more than happy to give them the water, with the assumption that they would then process the water for salts. But the presence of pesticides, insecticides and other things in the salt, (Storey: Selenium . . .) other trace elements, has led the salt companies to decline the offer. They spent a great deal of money on investigating deep well injection. That is, they would drill a well to 8,000-, 10,000 feet and case the well down to that depth, then inject the water into the rock formations at that depth, with the thought that at that depth, why, it would never interfere with any anticipated use of other water, that it wouldn't contaminate any other water. They've looked at a number of different treatment technologies to remove specifically selenium, but other trace elements as well.

Selenium Is Toxic in Very Small Quantities

The trace element concept has always been kind of interesting to me. Detection technology in the '60s, '50s–if we could detect things in normal laboratory activities in the range of one to two parts per million, we were doing pretty well. Some of those things were in very minute

quantities and detection of them at that level was pretty good science. What we found out is that selenium in the level of a few parts per *billion* is toxic. Fish and Wildlife contends that in standing water, the selenium content must be two parts per billion or less, and in moving water it can be as much as *ten* parts per billion. But again, you know, the detection technology, the ability to measure that stuff, *wasn't* there in the '50s and '60s, and it wasn't until the '70s and '80s that we could routinely detect things in those quantities–in those dilutions.

Now I'm off track. Now I forgot where we were headed!

Storey: We were talking about Westlands and what they did with their drainage water.

Budd: Oh yeah. And they have deep well technology, they've looked at a number of *different* treatment technologies, they've looked at solar ponds and evaporation and concentration. They have looked at, and *probably* one of the *better* uses of the water will be for irrigation of eucalyptus trees. They will take the water out and leave the salts. However you dispose of the brackish water, in the [San Joaquin] valley, it will result in an accumulation of the solids–that is, the salt is going to continue to accumulate, and at some point is going to have to be disposed of.

". . . when the drain . . . reached its maximum rate of flow, it would export from the valley the equivalent of one 100-railroad-car train a day in

salts. . . ."

And I recall reading, and I think it was in one of the reports on the San Luis Drain that was written back in the '60s, that when the drain was in full operation, that is, it had reached its maximum rate of flow, it would export from the valley the equivalent of one 100-railroad-car train a day in salts. The number of tons of solids that would be removed would be equivalent to that which one railroad train of a hundred cars would take out. So the *quantity* of the solid is a problem, it's going to continue to be a problem, and ultimately, some kind of disposal of the solid material is going to have to be found. Logically, the ocean appears to *me* to be the *only* place that you can dispose of that. And ultimately, if you *don't* dispose of it, your alternative is to shut down irrigation. The salt will accumulate to the point that irrigation will no longer be possible down there–at least not under any technology that we are aware of today, or to irrigate any crops that are being irrigated down there today. You've got to dispose of the salts or you have to quit irrigating.

Storey: What is Reclamation doing about Kesterson?

"It's managed *now* basically as dry land . . ."

Budd: Kesterson, under an order by the State Water Resources Control Board was closed. (Storey: Closed to . . .) Everything. We fenced it, we *leveled* the area so that there was no area where water would stand, any precipitation that falls on

that area, that which doesn't percolate into the soil, will run off. There's no area that provides a pool or an attraction for waterfowl or other critters that inhabit the area. It's managed *now* basically as dry land habitat, but with an emphasis on dry land and a de-emphasis on habitat. The presumption is that the selenium that is contained in the soil . . .

". . . we covered the reservoir site with dirt hauled in, several million yards of material, and covered the reservoir site. . . ."

Oh, and we covered the reservoir site with dirt hauled in, several million yards of material, and covered the reservoir site. And the thought being that the selenium will, I guess the word is "volitize," but in any event, it will convert from the form that it's currently in to a *different* form–that is a different form of selenium that is either less or non-toxic, and less apt to be picked up in the food chain. And that over a certain number of years, why, you'll be able to reclaim the land and it can again be used for habitat. That's really the primary purpose of land in that area anyway. It's not good farmland, and habitat for waterfowl is probably the best use for it.

Storey: The treatment that was applied at Kesterson, did Reclamation do that unilaterally, or did we cooperate with other agencies and groups?

Budd: There are a number of agencies involved–individuals, environmental organizations–but primarily the Fish and Wildlife Service and

Reclamation were the lead agencies involved in determining . . .

END SIDE 1, TAPE 1. MAY 27, 1994.
BEGIN SIDE 2, TAPE 1. MAY 27, 1994.

Budd: . . . The two agencies primarily involved in determining what was happening at Kesterson, and what you could do to rectify the situation, and we spent a great deal of money, I think on the order of $50 million on studies, trying to identify a solution and management strategy for the area. The State Water Resources Control Board, which is the regulatory agency with responsibility for discharge of water and that sort of thing, and pollutants, into natural stream channels, was the regulatory agency with the final say. And they were very much involved in the ongoing activities. I don't think it's appropriate to say they cooperated in the activity, since they are the regulator with the responsibility, but we kept them very well informed about what we were doing, what the alternatives were, and what *we* believed the prospect of success was for what was ultimately adopted by the State Board as the solution to the problem.

Storey: You mentioned the San Luis Task Force. Didn't we discuss that the other day?

San Luis Task Force

Budd: We did, yes.

". . . it was a political exercise, originated by Congressman [George] Miller, whose principal motivation was to put Reclamation and the San Luis Unit in a *bad* light, and they did a great job. . . ."

Yeah, it was a political exercise, originated by Congressman [George] Miller, whose principal motivation was to put Reclamation and the San Luis Unit in a *bad* light, and they did a great job.

Storey: Did anything constructive come out of its activities, that you can recall?

Budd: Tough question, because there were a number of things that we were doing at the time that we had started, or were embryonic–adjustable *rates*, for example–more concern about impacts in the Sacramento-San Joaquin Delta, moving the water across. The Task Force looked at those areas, criticized us for our policy/stance/ procedures at the time, but gave us little or no credit for having recognized those on our own initiative and for having started modifying our policies, procedures, that sort of thing, to address those areas. They, I guess, "threw rocks and walked away," is kind of a way to put it.

Storey: Did their activities help *accelerate* changes that Reclamation was already in the process of implementing, by chance?

Budd: That's a real tough question to answer. I guess a couple of . . . You could probably make an argument that no, it didn't accelerate anything,

simply because we spent two or three years fooling around with *them*, and in many cases defending where we were as opposed to having two to three years to address issues and problems and proceeded on a normal business footing. So we spun our wheels for a long time with them. Maybe they did. Maybe there was some acceleration of activities, but it's a tough, tough question to answer.

Storey: Now when we're saying–this is George Miller, right? (Budd: Yes.) Is this junior? (Budd: Yes.) Did you ever have any dealings with George Miller, Sr.?

Budd: Never did. In fact, I've only met Junior twice. I've only been in two meetings with him, but I never did meet senior.

Storey: So from the time that we're talking about, you came about '67, and Mr. Miller's name has come up several times. This would have been George Miller, Jr.?

Budd: Yes. My recollection is he was elected in 1972.[5] I'm not sure.

Storey: Now, if I'm recalling correctly, the San Luis Task Force was during the Carter Administration? (Budd: Correct.) So this was going on, say, just before 1980. (Budd: Yes.) What were you doing

5. Congressman Miller was elected in 1974 and assumed office January 3, 1975. He has been retained, uninterrupted, in office until editing of these interviews in October/November 2008.

after the San Luis Task Force? Well, excuse me, before I do that, how did you as a Repayment Specialist become specifically involved in the drainage issue or the Kesterson issue, or did you?

Budd: My involvement arose from my role as a repayment specialist in the administration of the contracts with Westlands, San Luis, and Panoche water districts, who were the contractors with *right* to the use of the drain under their contracts. They were the San Luis Unit contractors. As the issue became more a technical issue, more a biological issue, my role decreased significantly and for the most part, I was an observer, beginning in 1981-82, as far as the drain and Kesterson were concerned.

Storey: What specifically would you as a repayment specialist have been *doing* in dealing with the drain and Kesterson?

Budd: There was a great deal of communication internally with Washington, Denver. There was a lot of *interest* on the part of the public, the water users and others, and my principal role would have been simply to respond to inquiries, either internal or external, prepare letters, an information-gathering kind of a person, kind of a coordinator, just doing the staff work on those issues, rather than being involved in the technical aspect of what was going on.

Storey: What *was* the staff work? I'm not asking this question so that you're understanding me properly, I think.

Budd: Nothing pops to mind. I guess I'd have to go back and look, but it was primarily just observing the activity of the Task Force–and that's not the right word. But there was a Kesterson group set up that was looking at drainage issues in the San Joaquin Valley, there were two or three of them: one internal; and one that included State Water Project, State Board, fish and game people. They were studying the issue, and my role was simply to stay informed of what they were doing, where they were headed, what kind of money were they spending, what the prospects were of arriving at a solution, and communicating that to anyone on the outside of the organization who was interested.

Storey: Let me try this from a different approach. The drain system and the Kesterson Reservoir would have been part of the project, and therefore would have been cost-reimbursable, I presume. And *we* developed those. Were you involved in the negotiation of repayment contracts, or anything like that, or implementing charges for those?

Repayment of the San Luis Drain Costs

Budd: The repayment for the drain had been negotiated in the original contracts with Westlands, Panoche, and San Luis, and there was a component in those contracts, fifty cents an acre foot, that was, when the contract was negotiated, estimated to be adequate to repay the capital costs of the facility over the life of the contract. That component, as time went on and the costs of

the drain–and it actually amazed me, going back through the costs that we had, how we arrived at the fifty-cent component. My, since I *wasn't* an engineer, estimate of the costs is pretty shaky, but it looked like when you took out major facilities and you left in just the drain itself, your repayment would amount to something on the order of $2,000 a mile. And that simply, you can't drag a plow for $2,000 a mile and dig a ditch, and we were proposing a 450[,000] second-foot concrete-lined facility with utility crossings and stream course bridges, siphons, highway crossings.

". . . there was no need for negotiations with the water users, and no *opportunity* to do that until the contract came up for renewal, but it left a major *hole* in that we were accumulating costs at a far greater rate than we were getting any repayment. . . ."

In any event, the fifty cents was totally inadequate, but that was what had been agreed to by the department in the Westlands negotiations, so there was no need for negotiations with the water users, and no *opportunity* to do that until the contract came up for renewal, but it left a major *hole* in that we were accumulating costs at a far greater rate than we were getting any repayment. We started collecting the repayment component in 1978-79. I guess the letter was written in '78 and we started collecting fifty cents an acre foot in '79. But that would just barely cover operation and maintenance costs. And the capital cost issue was hanging out there to be

resolved. The drain, since our *normal* practice is not to put facility costs into repayment status until the facility is in operation, the drain costs were held in the construction account and not subject to repayment–and that's *still* the case. We never completed the drain, it's not in operation, and we have prepared a report to Congress, at their request, recommending to them how we think the costs should be handled, who should repay what portions, and whether or not any of those costs should be considered non-reimbursable. So we're fifteen years down the road, and still no resolution of that issue, it's still hanging out there.

Storey: So they *were* paying the fifty-cent-an-acre foot for the time that they were actually hooked up and draining water into Kesterson?

Budd: Actually, they've been paying that ever since 1979–they're *still* paying it, they have never *stopped* paying it. But our operation and maintenance costs at Kesterson approach a million dollars a year, and that's about twice what we receive in revenues from the drainage components, so they're still going in the hole.

Storey: Okay, good. What else did you become involved in after 1980?

Served as Acting Chief of the Repayment Branch from 1980 into 1982

Budd: We had a bit of a burp or a bubble or whatever. We had a period of time after the departure of

Billy Martin as regional director when we had acting folks in place. And that period extended from 1980 into 1982, and I was acting branch chief in the Repayment Branch for about two years, and it was a fill-in-behind-you kind of an exercise. Mike Catino, who was Assistant Regional Director for Operation and Maintenance was appointed acting regional director, and he pulled in Neil Shield who was the 400 division chief as acting assistant regional director. Neil took the 440 Branch Chief who was Jim Moore and pulled him into 400 as acting, and Jim pulled me up behind him to act in the 440 slot. So for about two years, I was responsible for Repayment Branch as the branch chief in a really, from my standpoint, a very difficult situation, since Neil Shield's management style dictated that he had to be very intimately involved in the operation of everything below him; Jim Moore was basically the same way. So while I was the branch chief, why, I didn't have any authority to make any decisions of any consequence. The decisions were made by folks above, but consequences of *bad* decisions didn't always stop with the people who made the decision. But it was a difficult time. We were busy, there was a lot of stuff going on. I *don't* remember the specifics. I was trying to remember last night, thinking about what I was going to say today, what I had done, you know, the things I had specifically worked on, and I really don't remember, other than the negotiation of the Coordinated Operation Agreement, beginning about 1984–I got involved in that.

In 1982 Had a Heart Attack and David Houston Arrived as Regional Director

I had a heart attack in '82 and Houston showed up and I had my heart attack in April, Houston showed up as regional director in October. I was philosophically kind of taking the attitude that "I ain't gonna work like I had been working in the past." I wasn't going to spend the amount of hours doing things that I had done. And my approach towards business was going to change, because I discovered that it wasn't really that important, there were some other things that were more important than what was happening here. And the more I worried about what was going on here, why, the more difficult things became for me personally, so I changed my philosophy some.

Work on the Coordinated Operations Agreement for Operation and Accounting for Joint Facilities of Reclamation and the State Water Project

The only significant thing I remember working on over the next five or six years was the Coordinated Operations Agreement.

Storey: Tell me about the Coordinated Operations Agreement. What necessitated it, what was it?

Budd: When the State Water Project was authorized in 1960, we entered into an agreement–well, in 1961–that was basically an agreement to agree on how we would coordinate the operation of the two projects. Since both of us would use the

Sacramento River and the Sacramento-San Joaquin Delta as conveyance features of our projects, it was necessary that we put in place an accounting procedure that would allow us to determine whose water was being pumped at what time, who was entitled to pump, who was *required* to make more releases from storage–just simply an accounting procedure for the day-to-day operation of the two projects to keep us whole.

". . . 1968 There Were Some Negotiations on an Agreement That Was Never Signed, but Provided a Framework . . . for Daily Operations. . . ."

That was in 1961, and in 1968 there were some negotiations on an agreement that was never signed, but provided a framework–a basis for daily operations. And the State Board stepped in with the water quality decision in the Delta, D-1379, which I believe was 1972. [It] obligated the two projects to maintain water quality in the Delta. And the way you maintained the water quality in the Delta was to provide a certain amount of outflow to the ocean to keep water quality in the Delta at a specified level–at or better than. And *that* required *more* accounting, and we had to account for diversions of water on both the Sacramento and the Feather River systems, and we had to agree on who was to be responsible for providing the water for *those* diversions. And so we annually signed a letter that simply said, "We will operate in accordance with the terms/conditions of the '69 *Draft* Coordinated Operations Agreement." We also

needed to, before the Coordinated Operations Agreement could be executed, we needed to do an environmental impact statement. And the state passed their equivalent to NEPA, and they had to do an environmental impact report. And all of these things were ongoing over the '70s.

Assumptions from the 1969 Draft Coordinated Operations Agreement Did Not Prove Out

We began to recognize that a number of the things that were *assumed* in the earlier agreement as *basic* project facilities, simply weren't going to happen. For example, the state had assumed that a Peripheral Canal would be built, they had assumed that they would build a reservoir at Round Valley, and they would have more water to put into the system. It was *assumed* that 1,800 cubic feet per second of Delta outflow would provide a water quality of 1,000 parts chlorides at Emmaton and Jersey Point in the Delta. And all these assumptions, which would lead you to a certain sharing formula, proved to be inaccurate. The Peripheral Canal was not built, Delta outflow, we found out in 1976 and 1977 during the drought at that time, had to be in the range of 4,000 to 5,000 cubic feet per second to maintain a 1,000 part chlorides. A thousand part chlorides was determined to be totally inadequate to protect agriculture in the western Delta. So that was changing. And all of these things that were changing led us to another round of negotiations with the state in the late '70s.

Negotiators Arrived at Another Agreement in 1982

We *again* arrived at a draft of an agreement in 1982 that we felt was technically appropriate and we could operate under it, and I don't know why that agreement never was executed, but it never was.

Negotiations Resumed in 1983 and Resulted in a Signed Agreement in 1986

And we *resumed* negotiations in 1983 with the state on *another* agreement that was finally executed in 1986 after an act of Congress authorized us to, and in fact directed the secretary to execute the agreement. So that one is still in place. Now with EPA stepping in under the Clean Water Act and proposing *new* Delta standards and a new basis for determining what quality is acceptable, we will probably have to go back with the state and resume negotiations. But the first round, arriving at the *first* agreement, took approximately twenty-five years, and my guess is the second agreement will take close to that long. It's an *extremely* complex agreement, and the stakes are very, very high for the two projects.

Storey: The California Water Project and the Central Valley Project?

Changes Between 1965 and the Signed Agreement in 1986

Budd: Yeah. And the character of the negotiations changed some from 1965 through 1986. In the

'60s, why, there was plenty of water for everybody–there was *more* water than could be managed, said the studies, and we hadn't had any droughts of any consequence with facilities in place, so we had a real good handle on what the effect of the drought would be.

Major Environmental Obligations Changed Things

We hadn't had major environmental obligations to meet significant water quality standards that required a great deal of water, so things were pretty congenial during the original negotiation. But as the environmental obligations piled on, and we discovered that a number of our assumptions concerning the requirements of outflow to meet certain water quality standards were no good, we discovered that water quality standards were changing and what was acceptable before was no longer acceptable.

"It became evident we couldn't just continue to add pieces to the project to increase the capability of the project. . . ."

It became evident we couldn't just continue to add pieces to the project to increase the capability of the project.

"Wild and Scenic Rivers Act was used to foreclose any kind of development on the North Coast of California, and about forty percent of the state's water supply flows down North Coast rivers . . "

Wild and Scenic Rivers Act was used to foreclose any kind of development on the North Coast of California, and about forty percent of the state's water supply flows down North Coast rivers, unimpaired, to the ocean. And that had been a source looked at by both the state and Federal projects as a future alternative. Now those sources are no longer available. And it became evident that every acre foot of water that was currently available was much more valuable. So during the '80s negotiation it was a much different atmosphere than it had been during the '60s.

Storey: You mentioned that the Congress directed the secretary to execute the agreement. Does that mean he was unwilling to execute the agreement?

San Francisco Bay Was Added to the Responsibilities of Reclamation

Budd: I don't think so. But that's the way the language reads. It's difficult to tell. There was *some* feeling that that agreement gave too much to the state, that we were agreeing to more than we *should* agree to, and the language of the act included the words "Bay Delta Estuary," and inclusion of the [San Francisco] Bay was something that we hadn't even addressed in the negotiation of the agreement. And I guess an analogy is kind of like if you assume that the Delta is like the solar system–that is, you know a lot about it, but there's still lots of things you don't know, and you don't understand, and it'll take a long time before you do–adding the Bay

was kind of like including the universe. There's a *tremendous* number of things you don't know about what's necessary to insure sustainable environmental health in the Bay -- *major* expansion of the negotiation. And this is a *presumption* on my part, but I assume when that Bay language was put in there, Mr. Miller felt it was necessary to guarantee that the secretary *would* in fact execute the agreement. I've got nothing other than just speculation to base that on, but for me, *I* was concerned when I saw the bill, and it included the Bay. I thought, "Boy, we didn't even *address* that issue!" There just isn't very much known about the Bay–biologically, hydrologically, it's [a] significant addition to the body of knowledge or responsibility that we had at that point.

Storey: Well, Reclamation was negotiating this with the State Water Agency, is that right?

Budd: Yeah, with the Department of Water Resources.

Reclamation's Team for Negotiating the Coordinated Operations Agreement Included Four People

Storey: Okay. How many people were involved in those negotiations? Was there a *team* that did this? Or how was this done?

Budd: Yeah, we had a team. There were four of us, I guess: Harold Meyer [phonetic spelling], who is our Chief of the Water Rights Branch, I guess–they had all the water rights issues, all the

hydrologic modeling–Jim Moore; myself; and Jim Turner from the regional solicitor's office were the members of the Federal group. And we had access to any of the technical staff that we needed. The question about how many people were involved is a very *difficult* one to answer. When we had a meeting, there would be ten to twelve, maybe fifteen people in the room, depending on what the specific subject was.

END SIDE 2, TAPE 1. MAY 27, 1994.
BEGIN SIDE 1, TAPE 2. MAY 27, 1994.

This is Tape 2 of an interview by Brit Allan Storey with John B. Budd on May the 27th, 1994.

Storey: . . . be twice as many state people as Federal folks.

The State Used More and Higher Level Staff in Negotiating the Coordinated Operations Agreement than Did Reclamation

Budd: Not only did they have more staff available to put *on* the issue, they apparently gave the issue more weight than we did, if you look simply at the level of the folks involved in the negotiation. Their negotiating team was headed up by two assistant directors of the department, and the negotiating staff that sat at the table included a retired general counsel of the department who had been brought back specifically to work on that issue. That was the only thing he did, was work on the Coordinated Operations Agreement.

Storey: Do you remember any names?

Budd: Bob James was the general counsel's name, and he was, I guess, a co-leader with a guy by the name of Larry Molnix [phonetic spelling] who was Deputy Director of the Department. Larry Swensen was involved. And I've got a picture over in my office of all the people who were involved in the thing. I'd have to dig that out to get the names of the folks involved from the department. The Federal team was headed by a division chief, the state headed by an assistant director. The Federal legal was a staff attorney, the state legal was a former general counsel for the department. And everywhere across the board, it seemed that there was at least a one-step disparity in the level of the negotiators within the organization. And there was at least that kind of a disparity in terms of the number of people available. For the most part, it was not a problem, because we were cooperatively attempting to resolve our differences, and having *them* have twice the number of hydrologists we had was not a problem because they could run the studies. They could *do* the hydrology work, our people would be in a review mode and they would check assumptions, check results, and from that standpoint it wasn't that big a problem. But every once in a while you'd want to sit back and catch your breath and say, "Whoa, this is fairly intense!" when you had six or seven people across the table arguing one position, and one or two people on our side arguing for the Federal position. And every once in a while you'd lose one simply by exhaustion. They would wear you

out and you'd concede a point that you probably shouldn't have, but you simply had spent all the arrows in your quiver and they were still coming at you. But it was an interesting process.

Storey: You mentioned that there were all of these assumptions that had to be dealt with and so on. What were the *major* issues that you remember sitting in on meetings and doing negotiations of? And what were the state and Federal sides of the issue?

Issues Involved in Negotiation of the Coordinated Operations Agreement

Budd: Major issues revolved around who was responsible for meeting the water demands in the Delta, and that broke into two parts–and along the Sacramento River, but for the most part that was not a big issue because we had agreed early on that we were responsible for [the] Sacramento River above the confluence of the Feather and the Sacramento. That was the *majority* of the Sacramento River. But once you got into the Delta, you had a significant water use in the Delta in terms of both the *quantity* of water consumptively used by agriculture and the quantity of water that evaporates and is lost in the Delta system. The Delta is 700,000 acres of prime agricultural land, about 50,000 acres of water surface, and the water consumption in that area is very high. If you have so much water coming into the Delta, so much goes for internal Delta use, so much goes for outflow, and you've got a certain amount left to export. And that

amount exported then had to be *split* between the two projects. So we had to figure out an accounting process that would allow us to determine what that split was: number one, how much was there to export; and number two, how that would be split between the two projects. And the state has a major reservoir on the Feather River at Oroville. We have Folsom [Dam] on the American River and Shasta [Dam] on the Sacramento, and then we bring water into the system from the Trinity, and accounting for all of these operations was a fairly complicated issue. And determining *how* the split was to be made and what the priority of the right to the use of water was, was an interesting process. We talked earlier about state water rights law, and the priority of the Federal water rights.

State Water Rights, in Reclamation's View, Were Junior to Reclamation's

The state water rights have the same date of priority, but their letter was signed after ours. I mean, the assignment of the priority was made to the state people after the State Project, *after* the assignment was made to *our* project. So we argued that our rights were *senior* to theirs, therefore as a *junior* appropriator, they had a much greater obligation for water quality in Delta use than we did. And they said, "Well, that's crazy, because our rights are the same priority. Therefore, they should be the same." And I don't remember the details very well any more, but we ended up arriving at an agreement on splitting the Delta obligations and splitting the in-basin

obligations at a certain level, and we separated the priority of the two project export–that is, the San Luis export quantities, and the State Project exports were given the same priority; and the in-basin stuff was given a *different* priority or a senior priority, and we arrived at an agreement. The details of how that worked out, I don't know. But the most difficult thing . . . Because if you didn't . . . Every time you gave an acre foot of water, that's an acre foot of water that simply came out of your contractors' hides. You needed to attempt to preserve and protect your project's integrity, and we spent a *long* time trying to agree on how that would be split.

And those negotiations were, in some respects, the first negotiations that Reclamation opened to the public. We used to do our contract negotiations as a two-party exercise. We would meet with the other party and there would be no public involved in those discussions.

"In the Coordinated Operations Agreement negotiations, we opened up the negotiations to the public . . ."

In the Coordinated Operations Agreement negotiations, we opened up the negotiations to the public, we had observers there from both the state and Federal contractors, the environmental community was there, the whole process was laid out so that the public could, to the extent they were capable, understand what was going on. It worked fairly well.

Overview of the Central Valley Project

Storey: I think that perhaps I need a little clarification of how the Central Valley Project works. I'm sort of getting the impression that there's more water in the north in the Sacramento system, than can be used in the Sacramento system, so the water is captured, then allowed to flow to the Delta where it's picked up and taken to San Luis and used in the San Joaquin [Valley]. Is this an accurate image of what's going on in the [Central Valley] Project?

Budd: Yeah, that's exactly the way the project works. The water's in the north, the demand's in the south, and the project was constructed to try to take care of that imbalance.

"Total project water use in the north is about 2½ million acre feet, and in the south about 4 million acre feet . . . the majority of the water in the south, *comes* from the north . . ."

Total project water use in the north is about 2½ million acre feet, and in the south about 4 million acre feet. Most of the water in the south, the majority of the water in the south, *comes* from the north– about 3 million acre feet that's used in the south is exported at Tracy [Pumping Plant] from the northern reservoirs. The *remainder* in the south, about a million acre feet in a typical year, maybe a little more is 1½ million, is developed on the San Joaquin River at Friant by the Friant Unit. But yeah, the exact purpose of the project is the nature of the

beast in California is that, one, the majority of the water is available in the north, and the majority of the prime agricultural land is–if you look at the Central Valley as *two* valleys, the Sacramento and San Joaquin valleys, the prime agricultural land is in the San Joaquin Valley, the majority of the water is in the Sacramento Valley, and you need to work around *that* logistics problem. And you also have the problem of a drought in California every summer. Every year there is basically *no* rainfall from the first of June until the first of September. And *very little* in May and September. So you've got five months of prime growing season in which no precipitation falls at all, so you have no natural rainfall. That's one of the things that's always puzzled me about folks from the East who get up and say, "Subsidizing water in California is an unfair advantage, because that allows them to compete on a higher level with people in New Jersey who are growing the same crops." Well, that's kind of hokey, because the cost of water at *any* level is not included in the inputs to a crop in New Jersey–it *rains*! And irrigated agriculture from Iowa east is basically unknown. They wouldn't *know* what to do if they had to irrigate. Anyway, you deal with that little mini-drought every year, so that you meet your summertime demands with water from storage. The storage basically is in the north, and you need to move that water south. Some of that you can move south into storage in San Luis Reservoir in the wintertime, but the majority of the storage in the Federal Central Valley Project is in the north. We've got about 12 million acre feet *total* storage capacity, and it's

about 2½ million at Trinity, 4½ million in Shasta, and a million at Folsom, and smaller quantities scattered in various smaller reservoirs. In the South, your major reservoirs are San Luis and our Federal share is a million; Friant, the Federal share is about a half a million; and New Melones, the storage is about 2½ million, but the New Melones storage is disproportionate to the amount of water that's available in that river in a particular year, and that doesn't even *contribute* to water in the Delta, so you can't even count that. So if you back that off to 9 million, about 1½ million is in the south, 7½ million in the north, and again, you have the same demand disparity.

Storey: Yeah, so the water comes down the Sacramento into the Delta, and then the Tracy Pumping Plant picks it up and puts it into the Delta-Mendota, is this right? (Budd: Correct.) And then it flows down into the forebay at O'Neill?

Operation of the Delta-Mendota Canal

Budd: It depends. Delta-Mendota Pumping Plant runs year-round, and during the irrigation *season*, it's used for direct delivery to those contractors along the canal. During the *non*irrigation season, the water is then transported into O'Neill Forebay and stored in San Luis.

Storey: Pumped up into San Luis?

Budd: Pumped up into San Luis for storage. When the capacity at Tracy is inadequate to meet the

demands on the Delta-Mendota and San Luis Canals, we begin releasing water from San Luis to supplement the Tracy capacity. It's an *unusual* operation for an irrigation canal, simply because it does run basically a hundred percent, year-round.

Because it Is Used So Heavily it Is Difficult to Schedule Maintenance on the Delta-Mendota Canal

In fact, it's so close to capacity, or it has been in the past, that the maintenance folks really had a problem scheduling down time for routine maintenance. It was a very difficult situation. When they had down time available to them, why, they would have to bring in crews to work round the clock–they couldn't do it on a regular eight-hour shift. So they would bring in crews from other facilities who could provide the staff to go round the clock on maintenance down there.

Storey: Because basically down time for the canal is lost water, because of the way this particular canal is used. (Budd: That's correct.) Then you have, in addition, a portion of the California Aqueduct that has a pumping plant on it that delivers water directly into San Luis reservoir? (Budd: Correct.) What's the name of that pumping plant?

Harvey O. Banks Pumping Plant, a State Facility

Budd: That's Harvey O. Banks Pumping Plant, named

after one of the early Directors of the Department of Water Resources.

Storey: So then you can take the water that's been stored in San Luis, run it through the generators, you get electricity, *plus* water to go into the San Luis or the Delta-Mendota Canal?

Budd: Yes. You can back it into the Delta-Mendota also. And we do that, regularly. Whenever we back through pumping plants, why, we're able to generate electricity with it. The capacity at Tracy in our pumping plant is about 4,600 cubic feet per second. The state has an installed capacity of about 10,000 cubic feet per second, which far exceeds the quantity of water available to them to move, but it does allow them to operate in an "off peak-on peak" mode and maximize their use of off-peak power. But it also resulted in a significant block of capacity *if* they operated the way we do, that is, twenty-four hours round the clock, that would be available to move water for us.

During 1987-1988 Negotiated a Contract to Sell the State Surplus Water and They would Provide Extra Conveyance Capacity on the State Water Project

And during 1987-88, why, I had the responsibility, principal activity was negotiation of a contract with the state for that capacity. And it was called a 10-H contract, because in the Coordinated Operations Agreement, Paragraph 10-H said that the Bureau and the state

would negotiate a contract in which we would sell the state surplus water, and they would provide surplus conveyance capacity to us. So I spent about a year-and-a-half negotiating that contract. That was another one that nothing ever happened with it.

". . . new hydrology studies and new water quality obligations eliminated any surplus water in *our* system, and any surplus capacity in *their* system. So the contract was pointless. . . ."

We wrapped it up technically, agreed with the state negotiators that this was a good contract, and then it was put on the shelf. Again, it was the environmental situation overtaking the activities, and about the time we concluded those negotiations, why, new hydrology studies and new water quality obligations eliminated any surplus water in *our* system, and any surplus capacity in *their* system. So the contract was pointless.

Storey: Did you give me the date for that, when you were doing that?

Budd: That was 1987-1988.

Storey: So a year or two after the Coordinated Operations Agreement.

Budd: Yeah, it was an offshoot of the Coordinated Operations Agreement. We *wanted* to do that in the Coordinated Operations Agreement and recognized that simply was going to be too

complicated to wrap into all the other stuff, so we just set it aside to do later, but *agreed* that we would *do* it later.

". . . it seems like I spent an awful lot of time negotiating things that never came to fruition . . ."

I don't know, it seems like I spent an awful lot of time negotiating things that never came to fruition–that was another one, nothing ever happened with it, and probably never will. I just don't see the prospect of us having any water to sell to the state, or of them having surplus capacity to move water for us in any significant quantities.

Storey: Who were the recipients of the California project water in the California Aqueduct?

Contractors on the State Water Project

Budd: I don't remember precise quantities, but Metropolitan Water District, I think there are twenty-four contractors for State Water Project water, and it includes Santa Clara, one of our contractors; and East Bay Municipal Utility District gets water out of what's called South Bay Aqueduct, which is a *spur* off of the California Aqueduct just downstream of the Banks Pumping Plant. Then they have no other contractors until you get south of Kettleman City. And Kern County Water Agency is the principal contractor down there. City of Bakersfield is a major contractor.

Storey: Kern County is rural or urban?

Budd: It's a mix, but predominantly agriculture. And my recollection is that they have a contract for about a million acre feet of water, maybe 1.1 million, something like that.

Metropolitan Water District of Southern California Is Basically Urban but Does Provide Some Ag Water to High-value Crops

Metropolitan Water District of Southern California, which is basically all urban but there is *some* agricultural use for very *special* crops–avocados and things that are very high cash-value and can be grown down there–gets about 2 million acre feet of water, or is *entitled* to about 2 million acre feet of water. And the remainder of the contractors, which include Santa Barbara and other contractors in that general area on what's called the "coastal stubb," a few miscellaneous contractors in the San Joaquin Valley that are not within Kern County Water Agency, and a number of contractors in the southern California area that did not contract through Met. take up the remainder.

"The state contracts' total obligation is about 4.2 million acre feet. . . . But . . . they are not capable of delivering that quantity. . . ."

The state contracts' total obligation is about 4.2 million acre feet. That's what they've contracted for as an entitlement of all of their contractors. But because they haven't been able

to finish all of their facilities, they are not capable of delivering that quantity.

"Their delivery capability is around 2½ to 3 million acre feet a year. . . ."

Their delivery capability is around 2½ to 3 million acre feet a year. A couple of things that are saving the state on that issue is, one, the projections that were used for growth in the late '50s and early '60s turned out to be a little optimistic, so the demand is not as high as was projected for the *urban* areas; and the agricultural use has declined significantly, or didn't *develop* to the extent they anticipated it would, because the cost of water is now *precluding* using that water on row crops and that, so you can't grow tomatoes and a lot of row crops with water as expensive as State Water Project water is and make money at it. So the demands are down. The other *part* of that is that they can't even meet *that* demand because they can't, under the Endangered Species Act, *pump* all the water they need to pump. And we've had seven or eight years of drought in the last ten that have compounded that problem.

Storey: So I'm getting a picture that the State Water Project *does* provide some irrigation water, but really the majority of it is for urban uses?

Budd: Yeah, this is *approximate*, but it's about one-third agriculture, two-thirds urban. (Storey: Okay.) That's close.

Peripheral Canal

Storey: When you were talking about the Coordinated Operations Agreement, you mentioned that there were a number of assumptions that had been made in, I believe it was 1969, that hadn't [been] borne out. And one of those was the Peripheral Canal. Could you explain to me what the concept is for the Peripheral Canal and why it was thought necessary and all those sorts of things? And when the idea came into being, if you know.

"The idea of a Peripheral Canal has been around *at least* fifty years . . ."

Budd: The idea of a Peripheral Canal has been around *at least* fifty years, because one of the folks in our Public Affairs Office brought in a *Popular Science* from 1944 that had a schematic of the Central Valley Project and talked about irrigation of the land in the Central Valley, and one of the things that was specifically mentioned in there was Peripheral Canal.

". . . Peripheral Canal has been assumed. . . . [because] the internal Delta channels are not adequate to move the quantities of water . . . that *have* to be moved . . ."

From the inception of the planning–at least as far as the Central Valley Project is concerned–Peripheral Canal has been assumed. And the basis for that assumption is that the internal Delta channels are not adequate to move the quantities

of water from the north end of the Delta to the south end of the Delta, that *have* to be moved to meet the pump demands. Our pumping demand at Tracy is about 4,600 cubic feet per second. The State Project demand is over 10,000 cubic feet per second, and the internal channel simply can't handle that quantity of water. And we've recognized that from "day one," and there were a number of concerns that we had, related to just simply moving the physical quantity of water, but also related to the fishery issues.

"The Delta is a prolific fishery, in trouble now . . ."

The Delta is a prolific fishery, in trouble now, but the anadromous fish that come into the Sacramento and San Joaquin systems to spawn move through the Delta and into the Bay or the other direction in migration, but particularly in out-migration they are simply going downstream.

State and Federal Pumping Plants Confuse the Fish in Their Migrations and Movements

Downstream, to an anadromous fish, takes it to the ocean. But if you have a tremendous pump draft to the south side of the Delta, downstream is at the pumps, and the fish get confused very easily about which way downstream is. And in fact when both the state and Federal pumps are running at capacities limited by regulation right now, between the two of them at about 11,000 second-feet–6,400 for the state and 4,600 for us–we actually reverse the flow of the Lower San Joaquin River and it flows upstream. So

upstream/downstream become real problematic things for the fish. We recognized that early on and proposed that . . . Well, in addition to the anadromous fish, you've got resident fish in the Delta, and the quantities of water moving through there would eventually pull those fish, all of them, right out of there. Striped bass is a great example of fish that you could do a lot of damage to, since it spawns in fresh water and the eggs, the larva, or whatever it's called, simply floats until it matures to the point that it turns into . . .

END SIDE 2, TAPE 1. MAY 27, 1994.
BEGIN SIDE 2, TAPE 2. MAY 27, 1994.

Budd: You simply move the eggs and larva to the pumps and pump them downstream. So we knew we had to get those flows *out* of the Delta.

"We proposed Peripheral Canal, and in fact we did a feasibility report . . . that went on the shelf in 1967. And basically . . . we had concluded that the issue was too controversial . . ."

We proposed Peripheral Canal, and in fact we did a feasibility report on it that went on the shelf in 1967. And basically at that time we had concluded that the issue was too controversial, and until the state figured out what it wanted to do, why, we weren't going to try to proceed with Peripheral Canal.

". . . it's one of these things that if you *had* done it . . . you may not have run into the environmental problems that you have now. . . ."

And again, I suppose it's one of these things that if you *had* done it, if you'd gone ahead and built Peripheral Canal, you may not have run into the environmental problems that you have now.

Storey: What is the Peripheral Canal? What was the concept?

"The concept was very simple . . . build a canal that took the majority of the water that was going to be exported at the pumps out of the Sacramento River . . . [run] it through a canal around the periphery of the Delta to the pumps . . . each time that the canal would cross a natural stream channel, you would . . . release water into this channel and . . . create a constant . . . downstream flow in all of the Delta channels . . ."

Budd: The concept was very simple, it was to build a canal that took the majority of the water that was going to be exported at the pumps out of the Sacramento River before it got into the Delta, and ran it through a canal around the periphery of the Delta to the pumps, so that you *keep* those flows out of the internal Delta channels. And what you would have is each time that the canal would cross a natural stream channel, you would have a release structure in which you could release water into this channel and by doing that, create a constant, positive, "natural"–in quotes–downstream flow in all of the Delta channels, that the flow in *all* of the Delta channels would be towards the ocean, and you could maintain the *quality* of the water in those channels, you would

not have high velocities in the channel, it would be a *natural* fresh water flow.

The Peripheral Canal Became a Political Issue

But the north/south issue raised its head. Southern California, the monster down there with people sucking the water and the life out of northern California, and Peripheral Canal became a political issue. The environmental community was *very* much opposed to Peripheral Canal, and every governor that's had anything to do with it since Pat Brown, Sr. . . Anyway, he didn't have a problem with it, since during his term as governor, the issue really wasn't ripe, and there was no proposal to build it. But Reagan, Brown, Jr., [George] Deukmejian, [Pete] Wilson, have *all* had problems, politically, with Peripheral Canal. Each of them proposed it, and the political backlash from it–it was like a tar baby, they got stuff on them they couldn't get off.

". . . nobody has been able to promote the idea with any kind of success. The California Department of Fish and Game has consistently advocated construction of an isolated facility . . ."

And nobody has been able to promote the idea with any kind of success. The California Department of Fish and Game has consistently advocated construction of an isolated facility–they didn't always call it a Peripheral Canal.

"I think the scientific community is slowly but

surely arriving at a consensus that something similar to a Peripheral Canal is absolutely necessary to protect the environmental health of the Delta . . ."

I think the scientific community is slowly but surely arriving at a consensus that something similar to a Peripheral Canal is absolutely necessary to protect the environmental health of the Delta, given the assumption that you're going to continue to export *at least* the quantities of water that have been exported historically. And I think as a political reality, that's probably going to happen.

[U.S.] Fish and Wildlife Service, on the other hand, has been adamantly opposed to the Peripheral Canal, refusing to accept it as an alternative, but to my knowledge offering *no* other alternative other than reduction in diversions, and I don't see that as a viable alternative.

Storey: So the Peripheral Canal would come out of the Sacramento, travel along the east side of the Central Valley, and around to connect to, in effect, the Delta-Mendota and . . . (Budd: Banks Pumping Plant, correct.) So Banks is downstream from San Luis Reservoir?

Budd: No, it's upstream. Banks is about two miles from our Tracy Plant, they're both in the Delta. (Storey: Oh, okay.) And Banks is the state pumping plant that furnishes water to O'Neill Forebay.

Storey: So, you know, when I have an image of a periphery, my image goes clear around the Central Valley, but that isn't a correct image?

Budd: Just the periphery of the Delta. (Storey: I see.) About seventy miles around the Delta.

Storey: It's a different periphery than I was thinking of.

Budd: We would still use the existing pumping plants and the existing canals as the conveyance facilities in the San Joaquin Valley, but the Peripheral Canal would take water out of the Sacramento River *north* of the Delta, near the town of Hood, and put it in this canal that went *around* the edge of the Delta and took it down to the pumps.

Storey: And this would be a big canal?

". . . as I recall, our proposal was for a facility that had a capacity of about 18,000, maybe 20,000 cubic feet per second. . . ."

Budd: It would be, depending on how you sized it, as I recall, our proposal was for a facility that had a capacity of about 18,000, maybe 20,000 cubic feet per second. It was earth-lined, it was flat, and the velocity was intended to be very low.

". . . intended also to provide a pretty good habitat for resident fishery . . . but you needed the capacity at that size so that you could make the releases . . ."

It was intended also to provide a pretty good

habitat for resident fishery and that sort of thing, but you needed the capacity at that size so that you could make the releases down the–every time you crossed a river or a stream or a slough, you could release water into that slough to provide the positive downstream flow in the Delta. And the Federal needs are 4,600, the state needs are about 10,000, so between the two of us, we needed about 15,000 cubic feet *at the pumps* to pump at maximum, and in anticipation of a release of 3,000-5,000 second-feet down the various channels in the Delta.

"It [Peripheral Canal] *will* get built . . . It's just the event that triggers it has probably not happened yet . . ."

Whether it ever gets built or not . . . It *will* get built, there isn't any question about it. It's just the event that triggers it has probably not happened yet, and it may not happen in my lifetime, but they'll build it.

Storey: Well, I hate to say it, but we have arrived at about the end of our time again.

Budd: I can't believe we're spending this kind of time!

Storey: I'd like to ask you whether or not the tapes from this interview and any resulting transcripts can be used by researchers from inside and outside Reclamation.

Budd: Absolutely!

Storey: I appreciate it. Thank you very much.

END SIDE 2, TAPE 2. MAY 27, 1994.
BEGIN SIDE 1, TAPE 1. AUGUST 30, 1994.

This is Brit Allan Storey, senior historian of the Bureau of Reclamation, interviewing John B. Budd of the Mid-Pacific regional office of the Bureau of Reclamation, in the regional office at about seven-thirty in the morning on August the 30th, 1994. This is Tape 1.

Storey: Last interview, you were talking about the Peripheral Canal, and you mentioned that it had been an *initial* part of the project, and I sort of wanted to clarify in my mind whether that was designed for environmental reasons, or whether it was just simply a water supply *issue* at that time, and now it's turned out that there are environmental issues that might be helped by implementing the Peripheral Canal. Could you address that for me please?

Peripheral Canal Was Part of the Original Plans for the Project

Budd: Yeah, I can't state with any final authority whether or not the canal was an either/or– water quality or water supply facility– Peripheral Canal. I do know that the things that I have read in the preamble to the 1967 Feasibility Report indicated that water quality and Fish and Wildlife reasons were a concern at that point. Now, the genesis of the canal goes back a lot further than that. It was a part of the plan in the 1940s, but I can't say *why* it

was a part of the plan then, other than generally it was recognized that the interior Delta channels simply weren't adequate to move the quantities of water that were *anticipated* to be moved ultimately from the north end of the Delta to the south end, and some kind of conveyance facility was necessary to accomplish that.

Current Thinking about the Peripheral Canal Is as an Environmental Feature

It, at this point, is looked at primarily as an environmental feature [in] that it's designed to protect fisheries.

Peripheral Canal Would Allow Better Control of Water in the Delta

It does generate some additional yield for the party or parties who construct it in that it allows you to manage water quality in the Delta in a more hands-on way–a more direct way–because you can provide downstream flows in all of the channels rather than trying to move water sideways in some channels and downstream in others, so it gives you a more direct control. I think, certainly, support for it now is probably broader than it has been at any point in the past, but there are still fairly significant groups who are not willing to say, "Yes, this is the facility that should be constructed." And we're one of those organizations now under the direction of our current commissioner. Peripheral Canal is not something that he wants us espousing. The biologist for the State of California Department of Fish and Game, and some of the folks working for the Fish and Wildlife Service, and

almost all of the biologists independently consulting for water user community interests promote Peripheral Canal. They believe that it is *the* solution.

Storey: Who were the opponents, and why did they oppose?

Irrigators in the Delta Were among the Original Opponents of the Peripheral Canal

Budd: I think *originally* the opponents were the landowners within the Delta who diverted water from the Delta channels, [which] were receiving very high quality water because the operation of the Central Valley Project moved water through the Delta channels, so there were no Delta channels that had dead ends or stagnant water sitting in them. And *their* view was that as long as the projects had to operate *in* the Delta, why, they would always have high quality water for irrigation purposes. That would be in the '50s and '60s. I *know* that was the case in the late '60s and early '70s.

In the 1970s Delta Farmers Were Replaced by Environmentalists at Water Quality Meetings

And their activities were pretty much taken over by the environmental communities, the environmental movement, the National Environmental Policy Act [NEPA], activities that came on in the early '70s, mid-'70s–you saw at meetings in which you discussed Delta water quality and Delta water issues–you saw fewer and fewer Delta farmers and more and

more environmental organization representatives. In the early '70s, late '60s, why we dealt directly with representatives of the Delta landowners, and that by the mid-'70s, those folks had *pretty* much disappeared from the picture with the exception of Alex Hildebrand of the South Delta Water Agency, and his activities. Alex has been around for thirty years. His father was a professor emeritus in chemistry at the University of California Berkeley 'til he was like ninety-two years old, and he was active on campus. I suspect Alex is going to do the same thing in water issues in the Delta, and he's well into his seventies now, and I assume that he will stay for quite awhile. But I think, you know, motivation for the opposition is always difficult to assess. It's fairly clear, to me anyway, that motivation for the landowners' opposition was twofold.

Delta Irrigators Wanted to Assure High Quality Water and Maintenance of Levees in the Delta

The first and foremost was to ensure that they always had high quality water in the Delta channels, and second, that the projects were dependent on the integrity of the interior Delta levees. Those levees are all maintained privately, and if those landowners could dump some of the cost of that maintenance on the projects, that would be to their benefit. So, I suspect those two things were the motives for their activity. Who knows what the motive is for the environmental community?

Storey: And the cost for levee maintenance would be because we had to make sure that the water moved through properly, is that it?

Effects of Levee Failure in the Delta

Budd: That's correct. You have to keep the levees in good shape. If you lose a levee, why, an island floods, and that creates, *usually*, a significant inflow of saltwater that has to be managed in the Delta, and we just don't have enough fresh water to–if the Delta levees were *all* to fail, there's not enough fresh water to *manage* the Delta, to protect the water quality for the export pumps.

Reclamation Has Avoided Spending Money on Levee Maintenance in the Delta

So we were hooked and while we've avoided–the Federal government, anyway–has avoided spending any money directly on–with the exception of the Corps of Engineers, and I'm not sure what they've spent, but they spent a lot of money down there–but Reclamation has avoided spending money on Delta levees. The State Water Project and the Department of Water Resources *has* spent a significant amount of money, as has the Corps of Engineers, in levee integrity.

The Peripheral Canal Would Mean less Incentive to Keep the Delta Levees in Good Condition

So, it's a thing that–the hook is set, and I think

that the landowners down there would like *not* to see the projects *off* the hook for that responsibility, and if a peripheral canal were built, or some alternative to that, that moved water through or around the Delta, then there's *less* incentive for the projects to be concerned about the integrity of those levees, and some of them are in pretty bad shape. They were constructed a hundred years ago with dredge material, and in some cases the material's organic, and there's a great deal of concern about whether those levees would withstand a significant earthquake with an epicenter anywhere near the Delta. Anyway, that's an issue that's out there.

Storey: And with all these interests out there, interested in the Peripheral Canal, either in terms of opposition or support, how does that play out politically? You mentioned yesterday in our conversation that it's never been built. What's going on there that's keeping it from being built?

Why Peripheral Canal Has Not Been Built

Budd: If you talk to the Department of Water Resources staff folks, they contend that in the original legislation authorizing the State Water Project there *was* authority to construct Peripheral Canal, and it's their view that that authority currently exists and could be exercised to construct a peripheral canal.

Peripheral Canal Faces Strong Political

Opposition

The problem, *apparently*, that they run into is a political one in that, as in Interior, the top positions are appointed by the president, the top positions in the state are appointed by the governor. So you have a political influence on the decisions that are made by the Department of Water Resources, and under various administrations, different approaches were taken towards Peripheral Canal, but *inevitably*, in the last four governors' administrations, I guess, starting with Reagan, the issue of Peripheral Canal has been a political "tar baby." It has been one that the engineers, biologists, recommend the Peripheral Canal as the solution to the environmental issues that are surfacing in the Delta. The politicians react in different ways to it. Reagan wanted to build it and was not successful; he ran into some opposition; he didn't push very hard; there wasn't a lot of need for it while he was governor. When Jerry Brown [Edmund G. Brown, Jr.] was elected Governor, he recognized the Delta was *the* problem that California water *had* to resolve, and he had the Department of Water Resources spending a tremendous amount of money looking at alternative ways to move water through or around the Delta, and the basic conclusion was that there really is not an alternative that's as acceptable as the Peripheral Canal. None of the alternatives that he looked at accomplished the same thing. Deukmejian, early in *his* term as governor, had a ballot proposition

concerning Peripheral Canal put on the ballot, and it went down to defeat–about fifty-five percent "no," forty-five percent "yes"–but the split was about–in southern California, it was about a fifty-fifty "yes" and "no"; in northern California, it was ninety percent "no." And the northern California folks were *quite* upset with the governor for even *thinking* about doing something like the Peripheral Canal. And our current governor, recognizing the problems that his predecessors had, didn't want to do the study in-house. That is, he didn't want state people doing the study, and he didn't want to put it up to the voters, so he appointed what he called a Bay-Delta Oversight Council whose mission/goal was to take a look at the Delta and arrive at a recommended solution . . . Their recommendation would include an environmental impact report–impact statement–that would allow implementation of the solution as soon as the document hit the streets. Unfortunately . . . really before the process got well off the ground, he irritated the environmental community who had been appointed to this council–members who had been appointed–and it represented about a third of this Bay-Delta Oversight Council–and they took a walk. So he didn't handle the thing well politically, and when the environmental community walked, why, the council basically came to a grinding halt. I'm not sure that they could have been successful anyway, because there were no Federal representatives on that Council, and resolution

of the Delta issues simply *requires* Federal participation. You've *got* to have EPA, Fish and Wildlife Service, National Marine Fishery Service, and Reclamation involved in any solution that they've got to be supportive of–not just involved in–but they've got to be supportive of any solution that is proposed for the Delta. So that kind of came apart. So there have been no . . . I don't think there's an engineering or a biological concern about *what* needs to be done, at least in general terms, but there is a real political problem with generating the will–the political will–to get it done. I think the *money* is out there to do it. It's an expensive project, but I think southern California, primarily, and San Joaquin Valley interests, secondarily, would finance construction of the facility, but politically it's still a bummer.

Storey: And am I hearing that it's the north that doesn't want it done?

Northern California Opposes Sending Water to Southern California

Budd: Right. The north is very much opposed to sending northern water to southern California. And *that's* an interesting concept. And I've tried to figure out what the basic motivation is, and, to me, the only rational motivation involves a conspiracy that really . . . is almost beyond *my* ability to *believe*, but it doesn't make sense any other way. And I have not been a real advocate of this thing, but I've

thought about it some, and I'm convinced that there are managers of large, I mean *huge*, funds–money, cash, dollars, investments of one kind or another, either domestic or foreign–that take a longer view of investment than I can even contemplate. You know, I'm worried about making the rent payment or getting the kid to college or something like that, or maybe my retirement. But if you looked at the long view of fifty to seventy-five years, northern California real estate, at some point, will begin to escalate–the values–will begin to escalate simply because there's not enough water to support continued growth in southern California. And if there are people– and I don't think you could find those folks owning land now because I don't think it's quite the right time–but by withholding water from southern California, you ultimately, I think, are forcing companies in southern California or elsewhere who are making plant location decisions, and that sort of thing, that *do* have a long horizon, that look out thirty-, forty-, fifty years. They're making those decisions *against* southern California, and one of the major items in the equation is water– there is not an adequate water supply. If you've got an industry that relies on water, that simply is out of the question in southern California. But in terms of maintenance of lifestyle, with another twenty million people in southern California, you're not going to have enough water to maintain the lifestyle that they currently have. So those kinds of decisions, ground into the plant location type things, result in either not

coming to California, *or* if the decision is made to come to California anyway, the decision *has* to be made to come to northern California. So it's a weird conspiracy theory that goes beyond anything that I can–not beyond what I can imagine, obviously–but certainly beyond anything that's really *believable*. But it's the only thing that makes a lot of sense. I mean, why would you want more people to come to northern California which is the *end* result of a decision not to provide more water to southern California–unless you had a financial stake in that outcome? Certainly the quality of life will deteriorate with more people here. You're not going to enjoy the ambiance that you have with relatively easy freeway access: commutes are not too long, freeways aren't plugged up at four o'clock on Sunday afternoon. It's still a relatively comfortable, pleasant place to live, as opposed to southern California. But if you *deny* southern California water, you're making a move toward moving those people up here, and it's got to be a long-term call not a short-term one.

Storey: Do you think it's coincidence that the interests of the Delta water users coincide with the interests of northern California in not wanting the Peripheral Canal and export water to southern California?

Budd: Well, it's coincidence only in the fact that they're geographically located basically in the same area. I think it's just a fact of life that geographically the Delta water users and the

others in northern California dependent on the Bay-Delta system are simply *that*. You know, I don't know whether you'd call it coincidence or not. It's just a fact of life.

Storey: You had mentioned last time when we were talking that the pumps carried the fish larvae up into the canal system, I believe. Could you expand on the environmental and other issues involved in the Delta that affect the way Reclamation has to deal with it?

Fisheries in the Delta

Budd: Yeah. The Delta, of course, is the hub of all water operations, and it's also the focal point of all the problems [and] issues. All the anadromous fish that use the Central Valley system have to come through the Delta twice: once in their out-migration, and again coming upstream to spawn. There are a lot of local resident fish in the Delta that either are good sport fish, such as striped bass; or are part of the food chain, such as the delta smelt. And the habitat for those fish is affected directly by the operation of the two projects. Given the current configuration of the Delta channels and the location of fish screens–fish screens being at the export pumps on the south side of the Delta–and the need to move the water all the way *through* the Delta before you get to the fish screens–generates the situation where out-migrating juvenile salmon or steelhead or any other anadromous fish–sturgeon or American shad–in the south *can* end up, and a large

percentage of them *do* end up in the *south* end of the Delta, when they should have gone out the western end of the Delta into the Pacific Ocean. And it simply is the result of the fact that the inflow to the Delta, minus the exports, results in the outflow–and in many cases the exports at the pumps exceeds the outflow, and it becomes extremely difficult for an out-migrating fish to figure out which downstream–either downstream to the pumps or downstream to the Pacific Ocean–is *in fact* the downstream they want to take. Now, they are not smart enough to figure it out; they don't have maps; Triple A [AAA] doesn't help them. So they just simply ride with the currents, and if they are unlucky enough to get into the current that takes them into the interior Delta over towards the pumps, why, the losses of out-migrating salmon, for example, are significant, and the estimates have ranged from thirty to sixty percent of the fish that get into the interior Delta never make it out to the Pacific Ocean. So you need to avoid that circumstance.

Striped Bass

Striped bass is a different critter because [of] the nature of their spawning habits– they spawn in the water, the eggs float freely, and it's basically *impossible* to screen for that, for the eggs. There's no way you can do it. At least under today's technology, it simply is not possible. So you've got to manage striped bass by moving them *out* into the western Delta. When the eggs begin to

come into the Delta why you've got to reduce pumping and increase your outflow so the downstream does in fact become the Pacific Ocean. You got to get those larvae out into Suisun Bay and away from the influence of the pumps. So it's a different management problem. Peripheral Canal, for example, with a screen, wouldn't help you very much in the case of striped bass.

Winter Run Chinook Salmon

But we now have two species listed–the winter run chinook salmon and the ~~striped bass~~ [delta smelt]–one's anadromous that migrates through the Delta and the other is a resident fish. And operation of the state and Federal projects under the biological opinions for those is basically in the hands of the fishery agencies–National Marine Fishery Service in the case of the salmon, and Fish and Wildlife Service in the case of the delta smelt. We do our best to influence the opinions, but they have the ultimate responsibility for management of those species, so . . .

Delta Smelt

Storey: Is the delta smelt the same as striped bass?

Budd: No. Delta smelt is a very small, two- to three-inch . . . minnow, I guess. I'm not a biologist, so I'm reluctant to characterize it, but it's a small fish that has about a one-year life cycle, and populations vary significantly. And there's

not a *lot* known about it because it has such a short life cycle. The biology on that one is certainly subject to question. Nobody knows really *where* it will survive best. The numbers are here–some reports this year–we haven't got the final count in, but this year is the fourth-highest year. The population is the fourth-highest in any year since we've been counting. Other people say, "We don't have any idea how many fish there are out there." They've got several different methods of sampling, and they can't agree on which one gives them the best number, but it's kind of a food chain fish.

Striped Bass

The striped bass is a resident fish introduced into the Delta. It's not a native, but it has a fairly long life cycle. I don't know how long it is, but I do know that fish in the sixty-pound range are caught occasionally. And it's an important sport–used to be an important commercial fishery in the '20s and '30s. Populations have diminished since then, so there really is no commercial fishing of any consequence going on. But it is an important sport fish, and populations there are down about sixty percent from ten or fifteen years ago. So it's a problem, management knows it's a problem. And you have the anomaly of: Well, if you bring the striped bass population *up*, they eat winter run chinook salmon.

Salmon Smolts Fall Prey to Striped Bass

The little salmon migrating downstream run into a big striped bass and it's all over. And so the program we had going with the Department of Water Resources and the California Department of Fish and Game to raise and stock striped bass has been suspended, because by doing that, you're probably in violation of the Endangered Species Act, since they are predators of the endangered winter run. So it's a screwy situation.

Storey: You mentioned two endangered species– winter run chinook: that's one of four races, I guess, of salmon that use the Delta? (Budd: That's correct.) And the stripped bass.

Budd: No, the delta smelt is the endangered species. Population of the striped bass is down, but it has not been proposed for listing yet.

Storey: Okay. I misunderstood what you said earlier.

Budd: The smelt is the listed species.

Storey: And are there water quality issues in the Delta also?

Water Quality Issues in the Delta

Budd: There are a bunch of them–some relate directly to fishery issues. You need certain water qualities in certain places to produce the correct habitat for fish of all kinds. Others relate to water uses in the Delta.

Water Quality in the Delta Is Geared to the Needs of Corn

The most significant, I guess, from an agricultural standpoint, is water quality for corn. The Delta produces a lot of corn, and that seems to be about as sensitive to salt as any of the other crops that are grown there, so they gear the operation of the projects to maintain good quality for corn.

The other issue, of course, is there are a significant number of people who depend on Delta water for their industrial and domestic supplies, and you need . . .

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BEGIN SIDE 2, TAPE 1. AUGUST 30, 1994.

Budd: . . . for those purposes. So that gives the Environmental Protection Agency and the Clean Water Act a whole bunch of parameters to look at when they're establishing water quality standards for the Delta.

Storey: From my notes from our last interview, we talked about the Coordinated Operations Agreement [COA]. Could you talk further about that?

Coordinated Operations Agreement for the State Water Project and Central Valley Project

Budd: I don't remember what I said the last time, but basically it's the underpinning of *our*

relationship with the Department of Water Resources and their operation of the State Water Project and our operation of the Central Valley Project.

The Projects Share Facilities and the Coordinated Operations Agreement Details How the Water Accounting Is Taken Care of

The two projects both pump water from the southern Delta. Both use the Sacramento River as a conveyance to bring water from storage facilities into the Delta, and it provides a vehicle under which the accounting, the paperwork, the daily division of "the spoils," if you will, takes place so that we know–"we" being the state and the Bureau–know exactly how much water, both is available, and how much belongs to which project *and* how the responsibility for Delta water quality is split. And that agreement spells out how you make those determinations. And from that, then there's been a fairly complex, detailed plan developed for [the] accounting process, I guess–developed that the operators use on an hourly basis, probably. Certainly daily there's an accounting of quantities of water that are available to each project. I suspect this operation is probably unique. I'm not aware of, at least, any Reclamation situation were you're right in the middle of a major system like this with five or six reservoirs operated by two major water projects with water supplies co-mingled the way they are. And having an ability to get along, I think and I guess, is a fair

statement, because we do on a daily basis get along pretty well with the Department of Water Resources–no major disputes. And any disagreements that arise are pretty well resolved at staff level under the agreement, but it was a long drawn-out process.

Coordinated Operations Agreement Negotiations Began in 1960 and the Parties Signed an Agreement in 1986

The negotiations on that thing were anticipated in an agreement signed in 1960. We signed an agreement with the state that said, "Well, we've got to enter into an agreement." But we agreed to enter into an agreement, and negotiations began about 1970 . . . excuse me, about 1968, and we agreed on a draft and never finalized the agreement. There were a number of starts. When the State Project began operating, we exchanged letters for a number of years and said, "Well, we'll operate as though the draft agreement reached in . . . I'll say 1971, had been final." So we operated under that agreement even though we didn't have it final. It wasn't final because we didn't have an EIS [environmental impact statement], EIR [environmental impact report] completed on it, and in the middle of that process the State Water Resources Control Board came down with water quality decisions that basically invalidated the agreement and required us to go back to the drawing boards and do a new agreement. So we started doing that in 1978. That was suspended, I think, in '80 . . . the dates

are getting fuzzy. When Dave Houston arrived as regional director, we took another look at our position on the thing and told the state we wanted to renegotiate some of the provisions that had been agreed to earlier, and negotiations started over again. In 1986 we finally arrived at an agreement that was blessed by the Congress. In fact, the Congress passed a piece of legislation that had *directed* the secretary to enter into the agreement as had been negotiated. So the process was about a twenty-year process, and it *looks* like we will reopen that process, depending on how the State Board implements the EPA's proposed water quality standards in the Delta. We're not sure how the Board is going to implement those standards, and it may require that we open the Coordinated Operations Agreement and renegotiate it– which, I suppose given prior experience, shouldn't be a *twenty*-year process. This one may only be ten years, but it's going to be complicated.

Storey: And so the reason for the Operations Agreement is because we have reservoirs in the northern Central Valley: Shasta, Trinity, Folsom, anything else?

Budd: Those are the major reservoirs.

Storey: And because California has Oroville? (Budd: Correct.) And we all use the Sacramento River drainage to move our water down to be taken to the southern end of the Central Valley?

Coordinated Operations Agreement Also Details How Surplus Flows in the Delta Are Split Between the Two Projects

Budd: Right. One other piece to that is that during certain times of the year there are surplus flows available in the Delta, and the agreement with the state determines how those are split between the state and the Bureau. We both pump. Surplus flows–we rely on those flows for a part of our project supplies. And if the flows are not adequate to meet all or *both* of our demands, then they have to be *split*, and that agreement spells out how that split takes place.

Storey: So Reclamation and the state are taking their water and mixing it together in one system to move it around?

Budd: It mixes together in the Sacramento River in the Delta, yeah. And there has to be an accounting–you couldn't operate without it.

Storey: And I imagine it's fairly complex?

Budd: The daily accounting is . . . well, to me, as an outsider in the operations, it's impossible to understand. The operators, because that's part of their daily *life*, don't seem to have that kind of problem with it. They deal with it on a daily basis, and they understand how it works, and they say, "Yeah, it works real well. We don't have a problem here." For me, it gets fairly complex because you're taking into account

instream obligations, both the state and the Feds on the Feather and the Sacramento, in-basin demands in the Delta, who's responsible for those; our evaporation system losses in San Luis; who's responsible for Delta outflow; how much inflow is coming into the system from tributary streams . . . It's just a tremendous balance with all kinds of inputs, and it doesn't seem to bother the operators. They say, "Yup, works good." I don't even want to know. That's far beyond me.

Storey: Now, last time when we did an interview, you mentioned a process where you were involved in negotiation of a water contract with the state, I believe, that never reached completion. Could you go into more detail on that please?

In the Early 1980s Reclamation and the State Thought There Would Be Surplus Water in the Central Valley Project and Surplus Pumping Capacity in the State Project

Budd: At the time in the early '80s when we were negotiating the Coordinated Operations Agreement with the state, it *appeared* that the Central Valley Project would have some surplus water available to it for a number of years. The State Project was constructed in such a way that it has surplus pumping capacity available to it. We wanted to move more water into the San Joaquin Valley, and the state *wanted* more water to meet its obligations in southern California.

Paragraph 10-H of the Coordinated Operations Agreement Arranged for Negotiation of an Agreement for Reclamation to Trade Water for State Conveyance Capability

So the Coordinated Operations Agreement contained a paragraph–paragraph 10-H–which basically said we would sit down and negotiated an exchange–Central Valley Project Water for state conveyance. And the negotiators of COA, recognizing how complex that contract would be, elected to put it off by simply agreeing to agree, rather than trying to work out the details of that within the confines of the Coordinated Operations Agreement. So immediately upon execution of the COA in '87-'88 there was a negotiating team established by Interior and one by the state that worked on this agreement. And over the whole period of time from the early '80s to late '80s, it was becoming more and more evident that underlying assumptions concerning *available* water in the system were erroneous. There were problems in terms of assuming groundwater conditions–for example, assuming return-flow levels that were an integral part of the water supply. In the Sacramento Valley, for example, it was assumed that thirty-, thirty-five percent of the water diverted would come back into the system as return flow and could be reused. And as time went on, it became evident that that wasn't going to happen–particularly as we moved into the drought in the late '80s.

". . . there was an ethic that was developed

towards the water conservation in the Sacramento Valley that basically eliminated that return flow. . . ."

The water conservation . . . I'm not sure what the word is, but there was an ethic that was developed towards the water conservation in the Sacramento Valley that basically eliminated that return flow.

". . . it's evident to everyone involved that the quantities of water that were *assumed* to be available in the '80s, simply are not available . . ."

So the water supplies available to Central Valley Project and to the state had to be reevaluated, and that reevaluation is still underway. Nobody has come up with any definitive statements of water supply, even to this day. But it's evident to everyone involved that the quantities of water that were *assumed* to be available in the '80s, simply are not available; they are *not* there. And that basically led to . . . well, we had agreed with the state negotiators on the terms [and] conditions of this sale of Central Valley Project water and the purchase of State Water Project capacity. The agreement was simply shelved, because it was *assumed* that even (sigh) were we to do an Environmental Impact Statement/Environmental Impact Report, we would never be able to execute the agreement, simply because the water supply wasn't there to implement it, and acquisition of state capacity–pumping capacity by the Feds–was

dependent on us selling them water.

"They weren't going to make pumping capacity available to us unless we sold them some water. So the whole package just sort of fell apart . . ."

They weren't going to make pumping capacity available to us unless we sold them some water. So the whole package just sort of fell apart as we began to learn more and more about what the water situation *really* is.

Storey: And do you remember when that was? I believe you worked on that water [contract?].

Budd: Yeah, that would be 1987-1988. I think we *wrapped* it up and put it off to the side in '89.

Storey: And what was your job at that time, your position?

Budd: I was a Repayment Specialist. I worked in the Repayment Branch of the Water Power Resources Management Division. It's the job that I moved into when I came up from Los Banos twenty years earlier.

Promotions after Moving to Sacramento

Storey: But at a different grade level? (Budd: Yeah, yeah.) You had moved up from what to what?

Budd: When I came to Sacramento, I came in as a five, and I was a twelve at that time.

Storey: And how much longer did you stay in that position after you finished these contract negotiations?

In 1989 Became Regional Liaison Officer

Budd: Well, wrapping up that negotiation with the state occurred just about the time that I moved into the position that I'm in right now–1989.

Storey: And that position is?

Budd: It's called Regional Liaison Officer–kind of a funny position in that I report to the Public Affairs Director.

"Most of my assignments come from . . . the regional director. . . ."

Most of my assignments come from–other than the routine, day-to-day stuff–come from Roger. (Storey: Roger Patterson?) Yeah, from the regional director. The position was first established by Dave Houston when he brought Jason Peltier out from Senator [Samuel I.] Hayakawa's staff when Hayakawa was defeated for reelection. Houston established position as a special assistant to him, and he used that position in that capacity. Jason traveled with Dave and handled all the routine administrative assistant responsibilities that you would expect maybe like an aide-de-camp to a military establishment. When Washington personnel folks came out and did an audit of the Public Affairs Office, why they indicated that the

public affairs director couldn't retain his grade of a fourteen unless he had a thirteen working for him, so they reassigned Jason to work under the Public Affairs Office. So that's were my position is now. About *half* of what I do–maybe forty percent, I guess–is fairly routine congressional correspondence.

The Regional Liaison Officer Prepares Responses to Congressional Inquiries and Prepares Comments or Testimony on Legislation Affecting the Mid-Pacific Region

I'm responsible for *preparing* responses to all congressional inquiries that come into the region and for reviewing and preparing comments on, or testimony on, any legislation that affects Mid-Pacific Region.

"The other part of my job is doing just about anything that needs doing and that fits with my background. . . ."

The other part of my job is doing just about anything that needs doing and that fits with my background.

Often Serves as Tour Guide for Visitors

I've been around a long time and know a lot of people and I know where most of the things are, so I'm probably the region's "senior tour guide." If we have a VIP in the region that needs touring, I usually get that responsibility. Last week, for example–week before last–I

spent the week with our new OMB [Office of Management and Budget] Budget Examiner touring him around the project. Anybody else that needs to go someplace or wants to go or whatever, we'll tour them.

Storey: And you've been doing that since '89, then?

Good Working Relationships with Members of Congress and Staffers

Budd: Uh-huh, yeah. I've tried to–I haven't spent as much time doing it, probably, as would be desirable, but I've got a fairly good working relationship with most of the congressional staffers at committee level and then individual members. At least, when they need information they don't think they need to talk to Roger to get, why most of them will call. The objective, I guess, of setting up those relationships is to try to head off letters. Anytime you get a *letter* in, it's going to cost you $200-$300 to answer it and take you a week to do it, and if you can do it on a phone call, that's a desirable thing to do.

Storey: Who are those key people, and where do they stand on water issues? How do they relate to us?

Congressional Staff

Budd: I suppose the key Congressional staffers, probably Steve Lanik [phonetic spelling] on Miller's staff–on the committee staff–and Dana

Cooper on Bradley's staff are (Storey: Bradley?)–Senator Bill Bradley who's Chairman of the Water Power Subcommittee–are *probably* the key staffers on the majority side . . . I'm losing my mind now . . . There's two fellows on the Senate side that are fairly key on the minority side of the Natural Resources Committee . . . I don't have my books with me. I'm losing my memory. I can't remember their names. But those are probably the key committee staff people–subcommittee doesn't matter, I guess. The Senate side *is* a subcommittee. On the House side, the subcommittee and the full committee are basically the same thing; Miller's Chairman of *both*, and the majority staff folks are the same people. So it's the same business. Individual staff members . . . We just lost a couple of real key staffers who have gone into consulting, obviously felt that they had done their *bit* for their country, and now it was time to do their bit for them. Roger Guinn, who was [Congressman Victor H.] Fazio's fellow and Cal Dooley's . . . I'm losing it again . . . Cal Dooley's staff guy. Maybe I'll think of it later. Anyway, Joe Raider [phonetic spelling] was Cal Dooley's guy. They have departed, and they were *probably* the most knowledgeable and the most influential of the staff people for *individual* members. They unfortunately were at odds with Mr. Miller and Senator Bradley, so it was a major fight. Lynelle [phonetic spelling] Johnson in Congressman Miller's office out here is a fairly key staff person. We try to keep her informed. We don't want to

surprise Miller if we can avoid it. Gray Staples [phonetic spelling] is on Rick Lehman's staff–the subcommittee staff in Washington–and he's been around for a number of years, so he's fairly well informed about issues and what's going on. Jeff Harris is Fazio's *new* person in Washington. He was out here in the District for a number of years, so he is familiar with issues locally here, and has weighed-in on a number of things in Washington.

One of the problems we have is that Fazio's–even though he is one of the most *powerful* House members–his power is in appropriations as opposed to the authorizing committees–doesn't mean you're without power, obviously, because appropriations are a very key part–but he doesn't have the time to invest in issues that Mr. Miller appears to have. And he's got a tremendous amount of responsibility on *other* House activities, and Mr. Miller seems to be able to spend a lot of time on Central Valley Project issues. Prior key staff people involved in a number of issues: Dan Beard when he was staff director for Interior and Insular Affairs, now Natural Resources, was very key in development of legislation affecting Reclamation.

Storey: How would you characterize congressional contacts, both from members and from staff, to Reclamation in this region?

". . . I think [members and staff are] fairly open.

The major exception, of course, being Miller and Bradley's staff. Their agenda is *definitely* hidden. . . ."

Budd: I really can't characterize the members' contacts, because I've only talked to two or three of them. I've only had two or three conversations with members. *My* contacts are with staff. For the most, part I think they're fairly open. The major exception, of course, being Miller and Bradley's staff. Their agenda is *definitely* hidden. They don't *want* us to know what they're doing. They're obviously concerned that if we're aware of their plans, why we will do what we can to frustrate them, which is probably true to some extent.

P.L. 102-575, of Which Title XXXIV is the Central Valley Project Improvement Act (CVPIA)

On the other hand, it could be that if we were more aware of what they were trying to accomplish, what they *do* accomplish would be more effective–could be done in a more rational way. And I think that was very clear, to me anyway, in P.L.-575.[6] Reclamation staff were directed *not* to participate in development of language for Title 34 of 575, and the consequence is a very, very poorly-written piece of legislation. It's internally contradictory; it's ambiguous; it's incomplete in

6. Referring to the Reclamation Projects Authorization and Adjustments Act of 1992, P.L. 102-575, signed October 30, 1992. Title XXXIV is the Central Valley Project Improvement Act.

some areas; it's just a *bad* piece of legislation.

Storey: Title 34 is?

Budd: It's Central Valley Project Improvement Act [CVPIA]. That was Mr. Miller's, Mr. Bradley's baby. But it's a very *difficult* piece of legislation to implement. It's a *major* change in the way Reclamation's *authority* is structured. I won't go so far to say it's a major change in what we've been doing over the past six or eight years. I think Mid-Pacific Region's direction changed slowly, but over the past six or eight years, *certainly*, and maybe even started longer than that, where we began to recognize and attempt to accommodate or correct environmental problems that were becoming evident that we had some responsibility for *or* when we had the ability to rectify, even though maybe they weren't *all* our problem. But the legislation certainly *memorialized* that change and accelerated it, provided some authority to do things we *didn't* have in the past, and provides about $700 million dollars for–somewhere in that order–activities for Fish and Wildlife Service and Reclamation over the next twenty years. It's a big-time project.

Storey: Can you tell me how Reclamation has changed in response to the Central Valley Improvement Act . . . from your perspective?

Some Staff Are Having Trouble Adjusting to Changes at Reclamation

Budd: Yeah, I guess my perspective . . . We still have a group of staff managers who . . . [brief interruption] We still have some old-time bureaucrats, if you will–guys that aren't terribly concerned about environmental issues, and are having a tough time accepting the fact that some of the things that we've done over the past forty or fifty years didn't turn out all roses–there were a bunch of thorns amongst the activities. And if you have somebody with a thirty-year career that has spent his time designing canals and dams and building things like that and somebody comes along and says, "Man, what you did is really garbage. You did some *horrible* things." You're going to get that reaction from an awful lot of people.

We also, on the other hand, have a lot of people who say, "Yeah, there's a lot of things out there that need fixing, and we can do that, and we need to get about doing it"–and recognize the problems, recognize that there are things that need to be done that are *our* responsibility, things that need to be corrected and fixed–and other folks who don't care one way or another about responsibility. They just simply view the potential–there as something they can do: "There's a job. It's something that needs doing, and I can do that and let's get on doing it." So we've had this mix that there's been a change going on over the past eight or ten years. I think if you talk to Mr. Miller, he's going to say, "Oh, Yeah! We *really* changed Reclamation–major change!" And probably

Beard is going to make the same comment as far as Mid-Pacific Region. And I think, you hear more and more from the water users saying, "God, you guys are killing us. You're going over *embracing* the environmental community, and it's just absolutely *destroying* us. You got to come back into the fold."

CVPIA Accelerated Change at Reclamation

And I think there has been, probably, an acceleration of the direction, but I don't think there's been a *major* change in attitude. I think we would have been at the same place down the road another five or ten years–maybe not that long. I think we would have *come* to the same place. It just would have taken us longer without CVPIA because it does provide a . . .

END SIDE 2, TAPE 1. AUGUST 30, 1994.
BEGIN SIDE 1, TAPE 2. AUGUST 30, 1994.

This Tape 2 of an interview by Brit Storey with John B. Budd on August the 30th, 1994.

Budd: The act provides an awful lot of funding–a source of funds with the Restoration funds–so we have funds in authority we wouldn't otherwise have had as quickly. So that's been a big help.

Storey: But part of the act, I believe, diverted water from the project to environmental uses. Is that correct?

CVPIA Made Three Water Allocations

Budd: Yeah, there were *three* allocations under the act, actually. One was an allocation of water to Central Valley refuges, both state and Federal–*not* a significant quantity of water under that. I don't recall the exact numbers, but the increased water deliveries to the refuges over what we had been providing in the past from project sources would be less than 100,000 acre feet–not a big block of water. On the Trinity River, the act increased minimum flows to 340,000 acre feet a year, to be managed by Fish and Wildlife Service–a schedule that they would submit to us–and set that as a minimum in all years. And that basically memorialized a decision the secretary had made prior to enactment of the act, so that didn't make any change in what we were doing at that time either. The secretary's decision *earlier* had changed basically dry year and critical year operations. In critical years we operated to a minimum of–120,000 acre feet in a critical year; in a dry year, 240,000 acre feet; in normal and above normal, it was 340,000. Now it's 340,000 in *all* years. So there was a change there, but that change, again, had already been implemented by the secretary, so there was no impact on project operations from that.

Reclamation and the Fish and Wildlife Service Disagree on Interpretation of CVPIA

The act also allocated 800,000 acre feet of

water for use by [the U.S.] Fish and Wildlife Service, and it identified three purposes. One was implementation of the provisions of the act. The second purpose was meeting endangered species obligations. The third purpose was meeting new water quality standards established by the State Board. We are still arguing with Fish and Wildlife over that provision and *how* it's to be interpreted and implemented. It's their view that this is a–this is my word, but I think it's appropriate–is that this is punitive in that they can use this 800,000 acre feet in *any* year. And if they don't need it as an instream flow in any system–say you've got a really wet year, and the instream flow minimums are all met–then they can reduce the deliveries to the contractors by 800,000 acre feet, and we really have a problem with that interpretation. It's our interpretation that the act *never* contemplated punishing anyone, and that in a wet year there is absolutely no reason in the world to reduce deliveries to the water users, because *all* of the fishery purposes of the act are being met. But we're still arguing with Fish and Wildlife over that, and ultimately it'll be settled, certainly well above staff level. Hopefully at the director's level, it won't have to be escalated to Washington, that we'll be able to do it between Portland and Sacramento. But that allocation issue has not been resolved, but that's the most significant block of water: 800,000 acre feet in normal years, in critical years it's reduced by twenty-five percent to 600,000. But the impact of that falls on the agricultural users on the west side of the San

Joaquin Valley. I think this is a situation where had Reclamation staff been involved in development of the language, we could have spread the pain a little bit in terms of how this works. But the way our contracts are set up, this burden comes out of the hide of the west side of the San Joaquin Valley. And while 800,000 acre feet is maybe fifteen percent of *total* project supplies, it's on the order of thirty percent of the supplies on the west side of the San Joaquin Valley. Now you can rationalize that "

Cutting Back 10- or 15 Percent Can Be Done, but 30- to 40 Percent Is Much Harder

Oh, anybody can cut back 10- or 15 percent, no big deal; water conservation will take care of that." When you get into the 30- to 40 percent range, water conservation is *not* going to take care of that, and there are significant financial impacts associated with that kind of a cut. But that one's still unresolved, and it's one of these things where the staff attitudes are probably going to move the resolution well up in the chain of command. It's not going to be one we're going to resolve locally, and it's one that'll probably have some fallout. These kinds of things get fairly personal with Fish and Wildlife folks. They've got a view that they're doing God's work, and anybody that interferes with them, obviously then has to be against God and the right and motherhood and that sort of thing, and it's real tough to establish a personal relationship if there's any adversity.

You can't be an adversary and be an okay person. And that's unfortunate, but I think that's kind of the way it is with them.

"There was a lawsuit filed by Westlands [asking that we comply] . . . with the National Environmental Policy Act. And just the *thought* that Fish and Wildlife Service had to comply with NEPA, drove those people nuts. . . . ."

There was a lawsuit filed by Westlands that in effect said we couldn't implement certain provisions of this act until we complied with the National Environmental Policy Act. And just the *thought* that Fish and Wildlife Service had to comply with NEPA, drove those people nuts. I mean, their view is they're doing God's work, and they should *not* have to do any NEPA because it's *obvious* what they're doing is good for the environment. And the thought that anybody *wanted* them to comply with NEPA was strange, and when the Federal Court *agreed* that they had to do NEPA, they went nuts. It was *weird* watching the reaction of these folks around here on the thought that they had–the Fish and Wildlife folks–on the thought that they had to do an environmental impact statement on God's work. I mean, they had a real difficult time with that–are still having a difficult time with it. And there is a vendetta, I guess. I don't know whether that's an appropriate word or not, but there is an attitude amongst Fish and Wildlife staff that *we* will do everything we can to frustrate Westlands in its acquisition of water supplies for any purpose.

And it's really sad to see that kind of a reaction, but it's very definitely there.

Storey: So implementation of that 800,000 acre foot provision is being held in abeyance?

Budd: Well, we did something in '93. We had 150 percent water-year, and we had water available, and the minimum stream flows that were established by Fish and Wildlife Service were met. [In] 1994, we have *used* the 600,000 acre feet, which is available in a critical year, for endangered species purposes. Up to this point that's been okay with Fish and Wildlife. They haven't agreed that they don't get some water back later this year. They've not agreed that the *whole* year's allocation has been used for endangered species purposes, but our view at this point is that the fishery restoration goals of the Central Valley Project Improvement Act and the obligations under the Endangered Species Act overlap. And to the extent that they overlap, the water is being used for those purposes in accordance with the act. Now, like I said, Fish and Wildlife hasn't *agreed* that that's where it's going to come out at the end of the year, but that's where we're headed. And this is one of those issues that probably will have to be resolved at the director's level. (Storey: The regional director, you're talking about?) Yeah, yeah. I *don't* think this is an issue that will escalate to the Washington level. If it does, it will go informally to Washington, and my *suspicion* is that the assistant secretary for water and power will be the one who makes

the decision, as opposed to any of the other assistant secretaries. And in that instance, I *suspect* the decision will come down, if not right at our position, it will be close. And the conversations that have gone on over the past year with the Washington people–basically, Reclamation has established a credibility with the assistant secretary that Fish and Wildlife has been unable to do. Our activities out here are viewed as rational, well-thought-out, well-planned, well-implemented, with the best interests of the department and the administration in mind, and Fish and Wildlife [Service] hasn't established that credibility yet. And if the staff out here is turned loose, [it] never will. They are *certainly* not interested in political *problems* that are created by their activities.

Storey: There's a perception in some interest groups that Reclamation is quote-unquote, "in bed" with the water users. How would you respond to that perception?

Reclamation's Interaction with Water Users

Budd: I don't think there's any question that that was, in fact, the case. And it doesn't require defending, I don't think. I think it's just simply a fact of life. Federal, state, any kind of governmental agency that has a single constituency *cooperates* with that constituency. Water users, or want-to-be water users, were the folks who generated legislation that authorized Reclamation's activities. Water

users are the ones that are dependent on *our* activities. They were our constituencies. The political reality was– twenty-five years ago, anyway–that the Commissioner of Reclamation was the most powerful man in the Department of the Interior. He was on a first-name basis with probably a third of the senators, and twenty percent of the congressmen or the representatives up on the Hill, and what he wanted he got–out of appropriations, out of authorizing committees. The political clout of Dominy was incredible, and I don't know much about *his* predecessors, but my understanding, it was the same. You know, the congressmen wanted . . . Reclamation projects were *good* for congressmen's districts. They generated income; they generated jobs; money flowed into the districts. It was part of the pork that was inevitable in our system of government, and the commissioner was the guy that could make it all happen, and if he went over on the Hill and testified that he needed appropriations for X-Y-Z project, the representative and the senator from that state *knew* that it was something that was going to be good for them. Therefore, they supported it. So there was a hell of a "old boy" network at the political level and . . . Everything's political, I mean, you go down to the district level to the individual water user level and they're the ones that are making contributions to the political campaigns. They're the ones that are doing the get-out-the-vote fundraisers. It all channels back up, and it's a fairly *small* community. It's not a huge group there. There are a limited

number of people who are actively involved in water development, and the movers and shakers all knew each other and did business together. It was simply a fact of life. The other issues–either there *weren't* any other issues, or nobody cared, or we simply weren't able to identity part of them.

As Technology and Knowledge Expanded We Began to Identify Problems We Didn't Know about Previously

A number of the problems until the last fifteen or twenty years [Reclamation and others] had no idea they were even *problems*. Selenium in drainage water in the San Joaquin Valley up until the early 1980s, fell under a category that was identified in all the reports as trace elements. There were a whole bunch of things that you simply *did not* have the technology to analyze. You couldn't detect or measure these constituents in a meaningful way. We're talking about two, three, four parts per billion, and the technology simply didn't exist to measure it, and nobody knew what level, whether it was two parts per billion or twenty parts per billion, created a toxic situation with respect to waterfowl. It simply wasn't recognized. Temperature and water temperatures–we'd never build Shasta Dam today without the ability to manipulate releases through the power plant from various elevations in the reservoir because we know the cold water is down on the bottom, warm water is on the top, and salmon need water fifty-six

degrees or below to provide ideal spawning habitat. And we built Shasta without a temperature control device. I mean, we never would do it now.

Red Bluff Diversion Dam on the Sacramento River

Red Bluff Diversion Dam, we went to Fish and Wildlife Service and asked them how we mitigate it for the fishery impacts of the dam: "This here's what we're going to build." And they said, "Okay, we'll put a couple of fish ladders over here, and then we're going to build this spawning channel down here. We'll just simply raise the fish over here in these channels." And it didn't work because there wasn't enough cold water to operate that facility, and nobody knew that. Cold water temperature modeling in the '50s was a fairly ~~archaic~~ [arcane], undeveloped science, and the problem wasn't one that really hit the streets until we started operating the thing in the '80s, and it didn't work. Fish and Wildlife couldn't raise any fish up there, and they finally figured out it was because the water was too warm. And so we spent twenty-eight million *bucks* that the water users are repaying for a facility that's not being operated. Fish and Wildlife shut it down and walked away from it.

So, as those problems became evident– as we recognized the problem, recognized the source, we know what the fix is. In a lot of cases the fixes *are* structural, but the suspicion or whatever, is that if you build something that

you're doing it for the water users rather than for the environment, so there's a lot of opposition to any kind of a structural fix to things that need doing. But yeah, hell, they were our clients; they were our constituents; that's who we did business with. It's like the military and Aerojet or Rockwell or whoever builds *weapons* for them. I mean, yeah, they're "in bed" with them, I mean, they have to be. They have to talk to each other; they have to know what their needs are; they have to know what's possible, what can be done, what's capable. I think we responded out here as we began to recognize the environmental problems, not as quickly as Fish and Wildlife or the environmental community would want, but I think we did respond faster than you might have *expected* us to respond, and certainly faster than some of the *water* users wanted us to respond. And I think if there is a *fault*, it would be in the speed of the response, and I don't think we can be faulted for that. I think we *did* respond to those needs as an agency in a very timely manner. You got to at some point part company, and we did. The environmental issues became a bigger concern, and we started responding to those.

Storey: You say "we parted company." With whom?

Recent Events Have Alienated Water Users

Budd: With the water users. I think there's definitely a feeling on the part of the water users that we're no longer their friends. We've, over the

last five years, *particularly* during the last year with contract negotiations . . . [they believe] we're doing dirt to them. They think that the situation has changed *much* to their disadvantage, and they're now "tail-end Charlie." The tail is wagging the dog, and they're not happy with it.

Storey: I'd like to discuss the regional directors and the commissioners you named. Were you here when Pat Dugan was here?

Bob Pafford as Regional Director

Budd: No, I arrived when [Bob] Pafford was regional director.

Storey: How was Pafford received? He was from the Corps of Engineers with *no* Reclamation background.

Budd: I think . . . Really tough for me assess Pafford and his relationship with other folks. My reaction to him as a staff person–I was *way* down on the ladder when I knew him–was that he knew what he was doing. Coming from the Corps, he played the political game very well. The Corps did the political thing even better than Reclamation–or does it now much better than Reclamation. So he knew that the political game was important; he *knew* who the right players were; and he knew how to function in that environment. And he also had the background that was "*right*," in quotes, for Reclamation: he was a builder, a doer; he

wasn't a politician or an economist or some other *strange* background. My exposure to him, my *impressions* of him, were always favorable. I don't have any bad impressions of, nor do I remember anyone saying, "Boy! that Pafford's really off on this one." And maybe, it's hard to tell, but we were doing a lot of stuff. Our construction budget was enormous. We had San Luis underway; we had just finished Trinity; we had a couple of other things that were going on; we were building things. It was a real boom time for Central Valley Project. And given that, there were no environmental issues, no political issues of any consequence that were hanging out there, so things . . . I don't know whether Pafford could function in today's environment or not. I have no idea. I just don't know.

Storey: But for his time he seemed . . .

Ed Horton, Acting Regional Director

Budd: For his time, everything seemed to be cooking along. After his departure there was a period of time in which we had acting folks in: Ed Horton was acting regional director, it seems like for almost a year. And he was, in my experience, a real gentleman: knowledgeable, sharp, concerned about people, a construction guy that came into the administrative end and took over the assistant regional director's job with responsibility for design and construction and planning, and just a real nice guy to work for. I was always kind of disappointed that he

didn't get the regional director's job.

Billy Martin, Regional Director

Billy Martin: I still like Billy. He's retired and back out here, and he's got a job as a manager in one of the local water user associations–and keeps small change, I guess. It's a part-time job, but it keeps him involved in issues. A pretty capable guy–the first regional director I really got to know very well. I was a staff guy on a negotiating team that was appointed by Washington to wrap up negotiations with Westlands. Our negotiating team started out with Gene Hinds who was the 400 Chief in Washington at the time and Billy and Dick Dauber [phonetic spelling], who was the assistant regional solicitor, and I did all the grunt work for them. And we spent a lot of time trying to work out a strategy for negotiations with Westlands–actually negotiating with the district. And, again, it was one of things that never came to fruition, it never got completed, but I spent a hell of a lot of time doing it.

Perception of Billy? I don't really have much of a perception of him other than I liked him, personally.

Storey: How did he relate to the staff?

Budd: I've heard conflicting comments, and my perception is he related fine, because he and I got along fine. But I've heard other people say,

"Oh, Gees! That guy was really cold. You couldn't get to know him." And one of the problems you have, I guess, doesn't–and I've heard this comment about every regional director we've ever had, I guess, with the exception of Pafford, and that could be because I never paid any attention–is that they're not consistent. You know, they say one thing one day, and six months later they're saying something else. And you hear that a lot, and my reaction *usually* is: "Well, yeah, because things have changed, so what you said six months ago ain't going to fit today. You've got to adjust." So you hear that about Billy, Catino, more about Houston than either of the other two. And that, I suspect, is understandable because Houston was more of a political animal than the other two. He was straight-out political–different critter.

Mike Catino, Regional Director

Catino, after Billy's departure–that was one of these things where the guy was just in the right place at the right time, did his politics right, got the right promotions, and ended up filling the gap, I think, that everybody recognized you had to have a regional director out here, and nobody could agree on who in the hell it should be, and they figured that Catino was a caretaker. At least that's my perception now of why Catino was regional director. It was, "Well, there's nothing really significant going on; we don't have to put a guy in there; he'll take care of things for the next two or three

years; and that'll work just fine." And probably liked Mike better than most of the other regional directors–than any of them. He was just a real personable guy, and it was part of his charisma, I guess, is he remembered your kids' names and your wife's name, birthdays, and whether your kids were in school or what they were doing–and still does. And he made a real effort to get to know people and their families. It's always difficult to tell how *serious* he was about that: did he really care? or did he just figure, "Well, if I can remember their kid's name, why, they'll like *me* better." I don't know, but I did like Mike. I thought he was just a real personable guy. I don't think he's capable of functioning in today's environment as a regional director. I think what's going on would be *well* beyond him.

David Houston, Regional Director

Houston can function okay as regional director now because he is a political creature. He would be taking marching orders from Washington and he would do what needs to be done to implement those orders. And of *all* the regional directors that I have known, he was probably the smartest and worked the hardest. Houston's day would probably average eighteen hours.

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Storey: He worked long days and maybe sleep three

hours a night or something?

Budd: Yeah, he would take *piles* of reading material home. His average night's sleep was three or four hours. If he got five, he was sleeping in and wasn't dedicating his time to the job. He remembered almost everything that he was ever told or read–just a real bright, bright guy. I had some problems with him because I didn't agree with a number of the policies that he was implementing, and as a Repayment Specialist, I was involved in a number of policy issues that were controversial. And when he would propose doing something, I would very calmly explain to him why it really wasn't a very good idea, and he would continue to propose to do that, and I would think, "well, maybe he didn't understand what I told him." And it took me about three or four months to realize that he understood everything that I told him. He probably knew it *before* I told him, and he didn't care. It was in *my* best interest . . . I felt I had an obligation, if what was being proposed would have some consequences, to lay out those consequences, say, "If you do that, this is what's going to happen," or "These things have to be done first," or something like that. I felt that I had a professional responsibility to make sure he understood all of that, or to make sure he was told that. And it took me three or four months to recognize that I should only say that once, because after he'd heard it the second or third time, why he began to get a little bit testy about being told by this staff person that what he was proposing to do had some

consequences. And hell, he already knew that. He didn't want to hear that stuff. Anyway, aggressive, capable, political–very, very political.

Storey: I guess, in a sense, you would say he was the first regional director who was a political appointee. (Budd: Yes.) How did the staff react to that?

Budd: Oh, I think there was a lot of real negative reaction to it. The career people really didn't like it. He had been appointed deputy assistant secretary, which a Schedule C position as I recall, and he was a special assistant to Broadbent who was Commissioner, then moved down to the deputy assistant secretary's slot, and then *converted* from a Schedule C to a career employee through some process that OPM [Office of Personnel Management] was involved in, and then came out *here* as regional director. And there was a lot of opposition to him coming out here. His arrival wasn't very well received. And he made friends with some of the staff; others of the staff just–boy, there was no way that they were ever going to get along. *Part of it* was he was a thirty-two year old kid. I think that was his age, but he was very, very young. He *looked* young–fair complected. He even grew a beard after he arrived, to try look a little bit older. And then some of the old fellows around here simply didn't want anything to do with working for a *kid* who couldn't possibly understand how complex this project is. Well, he didn't have

the background that certainly some of them had, but it didn't take him *too* long to develop enough so that he understood *most* of what was happening–different kind of a guy. But there was a lot of opposition to a political type coming out as a regional director.

Storey: Would you characterize him as capable regional director, or how would you characterize him?

Budd: Yeah, it's difficult. Traditionally you measure "capable" with accomplishment and what was done during the term, and it wasn't a hell of a lot done that was progress. We did complete Coordinated Operations Agreement with the State of California, but we shut down San Luis Drain and had major problems there, and we didn't resolve any of the issues that were facing us at the time. I don't know that you can attribute the responsibility for that to Dave. I think the times were more than anybody could handle. I think he's a capable administrator. And given how . . . hell, he's worth two people–he simple puts in that many hours. The amount of stuff that he read, the background that he picked up while he was here–yeah, I would think certainly he would be a capable administrator, a good regional director. And you got to qualify the good, I guess, with–well, do you agree with the political direction in which he was headed, because the job was . . . I think during his tenure is the first time that we split things up between water users and others, and then we subdivided those two groups into

Republicans and Democrats.

". . . there wasn't any question that the stuff we were doing out here was being done to assist election of Republican members of Congress, governors, senators, state assembly. . . ."

And there wasn't any question that the stuff we were doing out here was being done to assist election of Republican members of Congress, governors, senators, state assembly. You know, if you're a Republican if we could help you . . . We didn't make announcements that were bad news at a time that it would hurt a Republican. It became a political exercise, and that point you had to have a program to tell who the players were. It got real complicated.

Storey: Do you have any insight on why he left?–I believe in '89.

Budd: I really don't know. I *do* know that he's making probably six to eight times the money that he was making then. Whether or not it was strictly a personal decision motivated by income potential, or whether there was other stuff behind it, I don't know. I suspect that it was strictly: "Well okay, guys, looks like Bush won't be a two-term president, that the Democrats are going to be in–time for me to get out of here because I ain't going to survive a change in administrations." And his mentor, assistant secretary . . . (Storey: Was that Broadbent?) No, he was commissioner. I can't remember the guy's name.

David Houston and Jim Ziglar

Anyway, the assistant secretary, went to work on Wall Street . . . . (Storey: Oh, Mr. Ziglar.) Ziglar, yeah. (Storey: Jim Ziglar.) Went to work . . . Hell, I can't even remember the name of the Wall Street firm now that went down the tubes with the scandal. But Dave went to work out here as that firm's representative. He reported to Ziglar, municipal bond field, and as that firm went down the tubes, he shifted over to Smith, Barney and is still there. And my understanding–it's hard to tell what the facts are, but the rumors are that he's making eight hundred [$800,000] to a million and a half [$1.5 million] a year, and it wouldn't be tough for me, I don't think, given that kind of an opportunity to say, "Well, working for $80,000 doesn't really make a lot of sense, when I can make ten times that and not work any harder than I'm working now." Because he was working; he was working hard; no question about it.

Storey: And his successor was Larry Hancock. (Budd: Right.) What are your perceptions of Larry?

Larry Hancock, Regional Director

Budd: Larry and I were friends. I liked Larry a whole bunch. I don't think Larry was cut out to be the politician that it takes to be the regional director in *here*. I think any other region that Larry would be a great regional director. And *undoubtedly*, there's a problem in Reclamation

states–there are not a lot of blacks in Reclamation states, particularly not in jobs like regional director's jobs. And I think Larry handled that well. He did well getting past the issue of color. There's always a suspicion that he got the job because he was black, and that may be, but it wasn't because he wasn't as well qualified as any of the other candidates. I think he probably was as well qualified as anyone that *I* heard of being discussed at the time. I *don't think* there were any candidates that were capable of functioning at the level that this job requires.

Roger Patterson, Regional Director

I don't know how in the hell we managed to get somebody that's as good as Patterson. I don't know why Patterson's still working for the government. He's a good regional director. He's developed relationships that go far, far beyond what you would expect from a regional director–at least in a fellow as young as he is. That's always been a puzzlement to me, is how we can keep anybody, any *good* people. I feel very inadequate about my own abilities, but I figure I'm about as good as the government has, but I'm not nearly as good as what's on the outside: and the *reason* is the outside folks are out there because they're willing or desire to take the risk on the outside to make a *lot* more money. And I don't understand why Patterson isn't out there someplace doing something like that.

Storey: What do you see as his strengths?

Budd: I think it's . . . He's kind of like a chess player, I guess. He's able to look five, six, seven moves down [the road], with permutations on each of those and remember them. I think Houston had a lot of that same ability, but I don't think he could . . . The problem Houston had is that his motivation was basically political, and I don't think Patterson cares one way or the other about politics. He simply recognizes that this is the Democrats, and we do things in a certain way with the Democrats, and when the Republicans come in, we'll do those things in a *different* way with the Republicans. Houston was strictly *driven* politically. He had a Republican agenda that he wanted implemented. Patterson doesn't. He's got a water-environment type agenda that he simply accommodates the politics in. That's the only thing I can think of that really . . . He's bright, he's a personable guy, people like him–a combination of all that stuff. Lots of people are bright that people really like but simply couldn't function in the job that he's got. Something I can really see is that I know–and I sit around and spend some time thinking about, "Okay, well, if we do this here's what happens." And when I get involved in conversations with Roger about some of those things, why he's usually been there, thought about that, and gone on to the next step or two. And at that point it gets so complicated for me that I just can't take all this information and make sense out of it, and he seems to be able to do that.

That seems to me to be the reason that he's as capable as he is. Now you can put somebody in there that everybody likes–yeah, he's a good guy; you'll get along fine with him, but he's not going to be nearly as effective as my perception of Roger's effectiveness.

Storey: Well, I hate to say it, but we've arrived at the end of another two hours.

Budd: Well, I think we're all done, too.

Storey: Well, I appreciate your spending the time with me, and I'd like to ask if it's alright for Reclamation researchers and researchers from outside Reclamation to use the tapes and transcripts from this interview.

Budd: Yep. That's fine.

Storey: Good. Thank you very much.

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END OF INTERVIEWS