

**Dennis B. Underwood, Commissioner of Reclamation
1989-1993**

ORAL HISTORY INTERVIEWS

DENNIS B. UNDERWOOD

1995-1998

Denver, Colorado



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Oral History Program
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**STATEMENT OF DONATION
OF ORAL HISTORY INTERVIEWS OF
DENNIS B. UNDERWOOD**

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, Dennis B. Underwood, (hereinafter referred to as "the Donor"), of Alta Loma, 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 interviews conducted during the period April 24-25, 1995, at the Jonathan Club in Los Angeles, and in Ontario, California, on February 17, 1998, and prepared for deposit with the National Archives and Records Administration in the form of cassette tapes 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: Feb. 17, 1998

Signed: 
Dennis B. Underwood

INTERVIEWER: *Brit Allan Storey*
Brit Allan Storey

Having determined that the materials donated above by are appropriate for preservation as evidence of the United States Government's organization, functions, policies, decisions, procedures, and transactions, and considering it to be in the public interest to accept these materials for deposit with the National Archives and Records Administration, I accept this gift on behalf of the United States of America, subject to the terms, conditions, and restrictions set forth in the above instrument.

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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 Transcripts of Dennis B. Underwood

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Dennis B. Underwood, former Commissioner of the Bureau of Reclamation, in the Jonathan Club in Los Angeles, California, on the morning of April the 24th, 1995. This is tape one.

Mr. Underwood, I was wondering if you'd tell me where you were born and raised and educated and how you ended up at the Bureau of Reclamation, please.

Underwood: It starts back in New England and rural Vermont. I was raised in a town of about 500 people. Probably the most striking thing would be that there was no stores, no gas stations, so a very rural setting. If you're trying to contrast it, I guess, with Reclamation, Reclamation was to help settle the semi-arid and arid West, and here you are in the Northeast, where there's an abundance of water, in a very rural setting.

Raised in Vermont

I'm one of five brothers, so there was six boys in the family. There's certain principles, if you look at your life and what strikes and brings you forward into your work place, or even towards your education. I think the idea of a very rural setting, you deal with some very basic principles and some very quality-of-life issues that I think form a very good foundation, I think has affected my foundation through my education and also as Commissioner.

The other part, the other contrast, is that you're coming from a very rural setting, and I ended up in some of the largest cities in the United States. So you had a contrast, which I think, again, allows you to be aware of varying types of viewpoints.

I went to college in Norwich University. It was a military school, primarily set up to provide engineers for the army. I got a commission and served some time with the Corps of Engineers in Southeast Asia during the Vietnam Era. Also, got a bachelor of science in civil engineering.

Educated at Norwich University

In Corps of Engineers during Vietnam

I was recruited out of the Northeast to California. There was a lot of emphasis on the development of California, and this was back in the late 1960s, a lot of efforts into the development of water infrastructure, large-scale water infrastructure, for California. As my civil engineering career, I wanted to continue it in the water field, so you go where there's the most activity. They used to do a lot of national recruiting. I was recruited and worked for the state of California, the California Department of Water Resources.

Recruited by the California Department of Water Resources

My initial tenure was only about six months, and then I went into the service, spent, like I said, a tour in southeast Asia, and then went back with the Corps. For my latter part with the Corps of Engineers, I did large-scale water supplies for the Northeast. They had just had a long, prolonged drought in the Northeast, and Congress had authorized some acts. So I was a part of a special team of an *ad hoc* of various Federal agencies to study water supply problem solving in the Northeast.

After about six months in California went into the service with the Corps of Engineers

Worked on drought issues with the Corps in the Northeast

After my tenure in the military, I returned to California, to the California Department of Water Resources in the Los Angeles area. I spent until about, I believe it was about 1978. I had worked my way through . . . up the structure of the California Department of Water Resources, then was recruited for the Colorado River Board of California. It was an appointment position, executive secretary with the board. I had technical duties, but I also had administrative duties, and there was a decision why I left the Department of Water Resources.

Returned to the Los Angeles area to continue working for the Department of Water Resources

Recruited for the Colorado River Board of California

At that time, I had developed a technical career, and all the decisionmaking was technically oriented. I began to realize that that's not where all the decisions are really made. Engineers have a tendency to believe that they don't get involved in politics—that they develop the technical solutions, and they think that that will prevail. Well, it so happens that that's not always the case, and if you really want to get into the decisionmaking, especially with the advent of the environmental

"I had developed a technical career, and all the decisionmaking was technically oriented. I began to realize that that's not where all the decisions are really made. . ."

laws, public involvement, etcetera, then it became very important to understand where the decisions are made, recognizing that Congress plays a role, state government plays a role, private business plays a role. So I took the position where I would then also gain more strengths in the running and the management of an organization, and basically headed all of the, not only the technical responsibilities for accounting, for all of the support functions of an organization, public relations, governmental affairs, lobbying, legislative, a lot of interstate organizations.

Wanted to be in the decisionmaking end of water management

Again, this *broadens* your perspective. I had some extremely good mentors. When I was with the California Department of Water Resources, that was their heyday time, so I probably had some of the best people in the business that were my mentors. Similarly, when I went to the Colorado River Board, and you're dealing with seven other states and Mexico and the Federal Government, there were, again, some water giants, so to speak, who had great influence, I think not only in terms of decisionmaking, but in terms of negotiations, how to build consensus, how the political process works, the role and importance of public relations, etcetera, all of these being focused in terms of running an organization, getting the most out of an organization, and also being effective in terms of decisionmaking.

"I had some extremely good mentors."

I went there as the youngest person on the staff and figured that these mentors would guide me and that old age would set in, I would gradually work my way through the organization. Well, it was only a few years and I was head of the organization. There was a change of events in terms of personnel that led me to head the organization.

"Well, it was only a few years, and I was head of the organization. . . ."

Again, before this time, with the California Department of Water Resources, I had exposure throughout the state. I also did some consulting roles for the United Nations in conjunction with the Massachusetts Institute of Technology. I was doing training for foreign engineers or foreign water resources managers. This obviously keeps building your base and your marketability as an

Consulting with the United Nations

Training foreign engineers

individual and your acceptance by the water community.

Going to the Colorado River Board enlarged that in a couple of different areas, obviously more interstate, more international in some cases, but more with the Federal Government. Through that, I served substantial amount of organizational (unclear)¹ stations. And lo and behold, one day I received a call and asked if I'd be—this is probably in the, after the election of President [George H. W.] Bush, in about April, I think it was somewhere in April. They were filling and needing various appointments. They were having difficulty. There was great concern, concern in the communities that I was in, that there was not a lot of western interests being represented in appointments—in particular, California interests—but in the water area and the energy area, etcetera, that in terms of the positions within the Administration, there was not a lot of representation from the West. There was a substantial amount of concern, and they were having some difficulty recruiting people. Again, this becomes my perspective and the perspective of the people that I was associated with at that time. But the pay wasn't good, the hours of work were not necessarily good. A lot of personal sacrifices being made, because suddenly you give up something of whatever your position is. There's certain restrictions that influence your marketability after you leave a presidential appointment position. You have to answer your questions relative to family. So they were having a lot of difficulty filling positions, or recruiting, I think, qualified positions.

One thing that I would say, the Bush Administration at that time were looking for qualified people. I mean, it was people who had experience in the field. They were *not* people that had no association with water or energy or with resources, so to their benefit, I think, that they were trying to get qualified people.

Like I said, I was not approached until about April. An inquiry came in on the telephone from an acquaintance and asked if I would be

Broadening acceptance among the water community in California, other states, and internationally

Receives call about serving in the George H. W. Bush Administration

Difficulty in recruiting for Federal positions

"A lot of personal sacrifices being made, because suddenly you give up something of whatever your position is. . . ."

Bush Administration was looking for qualified people

interested. At that time, it was two positions. Well, there were two, the Assistant Secretary for Water and Science, and to a lesser degree at that time, the Bureau of Reclamation. They were having difficulties in both areas of filling those positions at that time, or at least coming up with the nominees that they were willing to advance.

There were two positions in the Department of the Interior up for consideration

I don't remember how much time passed. Probably not too much, because I remember it was Easter, and, lo and behold, I was sitting in my office on Easter Sunday. You probably shouldn't put this in any of your records, but that's not the place to be on Easter, I guess. But I was sitting in my office, going through some work that I needed to catch up on. I get a telephone call, and it's from the White House. I thought it was some of my friends who were being funny, because I had not told anybody at that time that I was being inquired as to whether I was interested in taking a position with the Administration. But lo and behold, it *was* the White House. They asked me a few questions, background questions, a couple striking things. I remember they asked me—there were some headlines in the paper at that time that had to do with the Two Forks Dam Project, and I hadn't even read the paper that morning. They asked me what I thought of the situation, and I responded, and probably had a half-hour discussion. I don't even remember who the person was at this time. But it was funny that they did not call me at home. They called me in my office. I don't know what would possess them to think that I would be in my office on an Easter Sunday. But anyhow, that's basically how I was contacted.

Received a call from the White House while working in his office on Easter Sunday

Probably within a week after that, I was asked to come back to the White House. I went back and interviewed with some people within the White House, also with the Secretary of Interior. Everything moved relatively fast after that. Again, this was in the April time frame, and if anybody's ever done any political appointments, you will now suddenly realize that you have about two tons of papers to fill out. A lot of background checks went on. The FBI has to do a substantial amount of background checks. I know that in particular it was fairly extensive, because they even went back

Went to Washington, D.C., to interview in the White House and with the Secretary of the Interior

Background checks by the FBI

and talked to my mother. They took everything from when I was eighteen years old to my present time, and if you left one day out, they were wondering what you were doing that day.

It kind of makes you ask yourself—at that time, I still had some concerns, because you're not only exposing yourself to public debate, but also your friends and your family, and there were still some reservations at that time, because suddenly they're digging into every corner of your life. At that time, there had been some episodes—and I don't think it was the Bush Administration. It was prior to—that they had some episodes with people in terms of inadequate background checks. So they were doing a fairly substantial investigation. I'm assuming they still do. But it does leave you with some cautions as to, again, whether you want to proceed, because you are exposing your family, etcetera.

I'm going to try to make this probably a little bit shorter.

Storey: Please don't.

Underwood: Okay. After this point in time—I'm never one to fill out forms, and I remember they just kept coming and coming and coming. I also found out that they had my home under surveillance for a number of days and they were obviously watching me, because my neighbors told me about it, because they had visited with my neighbors. I remember one incident where I had to make one trip down to El Paso, Texas, and it was just for the day. I was going down tonight and I was going to meet with some people and I was coming back. The FBI called me and wanted to talk to me, and they said, "Well, we can't—and I was only going to be gone a day. And it struck me, and I said, "God, what do they think I'm doing, fleeing across the border?" because they wanted an agent to talk to me in El Paso. I said, "Why won't they wait until I come back to Los Angeles as opposed to trying to meet up with me?"

I'll just tell this quick little story. I was in a hotel, and the FBI agent got a hold of me. You

" . . .suddenly they're digging into every corner of your life. . ."

Number of forms to be filled out in the nomination process

FBI arranged a meeting in El Paso, Texas, when on travel

have *no idea* why they want to talk to you so quickly, so you figure, "Uh-oh, something has come up that is of great interest." I went down and was supposed to meet the agent in the lobby in the morning. I came downstairs bright and early, because I had an early meeting. It was probably around five-thirty, six o'clock. I couldn't find anybody. So out behind this potted plant pops an FBI agent, very young individual. You're obviously still a little nervous, trying to figure out what the heck is going on. I remember his first words to me were, "I'm very nervous about this."

I said, "Well, don't feel bad. You shouldn't be. It's not all that bad." I was more of a calming effect on him than he was on me.

Later I learned that the FBI agents, when they're young like that, they get an assignment, and then they usually have some rural area and then they switch to some larger metropolitan area. He was due to be rotated. He was afraid that if he didn't do a good job out of this or something came up about me that he didn't catch, that his career in the FBI was going to be over. So I was more of a calming influence, I think, on him than he was on me.

I remember, though, I was impressed that he had about three inches of paper on me that they had sent down overnight to the agent, and, lo and behold, there really wasn't anything that I thought was that pressing. The only thing that, because of, I think, the lateness of the entry and they were trying to get the appointments in place, they had some very sharp deadlines. But it turned out to be nothing of any substance that he asked me, but I think, like I said, it had to do with the timing.

Then I was asked to come back, once the checks were done, the background checks, and I think this went, I'm trying to jog my memory, maybe into the May-June time frame, that there was than an announcement. At that time, you still have no idea whether you're going to be a nominee or not, so you're kind of left in limbo. It kind of puts you in a hard place, too, because you can't be committing to doing other things, not knowing

Announcement of intent to nominate

what's going to go on. Lo and behold, the nomination did come down. There was an announcement. After that announcement, they asked me to come back to Washington. There was a public announcement of the nomination I think maybe around the May-June time frame. Again, it's pretty late in the presidential appointments, because you're almost six months into the Administration and you still haven't been in place and you've still got to go through confirmation hearings. You've got to remember, they always have some recesses with Congress.

I came back to Washington. Again, you do not know at that time whether you're still going to be confirmed, when your hearings are going to be, and your whole life is kind of in limbo. You don't move family. I spent most of my time in Washington at that time. But they were counseling that they didn't want you to be involved in any issues, so it was like sitting in a closet for a number of months, not getting access to any issues. If you went to meetings, then it became something on certain issues that you potentially could be asked about, because you're not confirmed and you should not be involved in government at that time. You were asked to leave meetings.

I took a leave of absence from my job at that time. It became a very difficult time, because you're spending your own money, and you're not sure exactly what's going to happen. So again, the personal sacrifices, I think, come into play, because you're not with your family, there's a lot of unknowns going on.

Lo and behold, finally they were talking about the confirmation hearings. Then you go through the process of making your congressional visits. That went very smoothly. Come the day of the hearing, I was one of four candidates. The only reason I build up to this, because it's kind of a unique little story an influence as to the timing of being Commissioner, and so I think it probably has some value. At the time that I was going up for confirmation hearings in the Senate—and it was before Senator [Bill] Bradley's committee—there was three other individuals who were going to be

Went back to Washington, D.C., after announcement of the nomination

"It became a very difficult time, because you're spending your own money, and you're not sure exactly what's going to happen. . . ."

"So again, the personal sacrifices come . . ."

Congressional visits

One of four candidates at the nomination hearing

confirmed with me, two Assistant Secretaries and an individual, who escapes me right now, that was from Alaska. There was an organization of Alaska that was also going through that required Senate confirmation. So it was four individuals. You figure that they're only going to do it for only one day, potentially. You divide up the time. You think four people dividing the time, they're not going to have very much time for questioning of any individual in particular. I was probably considered maybe one of the least controversial individuals of the four people. Again, you've got to remember that, up until this point, you had been sitting in a closet. They're not giving you access to anything so that you could respond to any kind of governmental activities. So you're only going to be able to respond from your own personal knowledge or your own personal work experience.

"I was probably considered maybe one of the least controversial individuals of the four. . ."

Comes the day of the hearing, and there's a formality that they normally go through. Usually the Senators from your own state get up and introduce you. You've got to remember, there's four people, so you're going to have potentially eight Senators do the introduction. Generally members of your family are introduced. You're figuring obviously this is going to eat up so much time, there's not really any time potentially for questioning.

They started with the introductions by the Senators. That went rather quickly. There was a vote that came, I remember, of the committee, so the committee people left. Chairman Bradley came back at that time, and I remember he said, "We will dispense with any more introductions of the family and etcetera, and we will get right to the questioning." And he proceeded to question *me* for probably, I don't remember the length of the hearing, probably 99 percent of the length of the hearing.

"And he proceeded to question *me* for . . . probably 99 percent of the length of the hearing. . ."

There was a logic for this. At that time, the Central Valley contract renewals were going on, and they were trying to extract out of the Administration a position on the contract renewals. So consequently, the whole focus of the hearing was on me. Like I said, I expected at that time

". . . the Central Valley contract renewals were going on, and they were trying to extract out of the Administration a position on the contract renewals. . ."

probably I would be the least one they were going to question. And this went from all kinds of details to individual projects, our past dealings, experience, and probably about an hour into the hearing, you're wondering, "When are the other people going to get any questions?"

I remember recognizing the questions, that they would ask something that would come up, and then they would ask me maybe a follow-up question or two follow-up questions or maybe three. But it didn't take you long to realize that their level of knowledge was not too great, so that you could anticipate, when you heard the first question, you knew what the second and third question was going to be. So suddenly you had a chance to start taking charge of the hearing a little bit more by answering the first and second question, and maybe even the third question, that left the Senator or Senators without a heck of a lot to ask beyond that.

At one point, after about two hours of this, I remember at one point—and you could see. I remember sitting in the room, and obviously there's a lot of TV cameras and lights, and there's photographers laying on the floor and everybody's taking pictures and stuff. I remember seeing the staff people sitting behind the Senators. At this point in time, after about two hours of just continuing questions, I turned to Senator Bradley, who was the chairman at that time, and said something to the effect, "You know, I thought we were here to determine if I was qualified to hold this post as opposed to going through this sixty-minute drill of all these little detailed questions, etcetera." And I could see the staff people cringing in the background behind some of the Senators, because you're not supposed to challenge.

I remember Senator Bradley—we became very good friends after this, I think. But I remember him, he was taken [aback]. He didn't even know what to say, because *nobody* challenges back the chairman of the committee, especially in a confirmation hearing. He was tongue-tied. He didn't know what to say for a little bit.

". . . it didn't take you long to realize that their level of knowledge was not too great, so that you could anticipate . . . what the second and third question was going to be. So suddenly you had a chance to start taking charge of the hearing a little bit . . ."

Challenges Senator Bill Bradley about the nature of the hearing

Then we continued on. I don't know, we went on for another whatever the length was. I remember then that they asked, one of the assistant secretaries they asked a couple questions to, and then he turned to the two other individuals and he says, "You've got thirty seconds to let us know that you have a voice."

They just said, "Thank you. We're glad that Mr. Underwood's been answering all the questions so that we don't have to." And basically, that was the end of the hearing.

"They just said, 'Thank you. We're glad that Mr. Underwood's been answering all the questions so that we don't have to.'"

Actually, I enjoyed it, to be perfectly honest with you. The first part you're wondering, "What did I do to deserve this?" But the second part, suddenly, as you begin to realize that you could control the hearing to a degree yourself with the questions, because the depth of the questioning wasn't all that great, it became a little bit enjoyable.

After that, you think you have an opportunity to have a vote on the confirmation. I think we're now talking around the August time frame. Again, remembering that the whole question, the focus of the question was trying to get something out of the Administration from me. They were trying to get certain types of commitments from me in the questioning, obviously, and he would always preface everything just based on your work experience, because you were not representing the Administration at that time because you hadn't been confirmed.

The vote, basically all it takes is one Senator to hold up the process—he doesn't have to give a reason why—and your confirmation can be strung out. And that's what happened in my case, and it was primarily, I believe, at that time I think it was Senator Bradley that was doing this.

The period between the hearing and the vote was strung out, possibly by Senator Bradley

It got to the point that this went *on* until November. Again, they were trying to leverage something out of the Administration. I told the Administration, "If you compromise me now, every time I go up to the committee, to Congress, then I would be expected to compromise, and I would rather go home than to compromise my

position—and, your positions. We held tight. It got to the point that I was running out of health insurance with, obviously, a leave of absence from my job. Remember that I was telling you that probably from the June to the November period I still could not be involved in things, because they could still call me back up for further hearings, so that you could *not* be doing any governmental work. You could be reading things, etcetera, getting prepared to potentially become Commissioner, but basically you're still sitting in a closet, and I sat in the closet until about mid-November.

It was getting to the point then I think the Senator found out this, and probably politically was now changing. I mean, he had a position he was trying to extract. Obviously, he was not being successful. Here's a person who is not of worldly means, who is willing to do dedicated service. It is now getting to the point that he's losing health insurance coverage, etcetera, because he doesn't have a job, and it's costing him a lot of money to be doing what he's doing, and became, I think, a political liability to the Senator. And I was on travel status, because I got sworn in in Denver in November, I think somewhere around about mid-November, if I remember correctly. You've got to remember now that almost a whole year has passed, so I've lost a year. Generally, you're not going to be off and running in January, but generally I think you're going to be talking about the main time frame or something like this. So I lost almost a year out of this process to become Commissioner.

There is a few things I lost out of that process, too. They go through some formalities that, because it was near the Thanksgiving, and usually there's a reception in your honor, etcetera, and I decided not to do any of that because it was so late into the process already. And you were near the holidays, and a lot of times you'd invite people back to Washington just between Christmas and New Year's, or between Christmas and Thanksgiving. So there were some things I missed out on. On the other hand, I probably had some experiences that nobody else had.

There's another reason I bring this up, because I ended up testifying almost more than anybody in Interior on very difficult and controversial issues for the Administration, for the Department of Interior, and for the Bureau of Reclamation, and I think probably set me in [good] stead by, if I had had a very easy time in terms of testimony, then I could have potentially been overwhelmed when you went up there under very hostile or adverse conditions in terms of hearings. And remembering that Congress was controlled by the Democratic Party at that time, that most of my hearings were *not* friendly hearings. They were on issues that came before Congress. People wanted to make issues out of them. So consequently, they were on very controversial issues. But I think having had that experience and watching what happened to a few other people who had a very easy time of it and then went up to testify and had a very difficult time on testifying and almost refused to testify after that, I think setting the stage and having the experience I had probably was the best thing that could have happened to me through this process.

"Congress was controlled by the Democratic Party at that time . . . most of my hearings were *not* friendly hearings. . . ."

The only regrets, like I said, I would say out of the confirmation process was the long nature of it and losing time. Time is very critical. You're there. You're there because you think you can help do something for your country. I was there and I was motivated, by the same way I was motivated for my military service, that I was doing something for my country. You're not going to make a lot of money out of this, but it's because you think you can contribute and make a difference. And losing a *year* out of that process bothered me a little bit, because, again, you keep thinking in your mind, all through this process you're asking yourself, "Do I want to even do this? Here I'm going through all of this harassment. It's costing me dearly financially."

Lost almost a year of time during which he could have been on the job

I'll give you another example, and this is for people who are going to take positions. I knew it was going to cost me some money. I knew that presidential appointees *do not* incur the normal moving expenses. The comings and goings of those come out of your pocket. One of the things

Presidential appointees do not receive moving expenses

that happened to me in particular, because I was on travel status and because they were putting me up in hotels, as soon as I got sworn in—and nobody told me—I automatically was not being covered for any of my travel expenses. They were keeping rental cars and a place for me to stay in Washington, and, lo and behold, I had big bills to pay. So personally, you start incurring a lot of costs and a lot of hardships that probably wasn't necessary to some degree, but you need to be prepared. I mean, if somebody's taking a job, not only is the pay not going to be good, but it's going to cost you financially to take the position. And I think people have to recognize this, that it is not something you take to make money, it's not something that you do for power. It is something you're doing for a contribution to your country.

I'm going to make one other comment, because this stays in my mind. I remember many days and many long hours in Interior. I worked almost every weekend. My family stayed in the West during the whole time that I was there. And I remember coming in early in the morning, and I was amazed at the political appointees that were in there working every weekend. Again, it wasn't for money. It was because they were trying to make a difference and they were trying to make a contribution. I can't think of anything that struck me by looking down at that logbook weekend after weekend and seeing the people there trying to make—

Worked long hours in Interior

Family stayed in the West

Political appointees working during the weekend

END OF SIDE 1, TAPE 1. APRIL 24, 1995.
BEGINNING OF SIDE 2, TAPE 1. APRIL 24, 1995.

Underwood: The other point that I wanted to make, and that has to do with political appointees and their dedication, and that it's not for money, it is for love of country. I spent a lot of weekends. I think I indicated that my family stayed out West, primarily because I knew I was going to put a lot of hours and a lot of travel, and it would put them in a very difficult surrounding.

One of the things, coming in there was a logbook in Interior, and weekend after weekend, looking and seeing that the political appointees

were there weekend after weekend, and again it was because they wanted to make a difference, knowing their tenure was going to be very short.

The other thing that I *would* say is, I'm a strong believer in having the appointments, the political appointees, and I probably can capture it easiest by saying that in any organization, whether you're a political appointee or an elected official, whether it's civil service or whether it's private sector, your real major contribution in an organization is going to be in the first year of any position, because you're probably going to be more objective—I mean, assuming that you're going in for the right motives—that you're going to be very objective. You're not captured by the process. So that the people that are going to make a difference, they're going to make a difference in the first five years. And I think when you look at the presidential process, if a person is there for four years, what you're going to accomplish you should be able to accomplish in that time. If you don't, then there probably needs to be a change, because probably it's already been captured.

". . . your real major contribution in an organization is going to be in the first year . . ."

An interesting point that I would make, I think the average tenure, it may be different now, but the average tenure of a political appointee, presidential appointee, is eighteen months. That's how long they last. So they either leave because—I think the two main reasons. One is, they could not accomplish as much as what they thought. They don't have as much power. And I think there's good reason for that. You don't have—and I agree—you don't have as much power as what you think you can to get things done, power from the point of view of, in a very constructive way, that you're trying to make a difference and trying to make a change.

The average tenure of a presidential appointee is eighteen months

The other part is a little bit the personal reasons. The personal sacrifices become so overwhelming that generally people have to leave before that time. An interesting part in Interior during the Bush Administration, I think they all stayed during that whole tenure. There were very few changes, so there was some amount of

continuity. There was some changes, but, by and large, I think most of the people did stay.

The other part that I always ask myself, I said it's time for me to go home when I decide that if I ask a question, and people say it takes this long to do this or it takes this to do this and I accept that, then I've been captured by the process and the chances are my contribution is diminishing. Then it's time for me to go home, too. And I always thought that. I kept that in the back of my mind the whole tenure. If I stop questioning why, then it's time for me to go home, because you've been captured by the process and your contribution is probably going to be diminished.

Anyhow, that is a little bit of the history, as I can recall it, and a very brief time frame of going through my appointment and then setting up my first official duties as Commissioner. Like I said, I ended up being confirmed right at the holidays, so you lose out a little bit right even from the beginning.

Let me continue. Like I said, this now giving my official time frame as Commissioner basically was, I think it was November of '89. Then you also go through the decisions at that time as to whether to bring my, like I said, whether you bring your family. Does the family stay? I decided that it was not, because I knew I would be traveling and working late hours, that it was probably not the thing to do, at least initially, and maybe even during the whole tenure.

The interesting parts I'm going to talk about now is a little about Interior as a whole. Prior to the time of being confirmed, there was some retreats that the Secretary of Interior put together, and it was primarily to get acquainted, but also to build his team in terms of running Interior. It was beneficial in the sense that he did get a chance to know and work and establish some relationships, and that became very important later on, and I will bring this back up and talk about it.

One of the principal functions that I wanted to do for the Bureau of Reclamation was to

Retreats of the Secretary of the Interior

broaden its partnership or its cooperative base—people it worked with. Prior to this time—and this is not to be derogatory about the Bureau. But prior to this time, and especially when they were project-oriented, building projects, it was a very narrow focus, a very narrow audience. You had project beneficiaries. A lot of your work was being done by your congressional people, whoever was seeking authority and authorizations and funding, so that you relied on *other people* to do a lot of your work. You had a very supportive group of people, meaning your project beneficiaries, and once you were making transitions from development phase more into the resources management phase, that's a whole new audience you're talking about. And that's something I want to talk about, too, is look at accomplishing that.

Wanted to broaden Reclamation's partnerships and cooperative base

But one of the things that I thought was very important was, there was a lot of poor relationships with many of the other Federal agencies, primarily because there was some competing for money and there was competing for interest. Consequently, the relationships were not necessarily the greatest. One of the things that I had a perspective of was, I thought that Interior should be operated like a corporate business, that you had all of these subsidiaries that could interreact with each other and be supportive and actually be very complementary. If you look at the diversity within Interior, you *could* very easily put together a corporate structure. That wouldn't mean that you wouldn't have differences, but many people used to define the Department of Interior as inherently having a lot of internal conflicts. It was Fish and Wildlife interests against other economic water interests. It was varying land conflicts, whether it was the Bureau of Indian Affairs, having conflicts with other agencies.

Mending fences with other bureaus

I didn't think it had to be that way. I thought at that time that, if you were really going to be an effective part of government, you needed to look at more of a corporate structure. So from two points of views, one, I wanted to build relationships with other Federal agencies, *even outside* of Interior, and that had to do with the Corps of Engineers and the Environmental

Protection Agency, anybody that you were going to be touching, that was going to have an influence on the success of the organization.

Up until this time, if you look back at the history, there were some very powerful people in the authorizing and appropriations committees that got the funds and got the authorities that they needed for projects, and the Bureau didn't have to do too much to get that. Again, that was a part of the individual congressional or senators or played a very major role in that. If you were going to compete now and playing a different role, an enlarged role, then you were going to have different audiences, or customers—I guess they'd say that—in terms of quality management, people that you were going to interact with, and you needed to build trust and credibility with those people. That became, I think, very key to having some of the successes that we had when I was there was this broadening of the base of Reclamation.

A couple things come to mind, too, that *I would say* probably have my imprints on the organization. Again, it gets back to the role of the Bureau of Reclamation, to a large degree, was very project-oriented and not necessarily looking at large scale systems or meeting interstate needs or competing needs. It was the supplying project area. If, in fact, you started looking at all of these project areas together and trying to meet some of the environmental needs and some of the other changing value needs, it became very apparent that I did not want to sacrifice one economic use for an environmental use. I always figured that there were ways of getting added value to incorporate greater values into the projects as opposed to having a competing conflict.

A couple things also come to mind. I'm trying to set the stage a little bit of when I came into Commissioner and hopefully what kind of an imprint that I was going to leave on the organization—in other words, what kind of a vision did you bring into the organization. Why were you there? Why were you the right person at the right

"Up until this time . . . very powerful people in the . . . committees . . . got the funds and authorities . . . and the Bureau didn't have to do too much . . ."

"I did not want to sacrifice one economic use for an environmental use. . . ."

"I always figured that there were ways of getting added value to . . . projects . . ."

time or the wrong person at the right time for the organization? A lot of it is going to come from my perspective, obviously.

There were a couple of other parts. I was a strong believer in state water rights, that the Federal law was only necessary if there was—I mean, state law prevailed unless there was a national interest at stake. And that's a little different. You've got to remember that the Bureau has a slant, again, of satisfying project beneficiaries at this time, and not much beyond that, not much in trying to protect their interest. They were always regarded as the person that, if there was a Fish and Wildlife interest or other types of interests trying to be made or projects or that would influence projects, that the Bureau was supposed to come in and ride over the other interests, and that led to some of the differences between organizations and the poor relationships between organizations. That was one thing.

Obviously, if you're going to be effective, then you needed to be able to work with your Federal brethren. And why? Because if you look at a lot of the statutes—first of all, it was the right thing to do. Second of all, if you look at a lot of the statutes that were going on, whether it was the environmental laws or the public involvement laws, endangered species laws, etcetera, people had an opportunity, through the reviewing process, to stop an action, and if, in fact, you wanted to be successful, then you were going to have to incorporate these interests, or these added values, instead of waiting until the end of the process, that they were going to have to be up front, and how could you accomplish this?

What was happening at this time, whether it was Two Forks or other types of projects, you would have to have an environmental report card. And generally they weren't getting passing marks, and consequently they were being held down and not necessarily go forward. Now, there's some merits to some of those projects that maybe they did not adequately consider some of the other uses that could be made, other added values, basically small, in many cases, minor costs. But the

"I was a strong believer in state water rights . . ."

Reclamation and its constituents believed the bureau should ride over interests competing with projects

Hoped to change poor relationships with some Federal bureaus

Confronting the issue of incorporating public interest in projects to avoid stopping an action

Environmental issues and public projects

problem became is, it was all-or-nothing attitudes that were going on, and consequently nothing was happening, and that was to the detriment of the country. A lot of money was being spent and nothing was being accomplished.

During this period of time, if you're looking at it from a national point of view of having adequate water supply for meeting the environmental and the economic goals of the country, this was bad. Some people would say it was good because nothing was happening, and to a degree it was good to have a breathing space to then say, "Well, how do we dovetail in this broader values?" People weren't *intentionally* being derogatory towards the environment or to dismiss the other. I think at the particular time it came when we had a general lack of understanding whether they could actually be accomplished from an environmental point of view, and plus, maybe an underestimation as to what the value of—whether it was recreation or Fish and Wildlife or in-stream flow values, etcetera.

My whole goal and my whole goal in life and all of my whole career was oriented to problem solving and how was I to solve this problem and get some real progress forward. I *knew* that probably during my tenure we could only set the framework, that we may not be able to accomplish as much as I would like, that it was going to be making that transition and setting the framework so that you had a better cooperation with people, that you would be successful. Also, how did you fold into the decisionmaking the other considerations that were absent?

To change the culture of an organization—and this is not to be derogatory—but to change the culture to recognize this, to recognize that the appropriation process, the reliance on Federal funds, was not in the *interests* of Reclamation, because there was competing needs for funds and, at that time, because a lot of the West, the energy and water had been developed and it was not inadequate supplies, that western water, western agriculture, western energy was viewed as being heavily subsidized and was not on

"But the problem became is, it was all-or-nothing attitudes that were going on, and consequently nothing was happening, and that was to the detriment of the country. . . ."

"Some people would say it was good because nothing was happening . . ."

People underestimated the value of recreation, fish and wildlife, or in-stream flows and didn't understand what environmental goals could be accomplished

"My . . . whole goal in life and all of my whole career was oriented to problem solving . . ."

Reclamation needed to begin to look for funding outside the appropriations process

a high priority. You had to change that perception, because that is really not true, especially if you look at Reclamation projects, compared to any other Federal investment, that you do get returns on your money. Think of another Federal program where they pay off the debt. Granted, in some cases you may have agriculture that wasn't paying interest, but you're still paying back. Try to compare it to any other type of Federal investment that you have that you did pay back the cost of the projects, and I can't think of any that would come to mind. So basically, they were self-financed. Some of the contracts, the historic contracts, presented some problems. But there was a purpose and a reason and some logic, and what you needed to do was set the framework for the future and not be so concerned about the past.

Reclamation's program is nearly unique in the Federal Government because of the repayment requirements

At that time, like I said, not only were you dealing then with the culture of the organization attempting going through a change, because we knew that we wouldn't necessarily be building as many projects because you still had the reserve of supply over demand. You were going to be throwing more emphasis on how to change the operations of projects to keep the values that you already had, but get added values and benefits. You had to deal with a hostile Congress, and they were going to look at your history and use it against you, meaning that anything that you did in terms of a conflict, even though that you were trying to do the right thing or you were going under certain circumstances where potentially it was going to be used against you. So you had to improve the relationships with Congress. You had to improve your working relationship with other Federal agencies. I thought it was extremely important to have a vital link with the states in terms of their water development and water management, because that's where I thought there was going to be a new and improved Federal role.

Seeking added values and benefits on projects

You had to improve relationships with Congress and other bureaus

Then the other part dealt with financing, that you had to come up with ways to potentially find funds or available ways of financing the improvements that you wanted to achieve, being greater values out of projects, whether they were new or old, and have less reliance on Federal

Felt it was necessary to seek new ways to finance improvements

funds. You also had to change a culture who was focused pretty much on protecting project beneficiaries to broaden viewpoints and looking at added values and benefits, and you needed to defend those added values and benefits just as vigorously as you defended the economic interests that made the projects what they were initially and helping that transformation with project beneficiaries or your traditional users, and then bring in at the same time trust and credibility with other values and interests so they would work cooperatively with you as opposed to against you.

You say, "Okay, we're all going to do this." At that time, I was assuming that I would at least be there through one Administration. Potentially, my target was maybe, if President Bush was re-elected, maybe staying halfway through the next, and that would give me at that time about five years. And if you can remember back what I said in the beginning, that generally probably your major contributions you should be able to make in five years.

Now, what you're talking about is a big transformation of an organization that has nearly 10,000 people, and if you look at direct and indirect funds, about a billion and a half dollars of budget a year. If you look at large organizations that have undertaken something like this, if you look at General Motors, you look at some of the other industries that had to go through a cultural change, and they're still in the process, and I wanted to do it in three years. And I had to deal with issues that were brought up to me, and a lot of these issues were based on past experiences, whether it was the General Accounting Office or the Inspector General or congressional people, which now, in today's climate, the type of arrangements that were done historically may not be as acceptable, even though they served a very valuable purpose. You were constantly going to be subjected to that type of criticism. You needed to respond to it. But you also had to then make a change from in the organization, and you ask yourself, "*How* am I going to do this within a relatively short period of time if we're going to be successful?" And you have to recognize—and I

"You also had to change a culture . . . focused . . . on protecting project beneficiaries to broaden viewpoints and looking at added values and benefits . . ."

You had to defend both economic interests on projects and added values and benefits

Had to build trust and credibility to be able to work cooperatively

Hoped he might have five years at Reclamation

Reclamation had about 10,000 staff and funds of about a billion and a half

Wanted to do a major culture change at Reclamation in three years

didn't at that time—that it may be only a one-term presidency, even though I had my beliefs that it would go beyond that. I would have to put most of that in place prior to that time.

Now, this is not glamorous-type stuff. It's glamorous-type stuff when you go out and do things. You've got ground breakings and photo opportunities. This is back into the heart and soul of an organization, back into the heart and soul of its culture, back in the heart and soul of a private beneficiary, and extending invitations to your adversaries or potentially perceived adversaries and telling them to, "Trust me, that I am going to help you not only solve my problems, but I'm going to help solve your problems," and you're trying to do this in a relatively short period of time. You say, "Well, okay, what vehicle?" That becomes the point that you ask yourself, "What vehicle am I going to do this?"

The other part that I didn't mention was, you also had to become more effective and efficient. You've got to remember, all of this was going on prior to such words as "reinventing government," etcetera. I felt that if the Bureau took a hard look at itself, looked at ways of helping providing funding, making sure that what we were involved in there was a need for a Federal presence and there was a role for the Bureau of Reclamation, that we weren't just trying to make a future for the Bureau of Reclamation forever and ever, and not necessarily a meaningful role. It *had* to have a meaningful role.

The vehicle I selected to do this at that time was to develop a "strategic plan" for the Bureau of Reclamation. You have to remember that at this time, too, there was a lot of uncertainty about the future of the Bureau of Reclamation, so you're going to have to overcome that, and any time you have uncertainty, you have people who have a lot of concerns, and their focus is not so much on productivity. They're more concerned about what's going to happen to them, as an individual, through the organization. They see the deterioration of their traditional role, and they're not sure as to where the future is going and what it's going to

The changes sought were not glamorous

Decided to use a "strategic plan" development process to ensure Reclamation had a meaningful role to play

Reclamation staff were uncertain about their future and that of the bureau

bring to them. That's the kind of organization that's not very effective, a lot of uncertainty at that particular time.

The Bureau had made some moves already, knowing that there would be this transition. You've got ninety years of building projects. And I didn't look at it being any different in terms of the role of the Bureau as opposed to a new Bureau or a new era. I looked at it as a natural transformation of going from development to water resources management and protection. Once you have the infrastructure in place, you have an asset, a Federal asset. Now, how do I get the greatest added values and benefits out of that asset and how do I protect that asset over time? And again, in enhancing that asset, how do I do it without imposing onto the taxpayer, because we *knew* that that was not going to be an effective role for a source of funding.

"Now, how do I get the greatest added values and benefits out of that asset and how do I protect that asset over time?"

In addition to that, like I said, you needed to cast the direction for the Bureau, and this is when I knew it would take a major undertaking and a major commitment that was not going to be etched initially into as being a high flag-waving type of undertaking. This was going to be something that you had to work out in a very difficult manner.

A couple of other things that you have to remember that I knew at this time. The senior management, and I may get these figures wrong, but I knew within three to, I think, within five years, there would be like a 70-percent turnover in the executive management of the Bureau of Reclamation, and they had not prepared people. You don't prepare to your successor, because you think you're going to last forever. But I knew there were going to be *major, major* changes in the people who would be directing the Bureau of Reclamation, and we needed to make *sure* that we had done our homework in developing people and allow them to rise to their full potential in this process.

Recognized the executive management of Reclamation was going to turn over significantly within five years

The other part, I knew that I could go up to the mountains and come up with ten commandments and come back off the mountain

and dictate this to the organization. That was not going to work. If, in fact, you were going to make a culture change, you were going to have to involve every individual employee of the Bureau of Reclamation. So roughly you're talking 8,000 to 10,000 people had to be actively involved in this process. They had to have ownership in this process. And again, you keep thinking, "What is the vehicle?" and that became the Strategic Plan.² One is, you looked at your mission and you revisited the mission, and you revisit it as a corporate entity, meaning all employees, the involvement of all the employees in this process.

I had to build ownership in the "strategic plan"

I'll tell a little story. Some of this is probably going to sound a little rambling, because you need to bring in probably some stories, I guess, at various points. When you're undertaking something like this—and I've been in positions where you know that there's a change in Administration or change in leadership and you know they may be gone in three or four years. You say, "We'll weather this. We've weathered other people." This particular case, though—and I don't think people recognize how serious it was. If the Bureau was going to have to have a future, this was the crossroads for it. This had to be the time that you were actually going to set a basic new direction. I previously said this. It had done an analysis, and I think, if I recall correctly, maybe in about 1987, when they knew there was going to be a different emphasis, and what they had done was, they had identified, if I recall correctly, ten priorities, and they were saying, "Here's the emphasis under the current time. In the next ten years, this is where we're going to be. In the next twenty years, this is where we're going to be," or something like that. But they took the ten priorities, and it was like groundwater management, hazardous waste, dam safety, some major activities, and they listed them in a certain priority under the present conditions and then reshuffled them a little bit in ten years and reshuffled them again.

Reclamation needed a basic new direction

The problem was, they really didn't tell you what you were going to do in any of those areas. There was no real vision, other than you're going to

Previous long term planning at Reclamation hadn't laid out what was to be done—only long range goals

be doing something a little different in these areas. What exactly you were going to be doing and how you were going to be doing it was not defined at all. And that's why I said, it needed some kind of a major vehicle.

What I decided to do was to—and the way I got the concept, to a degree, was, I was looking through some of President Bush's, I had some presidential papers and directions that they were looking at, and it wasn't that I was reading on some of these topics. I was looking at formats, and here I came across, it was a document. I don't even remember the name of the document, to be perfectly honest with you, right now. But it captured on one page what you're going to do in certain areas. And I said, "If, in fact, you've got a Strategic Plan, if you cannot put on one page, define a major activity, then you've lost the reader, because anything beyond that, people are generally not going to read. They're going to set aside and basically not going to take a look at it. And if you can't say in one page what your major focus is in a certain area, then you don't really understand where you're going either, I think."

Determined that each primary objective of the "strategic plan" had to be set out on a single page

So some of the premise that went into this was, again, we knew that we were going to do a transformation from water resources development. There would still be water resources development. It would have different complexions. I'll give you an example. A water supply may be, like Leadville Mine Water Treatment Plant, where you were treating waste that was going into a stream, and consequently that stream now had beneficial uses, whereas it didn't before, because of the heavy metals within the stream. So suddenly you've enlarged the water supply. You could have a water treatment plant that did groundwater recovery. That, again, would be a water treatment facility. I gave speeches where I talked about a water project that had added values and benefits, and I said, "You could look at it as being a car salesman. You have your basic model, whether it was a rural or compacted dam, and then you had all the accessories that you could add to this. You could have multi-level intakes so you could control the water quality of your discharges. You could have

The primary goal was to move away from water resources development

Leadville Mine Water Treatment Plant

self-venting of turbines of the hydroelectric power so that you would not have adverse effects on fish and wildlife. You could have nesting islands for fish and wildlife, other added values and benefits. So basically what you're talking about is that you could have a project that had accessories that could give these added values and benefits, and you could do this into the initial development of the project as opposed to retrofitting.

I'll give you a good example. If you went back and started retrofitting projects, like what was being looked at at Shasta Dam in California. I don't know what the price tag is now, but we were looking at temperature control. It was \$80 million just to go back and retrofit one project for temperature control, which would give added values and benefits. That's why, if you were going to do anything in the future, you needed to be looking at ways of modifying spillways, intake structures, discharge structures, its operation, looking at berms and some of the shallow areas for fish and wildlife benefits, recreation, etcetera. There was ways of getting added values and benefits—in other words, greater use of an asset, if, in fact, you were going to make an asset. And that's what I talked about when you were making that transformation from a water resources development to a management [bureau], not only in terms of new management, but even in the infrastructure. I still believe infrastructure is needed and will be built. It will have to have different complexions and may look different than what it had in the past, but it would be very environmentally responsible and very economically responsible, meaning how you financed it.

It also means that you had to look at the protection of that asset, and this becomes a very key part. The Bureau and, what, fifty-two hydroelectric powerplants and hundreds of dams, canals, etcetera, you had this asset, and if you didn't keep up the operation and maintenance, that asset was going to deteriorate. That was becoming a major cost component, and how could we best set out the priorities of accomplishing that, knowing that, again, it was going to be a major component

Retrofitting Shasta Dam's water intake for environmental reasons

"I still believe infrastructure is needed and will be built. . . ."

Protection of Reclamation's assets had to be key to our future

within our budget. But you also have to remember that that was being paid for by the project beneficiary.

END OF SIDE 2, TAPE 1. APRIL 24, 1995.
BEGINNING OF SIDE 1, TAPE 2. APRIL 24, 1995.

Storey: This is tape two of an interview by Brit Storey, with Dennis B. Underwood, on April 24, 1995.

Underwood: It became very important to help with that process, and how do you guide that process? How do you guide getting the added values and benefits. In other words, that's a different mind-set that we would have in our planners, in our designers, in our public relations people, everybody within the organization. How did you make that?

One was to look at this document that was going to be based on there was a need for a Federal presence. In other words, what I ended up doing is, you catalog all kinds of possibilities that the Bureau would be involved in and ask, "Is there a reason for a Federal presence?" If there wasn't, then it dropped by the wayside. Then the next question you asked yourself, "Is there a legitimate role for the Bureau of Reclamation? From a governmental point of view, is it the most appropriate agency to be doing this work?" If it's not, it was to drop from the Strategic Plan.

I'd revisit the mission statement. You'd see that we reshaped it a little bit, that it talked about water development management protection in an environmentally sound and economic manner, a rather short, direct approach, no big, long paragraphs to follow, so that people could easily identify with it. And then was to craft this document in each of these areas, whether it was water resources management or developments or even the management of the human resources. All of these had to be crafted and captured in very short pages within a document so that you could then use that as your framework that would launch the organization, hopefully go the next 100 years.

I did not have any predetermined conclusion. If we came to the conclusion that the

Reshaped the mission statement a little bit

Bureau should not exist because we went through this checklist and found out there was not a need for a Federal presence, there was not a need or a role for the Bureau of Reclamation. I did not have any perceived ideas, even though I understood that you had Federal assets and they had to be managed. You could say, "Well, let's take it closer. We're going to turn it all over to private enterprise, sell them all off, etcetera." The problem with some of that obviously is that you don't get the added values and benefits, because there is public values that a single owner need not necessarily try to accomplish. So when you look at it from a national perspective, there was a reason. You knew that there would be a reason to operate and maintain the facilities.

Selling off Reclamation's assets means you don't get the added values and benefits that might come from a publicly controlled project

Again, how were you going to undertake this and how were you going to accomplish it? There was a couple different folds that we started. One—and I did not mention this before—is I *knew* that, in addition to having employees actively involved in the formulation of the Strategic Plan, we needed to value human resources much greater than we had in the past. It's a few basic principles that you come back to. The success of an organization is based on the success of the individuals, and if you remember that, if you don't invest in individuals, then you're not going to have a successful organization.

Concerns about human resources

We were not paying as close attention, I don't think, to the human resources. Remember that I indicated even the executive management was going to change and there was not a lot of development of individuals to help in that, and not leaving them any kind of a definite vision for the future. I seriously believe that human resources is not a support function. It's a primary line function that everybody has a responsibility to do day in and day out, and that responsibility boils down to, again, some very basic principles, and one being is, provide the opportunity to people to rise to their full potential.

If you're guided by these basic principles—and that's what the Strategic Plan is about. You're being guided by their basic

principles. It is not a plan that tells you how to do everything. If it did, you don't [need] the creativity of people. You just need robots that you could potentially, or computer programs that you could do. That wasn't it. You wanted the meaningfulness [sic] of 10,000 people, very focused and working together to accomplish something. It not only meant that they had to be involved, like I said, in the development of the other parts of the program, but also in terms of the human resources.

To launch this, we did an all-employee survey. And again, you get into these situations where people say, "Ah, we've done this before, and it doesn't mean anything." So I told people we were going to make major investments, and we've got to follow through on those investments if you're going to be successful, and this meant a commitment. And even executive management—and to be perfectly honest with you, I'm not sure that they, I don't think they had buy-in, to be perfectly honest, for the first year, maybe year and a half, and maybe some of them even after that a little bit. But I'll tell you what I had them to do. I *know* that I had to energize the people and make them recognize and have their involvement, but I also had the executive management. They had to be partners with me on this. This was not going to be the Dennis Underwood plan. This had to be the plan for the Bureau of Reclamation.

I took the executive management— and I don't remember how many times we did this. We went through some very, very painful, sat them in a room and just worked through this stuff over and over. It came to the point of even helping revisit the mission statement. People had long things. I said, "I don't want anything long." People had paragraphs and paragraphs, and you just become confused. I said it had to be something very direct. I told them the concept of how I wanted a Strategic Plan, and I didn't want to write it myself. I wanted people to write it.

I still remember the first few meetings. People said, "We need to set up priorities."

Launched the "strategic plan" with an all-employee survey

Working with the executive managers of Reclamation to gain their buy-in

I looked at them and I said, "How can you be setting priorities when you don't even know what you're going to be doing? I said you needed to craft out exactly the activities that you were going to be doing, and you had to go through this in a very symptomatic manner. Most people just want to jump and go do something, and that's the natural human response. This is not something you really want to go do, just sitting down and just going through some hand-wrenching episodes as to defining basic principles of programs and direction and vision, etcetera.

Issues in the strategic planning process

I don't remember how many times that we went through this, and we refashioned some of the major activities that we were going to be involved in, and we had discussions on them, whether it dealt with dam safety, whether it dealt with protecting the environment and the various categories. My vision at that time was that we would have a document that had one page on various activities, and these would be supplemented and be worked on by the employees as to how the fill those in. In other words, some guiding principles and guidelines and directions of how do you get added values and benefits for fish and wildlife? What are you going to do in the dam safety and who are you going to interrelate to? What are you going to do in water quality and what will OSHA do and how does it fit with the other organizations?

To be perfectly honest with you, we were not alone in this process. We were probably in the forefront. Every state, the Corps of Engineers, and others were in the same position. They'd been building infrastructure. But nobody had launched out into a vision as how do you put it all together and where are you going for the next century? We were breaking, really, new ground and being a little bit courageous. Again, this is not something that's going to grab the headlines in the newspapers.

Reclamation was probably in the forefront of strategic planning

I'm going to take a little sidelight right now. In that regard, I remember we tried to—I spent quite a bit of time in Washington by bringing in

Strategic planning was not going to grab headlines

newspapers to help them to understand what we were trying to accomplish. There was no big headlines. I just wanted them to understand what we were trying to accomplish and hoped that they would write a story. They were extremely interested, and I can name all the various national papers that I used to talk to on a regular basis, the reporters and stuff, and we just set this up. They said, "This is great stuff, but it's not going to sell newspapers." And that's what I meant.

The only reason I'm bringing this in is, one, this is not something that grabs everybody's attention. This is the lifeblood of an organization. It's not going to be sensationalism. It's going to be basically setting the framework for this country in terms of water resources management and development and protection for many, many years to come. I mean, that was my vision. That was what we were going to do. We were going to set out, through the Strategic Plan and the various elements of it—I think there was twenty-five elements it ended up, something in that neighborhood. Those documents would set a framework. They should be more or less timeless to a degree, because they were setting a direction, and not necessarily how you do everything, even though it did get into how you incorporate into various aspects of then getting added values and benefits.

But that was the thought process, and the thought process was, of those twenty-five elements, that we would use the organization to develop it. We would use the organization to develop the Strategic Plan, the writing. They would have an opportunity to review it. We went through employee surveys.

Let me just spend a little bit of time with that. We had a professional group come in. This was not something that we did completely by ourselves. They had some various fabricated questions, which then they could read the culture of an organization. They also could see some problem areas, and you could surface this and you could do it so that—your database— so you could do it basically almost right down to individual offices

The elements of the Strategic Plan were intended to set direction for Reclamation

Staff would write and review the Strategic Plan

Imported professional help to develop the Strategic Plan

as to what it meant. We also had an opportunity to provide our own questions on the questionnaire. I've forgotten when this was administrated, but this was, again, back in the beginning of my tenure.

I think, if I recall correctly, we had something like 85—it was a voluntary survey. We had something like 85 percent participation, and I couldn't believe that. I said, "What happened to the other 15 percent?"

Recalls that 85 percent of staff responded to the survey, a very good result

They said, "You're lucky that you got more than 20 percent."

And I didn't understand that. It was hard for me to fathom that people wouldn't *care* about their organization. Again, they could perceive this as, "This is another exercise we're going through. This guy will go away in three or four years."

A couple things that came to mind. Well, we had 85 percent. People are very interested in the organization. Then I sat and I read a lot of the questions. I wanted not so much the answer. Let me back up a little bit. They had to respond to the questions, and then they had an opportunity to write in and make comments. We had, if I recall correctly, maybe between 60 and 70 percent of the people that took it also wrote responses on the questionnaire.

A couple things came to mind. One, we had people who *cared* about the organization or they wouldn't have taken the survey. I then wanted to know—I didn't necessarily want to know the answers as much as I wanted to know especially the written comments. What was their attitude? Were these hostile comments? Were they constructive comments? Were people telling me to go stick it? You had no idea where they were going to come from. And I was very interested because this was going to tell you something about the health of the organization.

Was particularly interested in the written comments on the questionnaire

By and large, 99.9 percent of them were all very constructive comments. That told me then that I had an organization that was looking for leadership direction, and they wanted to go to

"By and large, 99.9 percent of [the written comments] were all very constructive comments

work. They wanted to have meaningful work, and they wanted to accomplish things. Really, some really good suggestions. Like I said, I spent a lot of time looking at these.

I also spent a lot of time, when we did the [unclear] Strategic Plan and we sent it out to employees, and they had an opportunity to review it and give comments back. The same thing with the surveys. Once we took it, we did feedback. We knew that we had to keep going back and getting input, and we know that we had to make changes when we found there were certain problem areas. We found some things that we immediately corrected in terms of personnel matters that were very serious, but we also found some other types of things that we could do that were of concern to people, whether they were real or only perceived. They were real even if they were perceived, because in their mind, then, it was a real problem, and you had to be sensitive to that. I learned a lot about the culture. I spent a lot of time. And I wanted to learn about the culture at that time, and that really *helped* me, I think, during that time frame.

The other part, as we were building this—and I'll get back to the executive management in a minute. As I was doing this, I also knew that, if I'm asking people to convey this message, and I don't know how far it's going, so I also knew that it was very important, in my mind, that every employee have an opportunity to see the Commissioner during my tenure. So I set out to make sure, regardless of how small an office was, that I could have an one-on-one, and you could ask me any question that you wanted to, to make myself, first of all, you had to be visible, you had to be approachable, that you weren't some distant make-believe figure in Washington, D.C. And these were some striking moments to me, because I had people come up to me who said, "I've worked for the Bureau thirty-, thirty-five years, and I've never seen a Commissioner before." They never had a chance to talk to a Commissioner before.

Some of the most moving moments came as I repeated and went back to a few offices or met

There were really good suggestions in the written comments

Provided feedback on the survey and the Strategic Plan development to staff

Wanted to go out and meet with as many employees as possible

"I've worked for the Bureau thirty-, thirty-five years, and I've never seen a Commissioner before."

with people. People who normally would not have the courage to approach a person waited after—and I met in construction sheds on lawns and tunnels in various offices, etcetera, and I had people come up to me and grab me by the arm and say, "We know that you care about us and where we're going and what we're doing, and I wanted you to know this." Very moving moments, because you *knew* then that you were changing the culture, that you were affecting the basic culture of the organization, and it was *healthy* and they wanted to make change.

I remember one time we were talking. I was up in the Northwest. There was some welders—it was in a welding shop, and they were doing some welding on fish screens, and it related to the importance of that fish screen to the national objective dealing with the Endangered Species Act and what it meant and what it could mean. In other words, it gave them the value that they were doing meaningful work that they had national importance, and being able to relate that for people made them realize, and I think helped energize the organization. Again, my effort was to energize 10,000 people. It was not to have fourteen disciples that were to carry this out. It was to have 10,000 disciples that would carry out where we were going, and it was very important to me that people had that opportunity to talk with me freely.

Wanted to give staff the opportunity to talk freely to him

I did the same thing within my office in Washington to the extent that I could. They started blocking my doors, because I used to leave the doors open and people used to come in and see me in the morning, or I would try to have lunch with the employees, all the various types of people on our floor, because I never got to see them as much and talk to them as much as I did in the field. So I was trying to balance that, and again, getting across to people that everybody was doing very meaningful work, how that we needed to work together on this overall effort.

I think, as I look back and was beginning to see the success as I was getting ready to leave, the improvements that people—it wasn't so much that they cared about the money they made, even though it was obviously important to them. It was

doing meaningful work and being creative and having input, and began to see groups where this was coming down, where you energized people and things were happening and they were good things. Again, not the things that are going to be maybe in the presidential papers. Maybe eventually yes, because of what you accomplish over the long run. But the building of relationships, the attitude, the creativity of cutting costs and making improvements, and they were making constructive parts of it.

All of this stuff that you talked about, reinventing government, empowering people, these are things that we were doing before this all happened, and I *knew*, I was convinced in my own mind, that when the Bureau got to the point of competing with other Federal agencies, that we were going through some very difficult times, but we were going to be ahead of everybody else, because everybody else was going to have to do the same thing. They were going to have to go back and look into it themselves. I was convinced of that in my own mind, and sure enough, lo and behold, that has come. A lot of the Federal agencies have had to go back and reinvent themselves, so to speak, and it put the Bureau that much in the forefront.

The thing was, could we accomplish it within the time frame? Did we have the commitment? Did we have the willingness to stay the course and get it done? Did I have the commitment of the executive management to get it done? Did I have the commitment of middle management to get it done? Did I have the ownership within the employees to get it done? And that would mean it would be long lasting, and that's where I was going to have to measure success.

Getting back to the executive management, this was, like I said, some very difficult times for people, because this was not something they had done before. Some of the stuff on human resources was difficult for them. Some of the changing of the directions was difficult for them. I didn't know, no matter how much I would make

myself available to people, you didn't know whether you were being effective or not and were the thoughts you had being effective.

One of the things that I needed to espouse was that we had to focus on accomplishments. Here's this framework, but you had to focus on accomplishments. And if you look at the Strategic Plan that we developed, the end result of it was accomplishments, and accomplishments, like I said, whether it was human resources or some of the technical areas or the financial areas. That's where the bottom line was going to have to come out.

". . . we had to focus on accomplishments. . . ."

An interesting part about accomplishments, and then how do I hold people accountable? One, is that you focus on accomplishments, and you had to hold people, people had to be accountable. If they're going to have the authority and the power to make changes and do things and use creativity, they also had to be accountable in doing that. And how did you ensure that they were going to be accountable without suppressing the creativity that you just got through creating?

I f y o u e s t a b l i s h accomplishments, you also have to hold people accountable

I knew that time was working against me in the sense that, here's something we're trying to do in three years, because I knew that that may be all that I had, and General Motors, a rather large corporation, has been at it for ten or fifteen years and were still evolving through this process. I wanted to take an organization through this in three years, so I didn't have a lot of time.

Knew that trying to take Reclamation through the process of change in three years would be difficult

Consequently, I said, "Okay, I'm not sure that even our executive management has bought it." Every time I thought that he did, then I could watch something. I could see that not necessarily did he even have the full understanding or the appreciation. Little bit by little bit, I'd watch a person. The light would come on. It was like being reborn again, so to speak. But you could see it spread within the organization.

It took awhile for Reclamation executives to understand what he was trying to do

One of the things, I said I needed to move faster, so I used performance standards for the executive management, and things that I wanted

accomplishment, I wrote into a contract. I would review it, and their bonuses and everything else was based on that. So if I wanted them to do things in human resources and I didn't think it was coming about fast enough, then they had goals, and I reviewed where they were in their goals. They wrote their goals, and if I didn't think it was using enough initiative, then I would go talk with them about it. So it was a way of—I hate to say it becomes more of a way of *forcing* them to accept it, but I think it at least made them try to understand it more and became more focused.

Like I said, even towards the end of my tenure, I could still see the light going on in people every once in a while, and even though I thought that they were already a part of the process, it was not necessarily there. Again, you're trying to make a big cultural change in a *very* short period of time. Even people that are closest to you, you recognize did not understand what you were trying to accomplish or fully appreciate what we were trying to accomplish. I always told people, "I'm not doing this for me. I can do all kinds of things, and this is not for me. This is for you that I'm doing this. I'm being *driven* because I believe in the organization and I believe in the people. You've got to operate under the same premise that I'm operating under. You can't think about what it's going to do for you, but it's what you're going to be doing for this organization. It's your legacy that you're going to leave with the organization."

Lo and behold, out of that process we did produce a document. We used it as the 90th anniversary, the official release of it. There were people—let me back up a little bit. Not only did you have to convince the people within the organization, but obviously the Administration. People above me, whether it was the Assistant Secretary, the Secretary, the White House, etcetera, also had to have buy in to what you're doing. And you had Congress that you potentially were trying to deal with. Like I said, this was not the only activity you were dealing with. You were dealing with day-to-day items and you were dealing with budgets every year. You're dealing with issues and congressional hearings. Like I said, I did a

Used performance standards to move toward accomplishment of objectives

"You can't think about what it's going to do for you, but it's what you're going to be doing for this organization. . . ."

Strategic Plan was released for Reclamation's 90th Anniversary

The Administration and Congress had to be convinced to support the Strategic Plan

substantial amount of testifying before Congress. So that things were going on that didn't necessarily allow you to constantly be just focused on what we were trying to accomplish at this time.

But we did get the release of the document. We did start the elements. I'm not sure they ever finished the elements, and if they didn't, it would be a big disappointment in my mind, because it *would* leave a reference document in some of these areas that you're trying to change cultures. The interesting part is, even after I've left now, you'd be surprised how many major utilities and other organizations dealing with water went through a strategic planning process and how many used our document, whether basic or the framework of our document, and look how close their mission statements are to our mission statement, and it's not by accident that that happened. So that's the legacy that you see that you created, a framework, which is what we set out to do, for the future. How to do it was in the twenty-five implementation plans that had more detail as to how to do it. To me, I still believe that that would be very helpful to not only the Bureau of Reclamation, but other organizations.

The other part that I think the legacy that we left with a lot of people was the cooperation and the working relationships, Fish and Wildlife Service. I don't know, I'm *probably* the only Commissioner that was given an award by the Fish and Wildlife for my contributions for preservation and protection and enhancement of fish and wildlife resources. A complete surprise to me toward the end of my tenure, because we had the courage to look at our traditional constituents and others, and I told people, "You've got to be guided by doing the right thing." I said, "If you think you're just out there to be a hired gun for your traditional people, your traditional customers, you're doing them a great disservice, because they may lose in the long run in the courts or in other areas. There's a way of preserving their value and getting other added values and benefits, and if you're not willing to do this, you're going to be doing them a great injustice in the long run." I

Many organizations and utilities which deal with water have since used the Strategic Plan as a model for their own planning

S o m e t w e n t y - f i v e implementation plans had more detail about how to carry out the Strategic Plan

Established a working relationship with the Fish and Wildlife Service and received an award from them

"You've got to be guided by doing the right thing. . . ."

think that's some of the relationships we made with the Fish and Wildlife Service, with the Bureau of Indian Affairs.

One of the things—and this gets a little sidetracked. But one of the things I did as soon as I went into the Bureau of Reclamation was to establish a Native American Affairs Office. One of the reasons I did this was, there was an emphasis on trying to reach settlements, water rights settlements with Native Americans, and they were trying to promote through a negotiated process. I saw a lot of settlements that were not fair, I didn't think were ~~not~~ very good settlements, were not necessarily fair to Native Americans or others, and over the long run they probably were not real settlements. They were based on misinformation or lack of—I mean, in some cases, they would have a settlement act that said that the agreement would be reached in the future. What kind of a settlement that is, I'm not sure.

Established a Native American Affairs Office

So we created a American Affairs Office to help in that regard. We played a big role in the Secretary's efforts to reach negotiated settlements with Native Americans. Because I perceived them as being a customer base, that we could help the Bureau of Indian Affairs and others with their infrastructure and their management of their resources in a consultant capacity, and I thought that was a legitimate role for us to do. We held a lot of cultural awareness workshops of our employees, where we invited Native Americans to come and speak, and I tried to attend all of those. And we got a greater understanding and a greater awareness and a greater acceptance of the Bureau of Reclamation. I think we made real inroads. Again, you have to fully appreciate the mistrust of the varied Federal agencies up until this time was unbelievable, whether it was the Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, EPA, etcetera.

Working with the Department of the Interior on negotiated water rights settlements for Native Americans

I set up where we put the regional directors and the regional administrators of the EPA together on a regular basis to talk and see where we could go and common grounds and where we could work and where there were disagreements.

Got regional directors and EPA regional administrators together in meetings

We did great things, I think, like I said, with the Fish and Wildlife Service, especially in some of the endangered species issues, trying to come up with reasonable prudent alternatives. And I think if you went back and asked the people in the Fish and Wildlife Service at that time, we were probably some of the most innovative people in ~~coming up with ways of~~, coming up with reasonable and prudent alternatives that would not diminish the values and benefits that you were getting from projects and would allow for the recovery and management of endangered species.

During my whole tenure, we were under one of the most severe droughts in United States history in the West, and if you look back, I was a strong advocate, and we had legislation passed. This gets to some side issues within the Strategic Plan, but in drought management. We had no discipline in terms of drought management, and I knew that, and it was something that needed to be done. We have a discipline for flood control, where we provide 100-year protection against loss of life, loss of property, etcetera, and how you operate projects, but we had nothing to do with drought management, and here our projects were being built and now being utilized almost up to their full capacity. So if you had even slightly below-average years, you may get into water shortage, and what do you do? Or if you get into prolonged droughts, what do you do? How do you resolve the conflicts between endangered species? How do you avoid the diminished resources out of that process?

Managed to have drought legislation passed

I testified and we got a bill enacted. Again, people were afraid everything was going to cost more money. It was hard to get things completed. But here was the idea of institutionalizing drought management. And what do you do now? If you go look at large organizations, like, say, in California, what are they doing? They're doing drought management plans. Before, drought management was, "We'll preserve so much, or get into conservation of 10 percent or 15 percent, mandatory conservation." Now they've got whole operation plans around that.

Drought management plans are now more standard

I think some of the good work that we did, we got some appropriations, limited I think to maybe about \$25 million a year or something, to deal with the drought. And guess where most of those funds went? For fish and wildlife purposes. And why? Because they had no other sources of supply that could preserve, whether it was in a Fish and Wildlife refuge or other means, but it took away from the other part of the supply and left less water available for other economic purposes. There were ways of improvement of fish entries. There were ways of drilling wells for Fish and Wildlife refuges, etcetera.

Used drought funds mostly for fish and wildlife purposes

The Fish and Wildlife Service were overwhelmed that we came to them and asked them to prioritize, and we folded in their funds. But it was ways of building in the added values and benefits into projects for drought management, that otherwise wouldn't be there, that will allow the economic values to continue and exist. And if you *look*, here during this period that I was Commissioner, the most severe drought, eight years of drought or whatever it was, and we were in the latter years of those, I don't think there was any lawsuit that was upheld against us, or hardly any law—

END OF SIDE 1, TAPE 2. April 24, 1995.
BEGINNING OF SIDE 2, TAPE 2. April 24, 1995.

Storey: We had never had any lawsuits during your tenure.

Underwood: If you look back, generally what you do is, you get into a resource conflict because there's not enough water to go around. Consequently, you're going to get everybody suing everybody. At that time, we had a further complication that had never been faced before, the endangered species that was being potentially overriding of everything, that if, in fact, you endangered a species that was threatened or endangered and you did not have a reasonable prudent alternative, then you basically shut the project down. And that's where we were, if, in fact, you didn't reach reasonable and prudent alternatives.

Implications of the Endangered Species Act

We had many states where they did not even realize the emphasis of the Federal Endangered Species Act or even their own state sister acts, and we provided an awful lot of leadership that otherwise would have curtailed the delivery of a lot of waters and meeting needs during some very critical times in the West. Like I said, we went through probably the most critical period in terms of drought. Even though we had a lot of conflicts and we had a lot of people that were doing threats and making a lot of demands, I think we were very reasonable, and I think we were guided by doing the right thing and getting added values and benefits and spending money where we thought was most effective in terms of allowing for *all* uses of water and trying to preserve uses of water.

If you look back, like I said, there were very few lawsuits that came about, and I think any of the ones that were drafted never came about, primarily because of our being a very responsible manner that the judges generally dropped all of the lawsuits that even came up, and like I said, there were very few. Again, because of the investment that we had, and we had trust and credibility with the Fish and Wildlife Service, with the National Marine Fisheries, with the users, etcetera, that we had built, and we had made those investments and built trust and credibility with these people. If we had not done that, we never could have weathered.

Very few lawsuits occurred

The other part that we did that made it come about were some of the technical areas in terms of water project operations with some of the endangered species. What we did was what we refer to as some of the fish flushes, etcetera, things that you could say, "Well, fish and wildlife needs so much cubic feet per second, a certain flow, but they don't necessarily need that flow all the time. They need it during a very critical time."

Environmental activities undertaken

And that's what we ended up doing was, if, in fact, you had to release that water all the time, you wouldn't have enough to meet a lot of the other needs. So we looked at very innovative ways of controlling temperature, of controlling the flows of water, fish migration. We had areas that we had to

control temperature, because in the summer we had diminished flows. This was on the Sacramento River, in particular, we did this, but we did it in other areas, too, where we could not keep the stretch of river cool, because we didn't have enough resource to do that over the full length. So through selected releases, you had the fish migrate farther upstream, and their breeding area was smaller, and they weren't crowding them, because they wouldn't be threatened and endangered if there was that many, and we moved them up to smaller areas, where we can use less resource, potentially, to protect them. So you manipulated the operation so that the fish were in areas where you're going to have a greater survival rate, and you also provided help in their directions, either going up and downstream with fish flushes and things like this. These were very innovative ways of doing things.

Now, if we had not already tried to work these out cooperatively with people, Fish and Wildlife Service or other fish and wildlife interests or the courts would have never accepted it. They would have said there's too much at risk and maybe not allowed us to do this. But because we had made those investments and had worked with people, we were allowed to do it, and I think the success that came out of that process was that we had built the trust and credibility and we had made the technical advancements so that you could provide for these resources. I mean, we were moving waters that we were getting greater uses for. You leave water on the rice fields a little bit longer so that the ducks could have the food source of the stubble. Normally, the rice field people drained it off, and those rice fields are right next to the fish and wildlife preserves. So consequently, they had a food source, and that was one of their major sources. It was a means of modifying some of the operations of farmers and water use a little bit, but you could bring a water through a system and get multiple uses, whether it was for fish flushes and then you ended up parking it into a rice field for fish and wildlife purposes afterwards.

You got to remember, most of the fish and wildlife purposes were not consumptive use. You

still had the water available for a subsequent use. As long as you keep that kind of a basic principle in mind, then you know if you can bring the water through the system a little bit differently, maybe you can get those added values and benefits and still keep the economic benefits that you had.

". . . if you can bring the water through the system a little bit differently, maybe you can get those added values and benefits . . ."

That was the type of discipline and the mind-set and the culture changes and the leadership that we were trying to provide in many of these areas, and I think we were very successful in doing a lot of those things. That allowed us to deal with some very difficult issues during [one of] the driest periods on record in the western United States, and I think that led to a lot of our success. So here, while we're fashioning a culture change, we were getting dividends, and we knew we were getting dividends in that arena.

Reclamation's mindset allowed us to deal with some difficult issues during one of the driest periods on record

I think that this effort also led, when the change in administration came, I was one of the few that they asked to stay on, the Clinton Administration, for a period of time and help with the transition, and I think it was because of the trust and credibility that we had established with other organizations and other interests and parties that allowed that to happen.

Clinton Administration requested he stay on for a period of time

Like I said, in many cases I was probably the first Commissioner that ever went and talked to varying types of interests and groups. I would go to their conferences and be part of their conferences. I may be the only one perceived as a water development person there. But I went. Not that I invited them to my office. I went to meet with them on their most friendly terms or grounds that they would feel the safest and met with them and had open discussions with them. We hosted breakfasts a couple of times in Washington, D.C., with all the national environmental organizations, and I said, "You can ask me anything you want," and there was no holds barred. You'd sit there and you would tell them about what you wanted to accomplish and where you were going and let them ask every question that they wanted to. I think *that* was building the trust and credibility that allowed us to do more than what we had ever done before.

Meetings with environmental organizations

Now, some people can potentially say, "Well, gee, you're not protecting our traditional interests." But I go back to that statement I made earlier that if, in fact, you did not do this, that you would end up in court or you would end up in Congress and it would not be the right type of decision, because the courts and the Congress are not ordered to resolve resource management issues. It's to get the added values and benefits, and it has to be with the resource managers.

Sometimes not protecting traditional interests protects water users over the long run

The problem in the country was that people were not taking that kind of leadership, and consequently things were not happening to the detriment of both the environment and to the economy. We were, like I said, trying to make that difference and set that framework, and I think we were successful. If they were looking at success, I think it is with the casting of that framework, and not just in the technical areas, but also in the human resources areas. Hopefully that legacy, or parts that I have indicated to you, the institutionalizing of drought management, the institutionalizing of strategic plans very, very similar to ours that people utilized, the innovations that we did in water supply operations that people are now utilizing and building upon.

"... things were not happening to the detriment of both the environment and to the economy...."

We were looking at innovative ways of financing. That's one area that I haven't talked about. These were things that we were trying to do. You have to remember that O&M, by law, operation and maintenance costs, by law, have to be paid by the users. So again, these are self-financing projects. They also had to repay their share of the capital costs, which, unlike other Federal investments, generally are not repaid.

But in addition to that, we had an infrastructure, like I indicated, that was aging, were ninety years old. A lot of that infrastructure was built in the initial years needed to have—if you're going to get more effective and efficient operations and you're going to be able to do these things that I talked about with innovations in terms of operations and maintenance, that you may have to make some modifications to your Federal assets. And what you wanted to do, you wanted to create

Ageing infrastructure

an environment that would always happen, it doesn't stop, that as technology changed, that those investments were being made and you were updating the infrastructure, and you needed to get a mind-set and a means of how to accomplish that.

I take no credit for what I'm going to mention now, but one of the things that we were doing—because it was before my tenure, although I kept it on track—was the operating of our fifty-two powerplants. I've forgotten now, but we were, what, somewhere in the neighborhood of the tenth-largest, and maybe even greater than that, the tenth-largest electric utility in the United States, because there were fifty-two hydroelectric powerplants. We were doing some uprates, which basically created new capacity and made the investments in that infrastructure, and a lot of those were being paid by the project beneficiaries. It was not being paid for by the government. They were being paid for by people who were going to get access to that additional capacity.

Uprating hydropower facilities

I kind of used that concept when we looked at things. I'll give you an example. We have a lot of pumping plants. Obviously, their efficiency was not the greatest, because they were getting older and there's improvements in technology. I asked the question, how many of our pumping plants could be uprated to the point that they'd use less energy, and what kind of capacity is available and would the electric utilities pay for that additional capacity, being that may be the cheapest powerplant for additional capacity on the market they could get. And if so, if they paid for it, we would get an uprated pumping plant, or pumps, at no cost to us, and the additional capacity, the excess capacity, now would be available to the utilities.

Those are the types of things we were looking at. Were there ways that people could make investments in the Federal infrastructure, and I call it asset management. We had worked out—this is going to be a little side regression here. I do not take *all* credit for some of the concepts in asset management. There was an Assistant Secretary for Energy, and, lo and behold, because

I'm getting older, I don't remember his name. But he had the same concept. He recognized that here we have this power transmission lines, etcetera, out there that can move energy around. It's a Federal asset, and how can we get added values and benefits? We married up together to try to expand that concept, and that was the same thing that I was talking about.

It was interesting. You get two people in the same room, with the same thoughts and same ideas, and we came at it completely from different directions. But again, it was the dedication. This guy was not going to get anything out of this personally, either. It was the idea that we were looking at, what can you do with this Federal assets that are out there? Where can you get added values and benefits, and how are you going to finance them? That was the biggest question, how are we going to finance it. You have all these wonderful things that need to be done, but where was the money going to come from? And this is where we were trying to give some of the focus.

We did things like, up in Nebraska, where we had fish and wildlife, there was an irrigation pond that had fish. It was a very small town. The fish population, generally [during] the irrigation season they would drain it all the way down and the fish would die, especially during critical dry periods. This was a case where we had—and I flew out personally, too. It was where we had the fish and wildlife interests actually pay for some water conservation, and it allowed for a minimum pool for fish and wildlife. So here you had another interest who you could get an added value and benefit. It didn't require a Federal investment, and it was through the savings of water that allowed for a minimum pool. So you enhanced the quality of life for the people, because they had a place to fish, and you got added values out of the resource.

We supplied the same kind of concepts like in the Pacific Northwest and other areas, where we were making investments in water conservation. That allowed waters to be used for in-stream flow purposes and other purposes, and again, doing it through partnerships. We also tried challenge

Working with an Assistant Secretary in the Department of Energy

grant-type programs. Or we didn't want grants, because that was probably not a good term to be using because it sounds like you're giving away money. So we coined terms like challenge cost sharing, where we would put up so much money, the private sector would put up so much money, or another entity or a manufacturer would put up money to try to help technology.

We recognized that some of the innovations we were going to meet were going to be through improvements in technology, and, again, that became a point that I thought was a good Federal role in partnership with private and other governmental organizations, where research—if you have a private company and you're just doing research, you may be spending all your monies and your bottom line may be that you just can't afford to do it. A lot of the technology gets held back because you can't make those types of investments. We thought sharing that with private industry would bring forward technologies, and we could help direct it where we wanted it and meet national priorities because we would put up monies to do that and help that occur. So we did what we referred to as challenge cost sharing to help direct the research programs a little bit.

Some of these came to like fish screens, the use of sound electric, different types of other than mechanical devices that could be used in fish screens. We did things like drip irrigation, subsurface drip irrigation, where it wouldn't be tried before, that we would be willing to cost share so much with the farmer and so much with the manufacturer, and you'd be surprised at the interest that we gained out of that.

The other bonus that came out of that is that it kept America in the technology development in the international market. In other words, you were advancing technologies that were going to be used internationally, so that you made our companies more competitive. Again, it was building that kind of a partnership. So when I talked about the type of people that we brought with us under a new umbrella to help to set the framework, it was very wide and very diverse in

terms of the groups that we helped spur some of those activities.

The other part, we were concerned, too, that if you, in fact, were trying to bring about some of these changes in the resource area that you did have to have some money, because otherwise they wouldn't occur. People would not—I'll give you an example. If you were trying to get added values and benefits potentially out of a local resource project—and this gets into the Reclamation loan programs. Historically, they did a lot of loan programs to help irrigation development. But if you were looking at these smaller projects that would be best built by smaller or local entities as opposed to the Federal Government, and that was an appropriate role, why should you be funding them? Why should you be competing with the private sector?

The reason being is, if you're trying to get these added values and benefits, whether it's wetlands or if you're looking at endangered species and how this area can potentially contribute to that, it would not happen if you did not put potentially some of the Federal money. If they went to the private sector, they wouldn't get the funding for the wetlands, because what are they going to do? The bank's going to foreclose on a wetlands? What kind of an asset is it going to have? If they're looking at ways of making a plan and the financing of a plan, they're not going to be as willing to do a plan over the long term is the most cost effective because it provides for added values and benefits, or over the long term will provide for more effective and efficient use of water and keep water within the usable water supply sector. So if you're going to do that, you need to have money, and it was good seed money. In my mind, it was an excellent investment into the future of the country and to help develop new technologies and help people understand the added values and benefits of where we're going, and relatively small dollars.

Like I said, we also spent a lot of time dealing with a lot of ancient history with the Bureau. People forget that many of the conditions or projects or arrangements that were made

historically, they need to go back and make sure you put yourself in the mind-set of when they were made and look at them at that time, and they did serve a national purpose. Now, if you were creating a new program, you would not necessarily create it under those certain terms and conditions, and that's fine. But to be critical of those other terms and conditions was, I didn't think—and we ended up trying to defend, in many of the particular cases, those. Now, if you looked at where we went from that point forward, we were trying to provide a more responsive response, given the times and conditions where we were in terms of some of those programs.

The other areas that I think was difficult for us, like I said, it gets into the—and this again, here you've got this major undertaking you're trying to do and you've got the day-to-day problems, with some of the budgeting competing for the Federal dollars in the sense there was not a lot of sympathy for western water, western energy, western agriculture, the West as a whole, trying to update western infrastructure when the East infrastructure also needed some updating. But on the other hand, who had cast any kind of a framework to try and allow this to occur, and who had cast the framework that it was trying to be self-financed out of that process, and that's what we were trying to do.

Again, these are things that, in many cases, don't grab the attention, but probably has made some real major contributions to the nation. And it was not something that I did. It was something the Bureau of Reclamation did, because it was only through the people and the beliefs and their contributions that I think we made that difference during the time that I was there. Like I said, some of the most moving experiences that I had dealt with people and their individual accomplishments and the recognition of what they should be doing and that they were doing meaningful work and they had a voice and a say in that direction.

I thoroughly enjoyed my whole tenure as Commissioner. If I had to do it over again, without a doubt I would do it, regardless of the personal

"I thoroughly enjoyed my whole tenure as Commissioner...."

sacrifices that were being made, and I would probably do it the same way and probably make the same mistakes. Like I said, there are certain things that happened in my tenure, like even in my confirmation process, going through a difficult confirmation hearing, that actually paid benefits to me. I think it also built us trust and credibility with the congressional people.

We did not do as good, probably, in the areas of some of the congressional relationships that I would have liked, but on the other hand, we had a lot of internal things to deal with. We also had a Congress that was controlled by the opposite party. They were not necessarily trying to help us, either. There was a lot of reinvestment within the organization that had to be done, and you could not give everybody all of the attention they needed. You had to figure out where your priorities were and where the investments had to be. Like I said, if you wanted to make a splash and get some headlines, you could have picked different roads and different ways of doing this, but it would not be long lasting and would not have been meaningful change. With the careful involvement of the organization and its gaining its acceptance and ownership in the process that paid the big dividends, I think. [Tape recorder turned off.]

There's a couple of other things that I think I would like to add. This has to do with what I think that has led to some of the other successes of the framework that we put together. I think some of the partnerships that we had done, especially with the Federal agencies, I don't think you would be seeing some of the things with the Central Valley or the Bay-Delta³ in California, some of the (unclear), especially with Federal interests between the Federal parties, all of the Federal parties working cooperatively together being in focus.

That was what we tried to accomplish with the other Federal entities was to have them have some ownership in the solution process. Once they have ownership, then you can't be sitting back with a veto or a trump card, always just looking and waiting to potentially play your card. They needed to be part of the process and have ownership in the

You need to make sure other Federal entities have some ownership in the processes you set up to deal with them

process, and I think we were successful [and] helped setting the stage for that. I think if you look in the areas of, like I said, some of the endangered species, whether it was the Animas-La Plata, the efforts on the Glen Canyon Dam that become a real management problem and this loan money being spent and not focused as well, and we had to use very careful ways of putting that back on target. We were not doing good program management. Here you were spending \$50 to \$100 million doing environmental studies, and that's what projects used to cost, and we had very little program management.

Animas-La Plata Project

Glen Canyon Dam

And it's not to be critical of the Bureau. It's just, again, they were very focused on providing a project for project beneficiaries and not necessarily managing something a little bit more intangible and how all the parts fit together and how they play out and how do you work through the Federal environmental process, how they work through public involvement process, and setting the stage and putting those under control. Looking at the Central Arizona Project, there was a lot of issues with the Central Arizona Project, and I had people work and spend a lot of investment and time to understand their interrelationships of those issues and how they should potentially be handled, or the various viewpoints, because in some cases you could solve one problem, but you may propose opportunities and bring about solutions to other related problems. Again, it was more in the training and problem solving and the mind-set. I spent a substantial amount of time with people on these, and it primarily was to help provide for that mind-set. I mean, that was all my career was about, and I think that's something I brought to the Bureau, that I was a problem solver and how to get very difficult, diverse, and controversial issues and bring focus to them and bring resolve to those and to have the ability to stick with it and see it to its end. It's so easy to take the quick path out.

Central Arizona Project

Some of the other things we tried to bring about, and they're still out there, that I don't think have been resolved. I think we made some inroads towards that, but they are of concern to me, and that gets into the decision process. If you look at

situations now that potentially can be controversial, and you are developing information or data to address an issue, and then you go through a public process and the environmental compliance process, that you very easily get into three, four, five years, and that is a concern to me, that if you have a decision that you may not be able to resolve for five years because they get strung out with either the public process of having public meetings and reviewing and getting all the information—and it's the same thing with the environmental—that you can very easily get yourself into a closed loop. Some of this, I think people purposely have pursued that, is that if you get to a certain point, and you're five years away from where you were, then you're always subject to the question that your data and information is outdated.

Concerned about efficient problem solving and decisionmaking

You've got to remember, when you started, you were using data that was already historic data to define terms and conditions, so it's obviously older than five years. And then you go into court, and the court, the people will seek and say you're not using updated information. That's when you can very easily get into a closed loop, where you *never* get out of it, you never get anything done. We're still, to a degree, that is still, in my mind, the national problem.

The other problem that I think is, one of the things is, I tried to have our people take things out of the courts, take things out of the Congress; look for Congress for doing authorizations, looking for them to do appropriations, not necessarily resource management, because that's not the best way to accomplish resource management. It's not the best way to get the best results. And the way to do that, it means you have to have courage and you have to take control of situations and you have to take and balance the respective viewpoints and putting things together to get the added values and benefits that we talked about.

Wanted Reclamation to avoid the courts and the Congress

The problems that I see in some cases to the public involvement process is giving the resource managers the easy out as opposed to being held accountable, that you can go out and

you will hold meetings and you will build consensus as to whoever attends the meetings, not necessarily being reflective of national interests. Consequently, based on whatever input that you get from that, then you are driven your resource decisions.

That's not what is intended, because what it does is, that person then does not have to have ownership to the decision. He can say that he was driven by the audience that he was addressing. Well, that may be a very selective audience and may not be the best resource management decision. That person then does not really fulfill his responsibility as a resource manager to act responsibly. You are there to get input. You may have to make hard decisions that may not always be the most pleasant decisions that you have to make, but you need to be responsible and make responsible decisions and not transfer that to a public process, because you get special interest groups who do mass mailings and media blitzes and all this that then gives not the appropriate weight. If you're looking at letters and if you're looking at phone calls and you say, "This is where we should go," you're being driven by the number of responses, not by good resource management. I see that as a problem, and it's an easy out for resource managers and not a very responsible position.

Difficulties of good resource management with public involvement

Those are two areas that I think need to be corrected. We tried to bring about that by taking the leadership roles in many of these areas. I dealt with issues that people advised me were no-win situations, that you shouldn't be doing it, and the only reason that I did it was because it was the right thing to do and it was the responsible thing to do. It was not going to get you great glory, and you may come under criticism, but it was the right thing to do. I needed to send that kind of message. If I'm going to ask other people to have the courage, then I needed to have the courage myself to also do those type of decisions.

So in many cases, I spent a lot of time being involved in things that I may otherwise not have been involved in, primarily to set a standard

by what I expected, to show what I expected from people, and that I was willing to live under the same terms and conditions that I was asking them to endure with the outside interests and with the special interests. I think we made inroads, but it's so easy to fall back in this, again because it requires courage and it requires standing up and to do the right thing, and many times it may be opposite what your traditional customers may think is in their best interest. You need to listen to them. You should not be misguided and thinking that you know better than anybody else, because you don't. It's just that you're trying to act responsible, and that's why it's very important to make sure that you do avail yourself of the best information and using the best data that's available. It's so easy, again, to get away from—

END OF SIDE 2, TAPE 2. April 24, 1995.

BEGINNING OF SIDE 1, TAPE 3. April 24, 1995.

Storey:: This is tape three of an interview by Brit Story with Dennis B. Underwood on April the 24th, 1995.

Underwood: Those are some of the things, like I said, that we built, we set the foundation for. As I look now, and I have to admit that, because of my restrictions as to what I can be involved in for the first year and the second year and some careers for life, I thought it would be best not to follow some of the things as closely as possible. So some of them I don't know how it's played out. Some of the things they obviously see the dividends in the legacy that we left in dealing with the issues and the formats that we left. But I think some of it you don't necessarily see on the surface. It's the mind-set as to how you address problems, how you do it in an open and honest and credible manner, how to build those relationships, how to take the courage to do the right thing, take some very difficult positions and follow through on it over the long term. Again, it's so easy to take the easy way out. That's the culture change, and that's what we wanted to leave the Bureau.

I remember it was right after the election, and there's a couple stories I'm going to relate now.

One was, the executive management, I thought the President would win at that time, I really did. Regardless, I thought that he would win. But after the election, we were going to have a meeting, regardless of what the outcome of the election, of the executive management. We did it, and I remember they were talking about that they read—I came in. I was late because I had some other kind of meeting, and they were talking about we should be reading Al Gore's book and all this other stuff. At that time, I said, "You know, what you need to be focused on now is what we've been trying to be focused on. You need to be focused on carrying out business the way that we intended, that we are an effective organization, an efficient organization, that we are focused, that we are guided by doing the right thing, that we are responsible resource managers. It's fine to be looking at what the philosophical and guidance of a new Administration or second-guessing, but it was going to distract from the organization or undermine everything that we had tried, the basic principles that we had tried to guide this organization."

I'm *glad* that we had the meeting, because I think that helped, and I think having my tenure to stay a little while—I think I stayed through April or something of that nature under the Clinton Administration to help with the transition, and I'm hoping that that kept that on-point.

A couple of other things I see of dividends. You've got to remember, we're spending my tenure, when you start looking at direct and indirect monies, maybe a billion and a half dollars a year, and I was trying to get the bottom line of making sure that we were focused on accomplishments, and we rewarded people who accomplished things, and that it was substantive things that we were trying to accomplish, not superficial things, and making sure that people understood that.

I remember—this goes back to the story and how I think we changed things. I asked people, "What do you perceive—and this was the executive management, asked about perception as to

accomplishments. This is when I found out that the accomplishments at that time that I became Commissioner was how much of your appropriations did you spend at the end of the year. In other words, you were measured, if you spent all of your appropriations, you did good. I said, "That's wrong. What are you getting for your money is what's important, and that's the true accomplishment. If we can do it with half the money and we got our objective, that's what accomplishment was."

Believe it or not—this seems very elementary—it was hard for people to fathom that, because they were driven by a project and keeping it—and again, it's a different mind-set, because you're trying to provide a project for beneficiaries. You've got construction schedules, and are you keeping the project on schedule? There's more to it. It's a very simplification when I said did you spend all your appropriations, but that is a measure where you're on schedule in terms of your construction. But still, when you're looking at something a little bit differently, it's not how much of the appropriations. It's what you got for your money.

What I tried to do was that all our annual reports and other things would reflect accomplishments. So I said, "Okay, I want all of the regional directors and everybody else to list for me what are our accomplishments for this one year." I got back, if I recall correctly, it was either a page or a page and a half of information, and I said, "This is what we got for a billion and a half dollars? This is not *worth* a billion and a half dollars."

So during my tenure, if you will look back you will see that we came out with—we had an annual report and it showed projects and all that kind of stuff, but then we did an accomplishment report, so that not only the executive management, but the employees would recognize what [we] accomplished. And what did we do? We put them in the same format as the Strategic Plan, and you listed the items into all of those elements as to what was being accomplished, so that people could

Trying to focus Reclamation on accomplishments

Annual reports

Accomplishment reports

see that that's what we were interested in, that's what we wanted to accomplish. But again, that is part of changing a culture to be more reflective of what you are trying to do, and give them a new dimension as to what you expected out of that.

You've got all of these things that you don't necessarily see on the surface, and I'm hoping that the things that we set [in motion], things of those nature that we had established and the framework, I hope they're continued on. Like I said, I have not seen. And you use those as tools. It wasn't so much important that we published an accomplishment report, but it became a tool for people to recognize internally and externally what our accomplishments were. Because people were saying, "What are you doing now?" There was always the question, "Have you done any changes?"

You've got to remember, when I came in—and this is an interesting, probably a lot of people don't recognize, that you're working on so many budgets in the future, that the first time that you had a budget to actually have an imprint was like two years after I was already Commissioner, because the others are already being cast. You've got the current year budget, and you've already got the proposed budget. They've already been cast. You don't have a lot of room for making changes. So you're almost talking three years into the process before you really start having an effect on your budget.

It takes two or three years in office before you actually affect a budget

The other part was that most of our monies were for completing construction on the projects, and we didn't have a lot of flexibility, because we were being restrained in our budgetary, and the only way you could meet those restraints was to stretch out construction schedules, because you had no ways of effectively doing things. That's not necessarily the most effective way of getting projects done, but given the conditions at that time and given the attitude and the priority that was being given to water, either by the Congress or the Administration or others, that was not one of the higher priorities, and consequently that would just reinforce the reason for why we had other ways of

financing to get the accomplishments that we did do.

Those are the small things that you leave in place that can be big things over the long term and pay big dividends, not necessarily had mind-grabbing, but very meaningful and substantive credence.

Leaving substantive changes in place

Why don't you ask me questions, I guess, for a while.

Storey: Well, why don't you tell me about the period of leaving Reclamation and what you did afterwards, and then we'll start going through the questions.

Underwood: The interesting part is that, if anybody ever watched my schedule—this is talking about my leaving Reclamation. But let me give you a little bit of an idea of what my work day was when I was Commissioner, but this is pretty much my work day in any time.

Usually I was in the office, if I was in Washington, between six-, six-thirty in the morning, usually. Very seldom left before eight or nine at night. Sometimes we stayed until three o'clock in the morning, four o'clock in the morning. Many times we stayed until 10- or 11 o'clock. I wasn't the only one that did that. Like I said, I was amazed at the dedication of political appointees in terms of trying to get things done. We were trying to accomplish a lot in a short period of time, and we knew that.

Work day when Commissioner

You do that for three years. It does end up having an effect on you, either your health or just that you need a rest. You took very few or no vacations, because, again, you were driven by that you knew the clock was running and you wanted to get as much accomplished [as possible].

Three years of work on the schedule kept is not good for your health

When I left—and presidential appointees, depending on what level you're at, you have various types of restrictions. Basically, for the first year I could not go to any Reclamation office unless I was invited. I could not call. I could not go into a Reclamation office unless I was invited to

Once you leave Reclamation, there are restrictions on what you may do

go in, because obviously you may be influencing what the organization is doing, even though you're gone. I decided in my own mind the best thing to do was to stay as far away from Reclamation as possible, for a couple of reasons. One, to comply with the restraint. The other part is that, if I had continued discussions with people, that it may *hurt* those individuals for their career development because they may be perceived as having continued loyalty to me, and I did not want people to be hurt in the process.

Decided to stay as far away from Reclamation as possible

One of the things, if you look back at my tenure—and this gets again just talking about leaving and the people that left with me. I did *not* surround myself. I did *not* personally have any political people that I brought to Reclamation. I used *all* people within Reclamation. The only political people that we had within the Commissioner's office were people in the public affairs that were there when I came in. I did not surround myself.

Did not bring any political appointees in with him

And there was a reason for this. Obviously, if I had a cadre of ten, five dozen, two dozen people, that made all the decisions and went through this decisionmaking process, then when they left, all of that goes, and you had not instilled or had not left any legacy within the Bureau of Reclamation. So I thought it was extremely important what we were doing to have the involvement of career people and rely upon career people, and they were very talented. So when I left, I think it would have a lesser effect, and this was one of the reasons, is that when you leave, it's one person leaving, and your structure, your organization, until you have new guidance and policies and etcetera, should be very stable. I did not pull out twelve people or two dozen people and just walk out the door with all that institutional knowledge in terms of relationships, working relations, all the working relationships with other agencies, even though I was involved with primarily all of them, the Bureau of Reclamation has held. That meant that they should be very minimal, and I'm hoping that there was. The other part that helped with it, because they asked me to stay on and help with the transition a bit meant that

Why he wanted to use career staff while Commissioner

there would be very minimal changes, or disruption at least, during the time that I was there or that I was phasing out.

Once I began to realize that—at a certain point in time, the Secretary had asked me to stay. The Secretary had called me and asked me, and I knew Secretary [Bruce] Babbitt from before when he was governor, and like I said, because I think he shared some of the things that we were trying to accomplish, and that was the motivation for him to ask me to stay and help in some of the transition.

When I did leave though, like I said, because of my restrictions, and because I thought it was in the best interest not to have direct involvement with the Bureau, then it meant two things. One, I wasn't going to do anything with Reclamation activities. The other was that maybe this is the time, in all of my history from graduating from school, that I never set out and decided to do just things that I had not done for a long time, meaning personal things that I had not done for a long time. So I did. I took some time, because you need to allow your head to clear. You can very easily get wrapped, in any kind of a position of this nature, you can very easily get wrapped up with yourself and feel that you're indispensable.

A couple things that come to mind in that regard. There was a couple people who had high positions within the Administration, the previous Administration, the [Ronald] Reagan Administration, who asked me to have lunch with them. They said, "You know, you're going to think that you're all caught up with your résumé and how wonderful you are and what great things you can do for everybody, and you're going to find out the hard reality that, even though you had this experience, that you have diminished marketability because of some of the constraints that were on you."

And in particular case, I think, in mine, and I knew this. So this led to what I decided to do immediately after, was that, with a change in Administration means that you're less marketable,

Secretary of the Interior Bruce Babbitt requested that he stay over the transition period

Warned that his marketability had been injured by serving as Commissioner

Marketability was hurt by the fact that the new

because they felt that changing parties, the Administration changing parties, that you would have less contacts. The value of your contacts would be even less of value because there's a whole different change in parties. And I recognized that, too, so that had something to do with what your marketability was as a person.

Administration brought a party change

So I decided to just do personal things for a while. I have great interest, I enjoy the outdoors a lot, and when I was of lesser weight, I used to do a lot of skiing, and I still enjoy hunting and fishing and the outdoors, just being outdoors. I have some property near the Canadian border in Vermont, about fifty acres, back in a very isolated area. It's kind of like a camp that I have built in my spare time, so to speak. So I spent some time and just went. I said, "Okay, it's time to get your own perspective on your own life, and it's a good idea just to go and get some time just away from everything and decide what are you going to do with your life."

Decided to do personal things for a while

I was probably—and I don't know, but you can look it up. I'm probably the youngest Commissioner, I was probably the youngest Commissioner. All my life, every job that I've ever had, I've always been the youngest person to do something. And I was thinking, "Well, do I want to go do something else?" because you get to a certain level, and what are you going to do beyond that? Like you say, "What are you going to do when you grow up?" What do I do beyond this? If you take a position like this and you take it in the twilight of your career, it's like a finishing touch on a career and then you can retire and go do wonderful things, things that you want to do. I was still a relatively young man in my forties, and I'm going, "What do I want to do? Do I want to do this the rest of my life?" knowing that I would have some difficulty.

Deciding what to do

That's what I wanted to do was to allow myself to think about that. Did I want to go do something completely foreign to what I had been doing? The answer came back "no," that I do enjoy in the resources area. But then you say, "Well, what do you want to do?" An interesting

part, people say, well, "Gee, you better write your own ticket afterwards in terms of what you could do." Like I said, there was some marketability damage because of restrictions and what you can and can't do for the first few years. It's not as strict as what a lot of people perceive to be. It means that I cannot represent, on certain issues, cannot represent anybody but the United States government. That doesn't mean that I could not advise somebody. I just directly could not represent anybody but the Federal Government on certain issues, and in some cases there were bans for lifetime. I did not want to get any question as to perception that I had a conflict, so I stayed *completely* away from *everything*. I figured that was the best thing to do. I made what I thought was my contribution to the country. Now somebody else could carry on from where I left off, and they can take it whatever direction. But I had my opportunity, and I felt that that was the way to do it. So this gave me, like I said, gave me a chance to sit back and say, "Okay, what do I want to do?" I did hammering fingers and cutting hands and did some physical work related to improvements on property and that kind of stuff, and did some fly fishing. I enjoy fly fishing a lot. Did a lot of things that I had not--started going skiing again. I hadn't been skiing for a number of years. A lot of things that I had not, as you advance in your career and you're on the fast track, you spend less time on personal things. So it gave me, gives you a chance to reflect, gave you a chance to do things that you hadn't been enjoying, and probably improved the quality of your life a little bit.

That was one of the other things, that even when I was Commissioner, I was very concerned that people would not pattern their lifestyles after what *I* was doing. Just because I worked long hours, I did not expect other people to work long hours. That was just a bad habit of mine that I've always had, but that was a concern with me. But then I knew that personally that I do a few things of those natures.

Didn't want employees to pattern their working hours after his own

And then I raised the question, once I came back and said, yes, I wanted to be involved in

resource areas, an interesting thing developed that I had anticipated. Because of the fairly high level, what are you eligible to do? What is the logical thing for you to do anymore? That became a big question, because if you want to head some entity, is it some lesser entity, and chances are it's going to be some lesser entity that you're going to head. That's fine. I mean, that didn't bother me. But the perception was that I'm a young man, and some headhunters love me because I'm papered well. So all they've got to do is produce ten well-papered candidates and they've met their obligation to their client. So a lot of headhunters would come up to me and ask me could they use my résumé and submit it, and I said, "Well, maybe I'm not interested." They said, "Well, go ahead, and then you can make the decision later on."

But the thing that I found out that was interesting is that, if you did get into an interview, they would say, "Why do you want this job? With your background, we don't think you're going to stay." So suddenly, here you are as a young person who is fairly well papered now, who wants to be actively engaged in doing something, but the perception is, if there's an change in Administration or if something bigger comes along, you're gone the next day. And generally, water and power and the ag and the water committee is small, they are generally conservative in nature, unless you're into some of the water city municipalities.

But that's the perception, is, one, that you are a young person, so obviously this is not where you maybe want to spend the rest of your life, and is he going to be gone in a year or two years? The problem becomes is that you try to convey to people this other thought that I told you about earlier. If they can get good three, four, or five years out of somebody, and that person is not trying to lay back, is trying to effectively accomplish something in an organization, he becomes captured in himself after that, because you say, "Oh, this is what I've got done. I feel comfortable now that I've got this done. I feel comfortable I got this done." Pretty soon, you're not seeking anything any higher. It's the person

Difficulties in finding a job because you are perceived as over-qualified or waiting for the next political appointment

who is really driven that would always seek higher. You become captured by the process. You're satisfied with the process. That's why I indicated to you before I think it is very effective, that you do need to make changes, selective and responsible changes.

Like I indicated to you, that became something that I did not foresee. I thought that my credentials would serve me well, but actually, to a degree, because of your age and your credentials don't necessarily mix the right way for positions. People always told me that I should work for myself, so I decided, "Okay, let's see if I can selectively do things for people that I would enjoy working on." And basically, I created my own company and had some very challenging things for me to do.

There's an interesting part that I would probably say—and I'll go back to the other part in just a minute. But some of the most challenging, or things that I did not think would come, I thought most of my work would be in the water and energy community, but business, because of the less reliability in many of the areas that have high competition for water and some of the conflicts we were talking about and how you pay for things and recognizing that some of the strategies that was done in the past, or even in the eighties and nineties, are now presenting problems, and I'll talk about those in a minute. Business categories or groups are coming to me and asking me to help them in making sure that they're represented well in water supplies plans and programs and financing.

I'll talk a little bit about that so you can understand what I'm talking about. In the eighties and nineties, there was a great emphasis that people perceived that water, energy, others were undervalued. They were not paying the full cost, because there were costs that were being assessed some other ways, and that they were not paying for the full cost of water. Consequently, how can you be using it effectively and efficiently if you're not paying the full cost? So there was a great emphasis of changing water rate structures over

"I thought that my credentials would serve me well, but actually . . . because of your age and your credentials don't necessarily mix the right way for positions. . . ."

Decided to work for himself doing things he was interested in and believed in

A lot of work came from businesses which wanted to make sure they were well represented in terms of water supply planning and finance

towards we'll say a commodity rate almost completely.

Two things happen when you do that. One is that you have two variables involved that present problems for you. One is that the demand will fluctuate based on precipitation, rain, other factors, other environmental factors, climate factors; and in addition to that, you have a variable water supply available to you, and especially if you're close to where your supply and demand meet that suddenly, if you get just a commodity rate and you've got some revenues that you have to meet, fixed obligations, they're going up and down, up and down, based on either the water supply available or the demand is not meeting with your fixed obligations.

The problem became, since we haven't built any new infrastructure, there's a greater emphasis on using waters which were considered historically uneconomical. In other words, high runoff years, usually what you did is, you designed flood control structures to get the water safely through the system with minimum loss of life, property and life, and that water was not cost effective to build a reservoir to capture it. Now it may be the only resource around, and now they're looking back at using excess waters and in parking them in groundwater basins or building reservoirs, storage reservoirs, to use during dry years so that you could more even out the supply. You get into exchanges and transfers of water. But the problem is, you need infrastructure to do all this. The system either has to be enlarged or you need storage facilities to put this off-stream storage facilities, etcetera, tremendous capital improvements.

Increased emphasis on using waters previously considered not economic

A case in point here in southern California. The Metropolitan Water District of Southern California, the largest or one of the largest water supply entity wholesale suppliers in the country, in the world. I think their capital investments, up until this date, totally, accumulative is \$10 million. Now they're going through an expansion program in the next five, ten, fifteen years of \$5 billion. So they're almost going to re-establish the same that

they've spent all their history in a very short period of time, primarily to increase their reliability, to build the type of infrastructure that is needed to accommodate variances.

Well, they also had to change their water rate structure, because here we've done all of this evolution going to a commodity rate, you've got this tremendous fixed obligation and how are you going to meet it, and consequently they're going back and changing some of the water rate structures. And what do you do? You go back on land-based assessments and other ways. Some of that is good in a sense that, if you have land in an area that water's available, the value of your land is enhanced, whether you use water or not, so you should be paying something for that infrastructure.

The problem now as we're going through this evolution is, what is the best way to have water rate? So here is business now—that's why people are coming to look to me for advice and counsel and to help them have a say, one, to increase the water supply reliability they're getting; two, is to make sure they're being treated fairly in the pricing of water and what they're paying for it. This is one entity, but you can also be looking at wholesalers, retailers, and then large facilities with the type of improvements they're going to have to be undertaking, say like here in California, *tremendous* amounts of capital improvements, and not so much building facilities to capture the new projects that you would normally be thinking of to increase conservation storage, to increase the flexibility in operations, etcetera, and tremendous amounts of capital investment that have to be done over a relatively short period of time.

If you're not careful, you drive business out of California, because it has now gotten to the point that utilities are being part of the decisionmaking, where as historically it may not have been. But because the utility cost is a cost of water and energy now, is a factor, including cost of housing and other environmental controls and regulations, that maybe it's better to do business elsewhere. You've got a lot at stake, because

In the current market, water rate structures must evolve and change

If you own land where water is available, then your land is worth more

". . . people are coming . . . to me for advice and counsel and to help them have a say . . ."

Without care, water supply management decisions can drive business out of California

they've got to make business decisions, whether they do expansions here or do they relocate, and these are major decisions. So here's an audience or a customer base that I would have perceived as not necessarily being there that have probably taken a good share of my time and attention.

Business interests were an unexpected customer base for me

To be perfectly honest with you, I enjoy doing the challenges that I'm talking about, but the parts that I miss is the policy- setting, the decisionmaking, the strategies, how to get things done, the implementation of it, and you only get that through running an organization. I *do* miss that, and I think sooner or later I'd probably like to go back and run an organization. But right now, this is more than meets my needs in terms of career challenge, and I'm enjoying it, and it's given me a little more flexibility with the family and stuff that I didn't have before, too. It gave me an extra dimension that I didn't have before.

What he liked and missed about no longer running an organization

If you look at most of my service and history, it's public service, from different viewpoints, and now suddenly I'm representing the private business. Even though that's what I was doing it for, the taxpayer and the private business, now I'm looking at it from strictly their perspective. Some of the concepts I have and the experience I have can be used now to bear and to be put into the process, and I'll give you an example. Again, is how do you pay for all of this infrastructure? Remember, it comes out of the same taxpayer's pocket, and if you're driving decisions, whether it's water supply—this is water infrastructure— whether it's water supply, flood control, water treatment, etcetera, we haven't really collectively looked at those and what the least cost choice may be, whether it's flood control or water treatment, may be to make sure that the water supply doesn't get to the ocean or lost in the supply, that it gets back into the ground. And that may not be the least cost from just the flood control perspective, but the least cost from a water infrastructure point of view, it may be from the taxpayer, since he's got to pay for the water supply, which may otherwise require more importation or other things, that it is collectively, when you look at it collectively, it may be the least cost. So some

After a life of public service found himself representing businesses

How do you pay for all the infrastructure that is needed, and it comes out of the taxpayer's pocket

Perhaps the least cost is to get it back into the ground and keep it out of the ocean

of the concepts that you can bring, some of your knowledge, your experience—and I guess that's why they pay consultants is for this type of knowledge and experience that you gain. But it's also added some dimensions that I had not thought of, and I think it even added to me as a professional, added dimensions, because looking at things from a different perspective than I would have otherwise looked at. Again, very challenging times. You're making contributions, but you're making them in a different arena. But again, they are the foundation contributions that can make a difference, so over the long term, I make a sizeable difference.

Learned things as a consultant because had to look at issues from different perspectives

Storey: Can you give me any specific examples of people you've worked with, or companies?

Underwood: Yeah. It's water agencies, to a degree. Some of it has been agribusiness. The business entities where water is a major, or becoming a major part of their operating costs.

END OF SIDE 1, TAPE 3. April 24, 1995.
BEGINNING OF SIDE 2, TAPE 3. April 24, 1995

Storey: Businesses that have a major share in water costs.

Underwood: I'll give you an example of a couple, and then I'll tell you about some of the other water agencies in particular.

They had some of the agribusiness in southern California, which you don't think there's not that much left. But it's interesting, agribusiness in southern California is still about a \$15 billion industry, and a lot of their lands that they utilize are steep slopes. Because of the competition for urbanization, they use steeper sloped lands for trees and permanent crops, and chances are, you have no other economic use of those lands. So they are on the tax rolls. They provide benefits. They provide environmental values. They provide social values, whether it's dust control, whether it's wildlife habitat, whether it's fire protection. There's all kinds of other values that you normally wouldn't be thinking with agriculture.

Consulted with agribusiness in southern California

Southern California agriculture often uses very steep slopes

And the utility quarters that you have here, all the nursery crops are on utility quarters. You have some of the other types of row crops that deter urban sprawl because there's an economic value and use of that land. It's interesting. This is an economic activity we'll say maybe it's day has come, but it is one of the most stable industries, and obviously \$15 billion of economic activity *annually* is pretty monumental.

But the other part of that it is, it is developing a window that there is no other market. If you look at the types of crops that they're growing, they're high-value crops. They've been forced to use best management practices. They're using best management practice, whether it's ag chemicals, whether it's water conservation, etcetera, because marketplace economics has taken place. And that market window that they have is a large production, either nationally or internationally, of a certain produce, whether it's lemons, oranges, avocados, strawberries, whatever, high-value crops that are on lands that otherwise would not have a productive use and value, and not only generate water revenues or revenues for water to pay for infrastructure, but generate property taxes, which pays for schools and other types of public values and benefits, and offer values and benefits that you wouldn't otherwise have. That's kind of an example, and it's kind of a unique example.

Other water agencies, if they have a very difficult and controversial issue, they want to have somebody take a look at it and give them directions and strategies and potentially new ideas as to how to address their problems. People have asked me to take a look and come up with ways, whether it's water rights issues or endangered species issues or whether it's overall water supply, but it's more along those lines that allow for development policies, programs, strategies, incorporation into financial plans. Again, some very challenging undertakings.

It's similar to me, like I said, with the agribusiness in southern California, the other higher water utilizing business activities that had

Southern California crops are high-value ones

Southern California agriculture generates revenue to pay for water infrastructure and generates taxes for public purposes plus other values and benefits

the same type of thing at stake. Like I said, either they will either have a go or no go in many cases, and if you're not treating them equitably, you may lose them. Southern California agriculture is a non-mobile economic resource. It cannot move or relocate because it's unique to the terms and conditions, the soils and the climates here, and there's no other market window. That's why they've got that market window.

"Southern California agriculture is a non-mobile economic resource. . . ."

So if it's lost, you lose all of these social, economic, environmental, and water resources values that you have, and that's what I ended up doing with many of the businesses, was show the values that these businesses pay, what they contributed, not necessarily as total, remembering that all of the funds that are coming out of this, it's going right to the ratepayers themselves, the taxpayer themselves. So when you're getting into define these other values and then to incorporate and have influence over the water rate structures, the financial plans to help increase the reliability of water supplies, but also doing it as affordable means and an equitable means of financing.

Again, that's a *big* turnaround, and it's almost like a pendulum swinging in terms of financing. They say it doesn't have the full cost. Well, there has to be this balance. One is to be able to underwrite capital improvements. The other is, there's this equity, because you may be in a business that doesn't use water, but because water is available to your land, you're benefitting. That value of your land may be nothing, or only 10 percent of its value, without having legal access to water, and you're not paying anything. Well, you should be paying for something.

Paying for the enhancement of value of land to which water is available

A lot of that kind of concepts and principles then translates back to maybe even some of the state's programs that they're going to have to come up with in terms of solving their problems. The easiest way is, if you've got a revenue stream that's already generated for water and power, is to attach it as a water and power cost. They say it only means 20 cents to your bill or 50 cents to your bill. Well, it's not. When you start looking at what it means to business—and you can't have people

Economic effects of rate increases

living here without jobs. If you're looking at environmental goals and economic goals, it requires having viable jobs and economic activities that is sustainable to that area.

Like I said, this is not necessarily what I thought would be some of my biggest challenges. It's interesting because I have an opportunity to relate to a group of business people, which is not what I had the chance to relate to before. They educate me, but I also educate them under that process, and we're forming some very strong partnerships with business, because business wants to make constructive. They want to pay their fair share, but they want to be constructive and they want to be treated equitably. It's, like I said, an audience that normally, before, utilities were providing water and it was fine. Everything that was not a major part of their operating costs or decisionmaking now has become a major part of their operating decisions and their decisionmaking.

Storey: Tell me how you went about selling your services and your company.

Underwood: I've been fortunate. I haven't had to, to be perfectly honest with you. I think because people are aware of you. But I've been fortunate. People have come to me. I have not had to advertise at all. You have to let people know that you're still alive, that you have to be present and involved in things. If you're not involved, obviously they're not going to be hiring you.

His consulting business came through referrals and staying involved

But I've been very fortunate that people have come to me through referrals. I mean, they come out of places that you would never have guessed. In fact, somebody told me that some people in the Reagan Administration, the same person that advised me that you have this résumé and you think the world is yours for the taking, and then you find out that it's not. But they also advised me, he said, "You're going to be surprised at people that are going to come to you for help. It's going to be the ones farthest from your mind." And sure enough, in many cases it is a surprise to you. You're not tuned into some of their needs,

and obviously you're satisfying a need, and you have some unique abilities.

I think some of the dimensions are not only from a technical point of view, but because I understand state government and Federal Government and have been part of those and have some political astuteness. I think probably that all leads to desirable characteristics, too, that's why people want to use you, because you can marriage a lot of those thoughts together. While some people can do one, the idea of balancing of coming up with a concept or approach or a solution that uses all of the means to achieve the good result that you're trying to obtain.

Storey: Can you name this person of whom you're speaking?

Underwood: Bob Dawson, who worked for the, he was the Secretary of the Army, the Corps the Engineers, ran the Corps of Engineers in the Reagan Administration. I haven't seen him for a while, but it was some good advice. I appreciate him, because it's one of those coins. Like I said, if you were a person who was at the twilight of their career and you were leaving with a change of Administration, or resigned or whatever, and you go back to whatever life you wanted to go back to, that's one thing. But if you're there—and Bob was in the similar age, probably, that I was, somewhere in the same age group. You're going to have to work beyond where you are at that time. Some of that counsel, it was good counsel, I think.

A lot of people, too, at that time, they approach you because they want to use your, either they think you have value. I did not want to do something that I did not believe in. I'm a strong person. I figure you give more than 100 percent when you believe in something, and I won't do anything unless I believe in it. So I was very fortunate that people have come to me with things that I believe in.

Storey:: Did people come to you with things you didn't believe in, or that you didn't want to do, I think is another way of putting it?

Bob Dawson ran the Corps of Engineers under the Reagan Administration

"So I was very fortunate that people have come to me with things that I believe in. . . ."

Underwood: There were people that potentially wanted to just use your name or whatever, and I did not want my name to be used loosely, just by association. They would want you to be associated with something so they could take the benefit of your name and give them some credibility. That's like giving them my credit card and keeping them on their honor to go do good things with it. You don't have any idea what they're going to do. I just did not want to be a part of that.

The other part that has become a little difficult for me was, if you're doing your own business, if you want to grow your own business, then you obviously build people around you. But because I may make a decision to go run something again at some future time, I tried to limit the involvement, because it's not fair to the people. If you happen to be a part, be able to attract business and then you leave, that's not fair to them, either. So I tried to limit that. But that makes it a little more difficult for you because that means that you—and I was only taking things. If I'd tell people, "Well, if I can't solve your problems in three, four, five, six months, depending on how difficult it is, then you need to go find somebody else. And I will tell you. If I can't help you, I will tell you."

Tried to avoid developing staff in his business because might decide to run something in the future

I tried to be very honest. When you start talking about marketing yourself, I think being very honest with people, that if I say no—and I even give free advice. I said, "No, I'm not the person. This is where you should go," or, "You don't need me. This is how you do it." You build credibility with people. I mean, you're being motivated just for money. You're being motivated because you believe in doing the right things.

Storey:: I noticed that you did not say you became a consultant. You said you started your own company and became a consultant. Is there something special about starting your own company? What goes into that, as a consulting engineer?

Underwood: As a consultant, the perception—and this is just my own mind—you become a hired gun for almost

"As a consultant . . . you become a hired gun . . . When

anybody. When you create your own business, that means that you want to deal in certain activities. It's my semantics, not necessarily somebody else's, or my perception. But when you're creating a business, then you're willing to do things.

**you create your own business
... you want to deal in certain
activities. ..."**

There's a subtle difference, in my mind, probably that other people may not have as full an appreciation. I've seen a lot of consultants that, you will do anything for the right amount of money. Well, I won't do anything for the right amount of money. I will only do things that I believe in. And my saying that creating a business means that I do things only in these areas. I won't do everything or anything that you potentially want me to do. And that's the distinction that I make.

Storey:: Are there any legal issues involved, like liability or incorporation or anything like that?

Underwood: Can be. I'm very careful of that, because of just what you said. Most of the counsel that you're giving is end concept strategies, solutions. I mean, there are options, and you give them the recommended course of action. It's not like you're saying, like a stockbroker giving a price and saying, "You should go buy this stock," and you can incur a lot of losses.

That's the difference, I think, in some cases, when you're in an advisory capacity is that you can only advise and you give them a direction. Your liability is somewhat limited. If you were doing a design of a project, then you inherently take on a potential amount of liability. So I watch somewhat. Most of the work I do, unless they really said you were dumb and you gave us this advice and now it cost us our business, I don't think so, because I think in most cases your liability is somewhat limited.

Storey:: Are you ready to go back and start at the beginning again?

Underwood: Yeah.

Storey:: Okay. You never mentioned the name of your hometown.

Underwood: Oh, Vernon.

Storey:: Vernon, Vermont. Were you raised in town or were you raised on a farm?

Hometown was Vernon, Vermont

Underwood: Not on a farm. I worked a lot on farms. There's a lot of small dairy farms. But my father worked for an electric utility, the power company, and was in the construction end of it, and he traveled a substantial amount. I lived, like I said, in a small town. A lot of my part-time jobs, when you're growing up, had to do with dairy farmers. If you were a hard-working individual, you could always get a job on a farm. So I did spend quite a bit of time working on dairy farms, primarily.

Worked on dairy farms

Storey: Anything with the electric utility company?

Underwood: Did work a lot in construction and dams, powerplants, during summers and stuff like that, construction, rehabilitation of dams or new dams.

During summers worked construction at dams

Storey: What kind of construction work?

Underwood: Dam modifications, a little spillway modifications, or replacement of aging infrastructure, updates, uprates. I mean, it's almost the same type of thing with the Bureau to the degree looking at an asset and improving it. I mean, I was a pavement breaker, the jackhammer-type crews, and concrete pourers and welders and all that kind of stuff I did during my high school and college days.

Storey: Now, you never did mention *when* you were born.

Underwood: December 1944, the 14th 1944. A lot of fours.

Born in 1944

Storey: You mentioned five brothers, I believe. No sisters?

Underwood: No sisters. All brothers.

Storey: What made you decide you wanted to be an engineer?

Underwood: My parents. By the time I got ready to get out of high school—I was always the youngest kid in my class. In fact, I was always the last to do everything, because you're about a year behind everybody else. At that time, I told my parents I didn't want to go to college. I wanted to stay out for a year so I could catch up with my age group. Probably if I had, I probably wouldn't have gone to college, I guess.

My parents also probably figured at that time I needed some discipline as a young individual, that a military college was not—and I look at it now, probably the right decision. Suddenly you're born, from a seventeen-, eighteen-year-old on your own, being able to make your own decisions. I went to a military, which at those times were like a lot of the academies, etcetera. They were a lot of discipline, really well-regimented, but it also builds a lot of camaraderie, because everybody goes through the same, not only do you go through academic difficulties, but you also go through a lot of personal physical tests of your endurance. Psychological testing, too, I guess, because of the hazing and stuff that used to go on in a lot of those institutions. But also bonds a lot of people, and you have a lot better understanding of people.

Needed the discipline of a military college

I held rank when I was in college, and that was to my advantage because you got to manage people. Here you are like a sophomore, a young person, who was telling older people at the college, because of military, what to do, orders and things like that, and how did you get the best out of them in terms of their performance, that I look at now was very good in life in terms of understanding people and managing people. I think the experience that I gained at that young age was invaluable. But it probably, like I said, was not my own decision. It was really my parents' decision.

Got to manage people in college

But I look back and I'm glad that I went to school when I was young, because I got out when I was younger than other people and you get a chance to do more things. But you also, when I went into the military and I was in Southeast Asia, we served in Thailand and did some travel to

Vietnam, Cambodia, Laos, etcetera, and had a lot of responsibility as a young lieutenant. I was in a group headquarters, where basically anybody that had a commission, they'll always fill slots, like a major slot. I was here in the Army at an entrance-level lieutenant because they just didn't have people that had backgrounds and stuff that could do that. So you had these tremendous responsibilities at a young age, and you developed accountability, especially in wartime. You're not out painting rocks at some military installation. You're being responsible for people's lives and the construction. We were building a lot of infrastructure that's important to the war effort at that time.

Traveled in the military

Had a lot of responsibility and experience in the military

Storey: Such as?

Underwood: Oh, airfields, military installation, highways, major highways to fill in all the areas in terms of logistics of quarters, etcetera. And I did a lot of traveling in parts of the country where they had never seen Caucasians before. So it was a real experience for me to go into these villages then. I've always had white hair since I was about twelve years old and different colored eyes, so when they saw my complexion, my hair, my eyes, it was like—and you're bigger in stature than most of the natives, and you're in these villages. It's like the Pied Piper with the kids and stuff.

Got into remote areas in Asia

But, I mean, the experience that you had, because we did a lot of work to help those villages, like drilling wells so they'd have safe water, bringing in medical teams, building fish ponds, helping upgrade their roads so that they could live a better life. It's interesting that I had support of a war effort, but then you were helping people have a better quality of life at the same time. You were building roads that are supporting a war effort, but you were also helping people at the same time. The type of experience, when you're twenty-, twenty-one, twenty-two, having that kind of responsibility is unbelievable. I was very fortunate to have those types of experiences, I think.

Storey: My sense of the Vietnam War was, though, that it was very dangerous and tension causing, because

you never knew exactly who your friends and who your enemies were. Did you run into that?

Underwood: In some cases. You're young. I mean, that's why you have young people in the military, because you don't think as much as you otherwise would. You're right, because I did things like, in some isolated villages you didn't know whether they were friend or foe, but when you were helping them, you didn't think about that at that particular time.

But you're right. And there was a lot of things going on. I believed in why we were there. I didn't believe in how we were necessarily fighting. I had opportunities to—we were in some very remote bases, and we used to have these 100 commission parties for some of the Air Force pilots and stuff. These guys would fly, and then we'd have a succession of bombings. So they'd build all the anti-aircraft back up, and then they would fly back in. And they'd get locked in the radar, and a lot of these guys got shot down or shot. We had a lot of missing friends and stuff.

It was difficult to deal with that, but what you did is, you formed almost your own fraternity of people and you grabbed your own strength from each other, I think, to a degree. You had to keep your own way of keeping your head on straight, because all the temptations to do other things are there. But I think some of the discipline that I had and the values that I had from growing up, the very basic values and the principles that my parents instilled in me, and when I was working as a young individual, whether it was dairy farmers and you got paid for a day's work and nothing more, nothing less, and you were who you are, meaning that how you represent yourself and you're responsible for your actions, and that type of development being through high school into college, I think helped bring a strong character in my military service or in my life beyond.

So many times in careers I remember people—like I said, I've made changes in my career, that I was one of the youngest persons who did this, the youngest person who did that, and I had

people come up to me and say to me that, "You never took the easy way out. You always were responsible, but did what you believed in. You didn't cater to people, even at your own personal interest. You're always motivated differently." That had a lot of meaning to me.

I remember probably in the military one of my most moving events was, one of the sergeants used to call me "the only third lieutenant in the Army," because I was always motivated by doing the right thing and getting things done, not by what looked good to the brass and stuff. So sometimes I was a little more outspoken. But the interesting part, I would have generals ask me, in a young officer's setting, the generals would ask me what I thought about things, because they knew I would give them an honest appraisal, I think, which was kind of interesting.

I remember one person I had a lot of respect for was leaving. It was at a command rotation, and all of the officers were standing in a line. He was going down the line and saying goodbye to people, and he got to me and it really got to me. He just looked me in the face and he said, "Never let them break your spirit." Even now, I've still got some.

Storey: Did any of your other brothers go to Norwich?

Underwood: My older brother did. I think one of my younger brothers started to, but did not go all the way through. My older brother, who is two years older, also spent some time in Vietnam, in Southeast Asia. In fact, he was coming back, and I was going to Southeast Asia.

Storey: Did all your brothers go to college?

Underwood: Yes. One of them did not complete, but all of them had gone. It was interesting. My father, probably the smartest person I've met in my life, had to quit school in the eighth grade and go to work, and he finished his high school by equivalency when he was, I don't know if he was in his thirties or forties, because he suddenly was working himself up in this utility and became the head of their

Father was a self-made man

construction branch. A self-made person, but probably the smartest person I've ever met.

I'll be quick with a story. I came home one time. I had a structural problem that I didn't know how to deal with, an engineering problem. It was fairly advanced, and for the life of me I didn't know how to solve it. It was one of these things, you're always trying to prove to your father how much you know and don't know and all this kind of stuff, I guess. He saw me looking in a book, and he asked me what I was doing. So I read him the problem, and I had no idea how to do it. Guess what? He did it.

That's when I knew that you don't memorize how to do things. You have to understand the concepts and principles, and that's what stays with you and that's what serves you over the long run. He thought through the process and understood it, and that's the same thing whether you're dealing with people problems or technical problems. You need to think through and make sure that it is the right problem that you even associating. Most people have a hard time defining what the problem is. If you define what the problem is, chances are you'll come up with a solution, the right solution.

Storey: Now, you said Norwich is a military school. That means you were in ROTC or an equivalent thing there?

Underwood: We were an offshoot from West Point. It was primarily just to produce engineers for the Army.

Storey: But if I understood you correctly, you came to California before you went in the Army?

Underwood: You have a choice to either go active or active reserve, and I didn't want to make the military a career. I did not think I wanted to. So I had up to a year before I had to go in. Regardless of which way you did it, you had up to a year at that time before you went in. And so what I did was, I came out here for about six months, because I wanted to see—and I was surprised that they were hiring.

Those were troubled times for the United States, so when you had people who were clean cut, well, good sanitation and good haircuts, businesses were lining—I'll tell you what. When I was looking for a job, they all came to the school and they recruited. They used to recruit. I had fifteen interviews and fifteen job offers, anywhere from designing nuclear submarines to working for Boeing to working for the railroad to working for utilities, one because of the school's reputation; the other part because, at that time these were very motivated, you know that they were going to be motivated and well-disciplined young men, and at that time the country was going through some internal turmoil. And even though they *knew* that I was going to be gone for two to three years, they were willing to invest and wanted you.

"I had fifteen interviews and fifteen job offers . . ."

Storey: This would have been about '66?

Underwood: Yes, '66, '67.

Storey: And you chose the Metropolitan Water District out of 15?

Underwood: No, the State of California Department of Water Resources.

Storey: Oh, I'm sorry, right. You went there first. Why did you choose them out of the fifteen?

Underwood: Some of them weren't in water. First of all, in my junior and senior year in college, I began to realize I wanted to specialize in water. A lot of that had to do with the head of the Department of Civil Engineering. I was a civil engineer by training. And I did a lot of research. In the last couple years, you taught classes yourself. You did basic research. We were doing things like trying to create a closed environment with algae that would take carbon dioxide, turn it into oxygen, become a food source, and also purify your wastes. So you were trying to create like this closed environment for space travel or whatever. We were doing some parts of research and stuff in relation to that, and I found that fascinating.

Realized he wanted to specialize in water

Tried to work in a closed environment to purify air and wastes

My biggest fear, I guess, when I was getting ready to graduate was that I'd be some designer, and I could see these big aircraft hangars with all these drafting tables and you're one of a thousand, and I said, "Man, I just don't want to do that." I didn't want to follow cookbooks. I wanted to write the cookbooks. And that's what was intriguing about water. You were into new areas. There was not cookbooks to do a lot of the things that we were involved in. In fact, some of the programs, some of the things we got involved in have now been written and become more in the state of technology, the state of art or the state of science in its development. I think personally I found that more rewarding, although I did some design work and construction work, etcetera, but I found the other to be more challenging for me as a person.

Didn't want to become a designer

Storey: It sounds like an environmental sort of bent, am I right?

Underwood: Well, it was and it wasn't. I mean, there was some—and this, you've got to remember, is way before the time that that was rampant. The Clean Water Act was not until 1972. But it was like I was dealing in water quality. I was dealing in dams and river operations, the planning for water, *all* of the water development, management, protection. In fact, when I first came out of college, one of the first jobs I had with the department was that I was doing water quality and discharge, writing discharge requirements for water discharges and doing evaluations of the impacts on water quality, etcetera. It was not in the design area. Eventually, like in the Army I did a lot of design work.

Interested in doing the planning for water

In the Army did a lot of design work

END OF SIDE 2, TAPE 3. APRIL 24, 1995.
BEGINNING OF SIDE 1, TAPE 4. APRIL 24, 1995.

Storey: This is tape ~~two~~ [four] of an interview by Brit Story, with Dennis B. Underwood, on April 24, 1995.

Underwood: I think we were leaving off on some of the parts you said I had an environmental slant even in the beginning, and to a degree I think, because of

dealing—water quality fascinated me. I mean, even in college, when I was talking about the algae aspect. But I was interested in it because I had worked in construction on energy development, and some of this dealt with nuclear development, not only hydroelectric, but nuclear development, also.

Interested in water quality

Storey: That was in New England?

Underwood: Yes. But again, large-scale water supply studies, designed some water facilities, etcetera. But looking at a lot of that, like I said, a lot of it was foreign and . . . But you've got to remember, this is the advent of water quality work, too. There was not a lot of activities going on in this arena before the Clean Water Act, etcetera, that had any kind of meaning.

I think a lot of that also goes back to some of my upbringing, though, having respect for the environment, living in a very rural setting, enjoying the outdoors. That obviously had an influence on my life too.

Storey: Now, what was it that you did in that first six months with the Department of Water Resources?

Underwood: I really dealt with a lot of water quality investigations and factoring into like groundwater and coordinated operations of groundwaters and surface waters, evaluation plans for water supply operations, doing discharge requirements, technical requirements. In other words, if you were a discharger in industry or a municipality and you were going to discharge water, what kind of treatment you would have to provide, what you could do if you wanted to discharge into the ocean or into the ground and what kind of impact it would do, evaluating the impact it would be.

At the California Department of Water Resources at first dealt with water quality investigations

Here in California, they have a regulatory agency, which is regional water quality control boards, and they have the California Department of Water Resources, which did the technical evaluations and gave advice to the regional boards in setting standards, water quality standards and discharge requirements, etcetera.

So about the first six months, I was very interested. Like I said, when I got out of college, I was very interested in water quality. This was a relatively new field at that time, and I was very interested in dealing with water quality.

Storey: So this was a sort of a regulatory function?

Underwood: It was to a degree because we gave advice. It was almost like being a consultant to a regulatory body. You gave technical advice to the regulatory body. You did not do the regulations. You gave the technical advice.

Storey: Was the regulatory body part of the Department of Water Resources?

Underwood: Separate. In California, they have what they call the State Water Resources Control Board and the regional water quality boards. They are the regulatory bodies. The California Department of Water Resources was the technical body.

Storey: Do you remember anything about what your salary or grade level or anything was?

Underwood: Yeah, I remember what I started, \$800 a month.

California Department of Water Resources starting salary was \$800 a month

Storey: How much?

Underwood: Eight hundred dollars.

Storey: Eight hundred a month times twelve is what, \$9,600 a year.

Underwood: And that was good. That was good money in those days.

Storey: Yeah, I know. I started for \$8,100. Okay, well, I know that you have another appointment. Why don't we pick up with your Northeast water study work—I think that was still when you were with the Corps—tomorrow.

Underwood: Okay.

Storey: And we'll move on then. I'd like to ask you now whether or not you're willing for researchers, both inside and outside Reclamation, to use the material on these tapes and any resulting transcripts for research purposes?

Underwood: I'm more than happy to share it, yes.

Storey: Thank you. I appreciate it.

END OF SIDE 1, TAPE 4, APRIL 24, 1995. [END OF INTERVIEW]
BEGIN SIDE 1, TAPE 1, APRIL 25, 1995.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Dennis B. Underwood, former Commissioner of the Bureau of Reclamation, on April the 25th, 1995, at about eight o'clock in the morning, in the Jonathan Club in Los Angeles, California. This is tape one.

I think we had gotten to the point, in going back over your career, Mr. Underwood, that evidently when you came back from Vietnam, you participated in a water study up in New England. Could you tell me more about that?

Underwood: In fact, most of my tour in Southeast Asia was, I was headquartered out of Thailand. I did, like we said, a lot of activities in Laos, Cambodia, Vietnam, and Thailand.

Worked in Thailand, Laos, Cambodia, and Vietnam in the Corps

When I got rotated back, the normal rotation for officers at that time was you go back and train troops, and I was not really looking forward to coming back and training troops. And lo and behold, I had an opportunity, they assigned me to the New England Division of the Corps of Engineers. Basically, this was the civilian arm of the Corps of Engineers, except generally their leadership is officers in the Corps of Engineers. They had a commanding general, and then there were varying types of officers assigned. Not a large number, but these are very selected assignments, and I felt really very pleased to be able to do that.

Rotated back to the States to the New England Division of the Corps of Engineers

My principal responsibility was, I was working with an *ad hoc* group that was formed of varying types of disciplines to study large-scale water supply alternatives for the northeastern United States, and this was because in the late sixties there was a prolonged drought in the Northeast and Congress authorized a study to be done, looking at alternatives of meeting the needs, and this meant primarily a lot of potential transbasin diversions, basin diversions, etcetera, out of various types of river systems.

Assigned to study alternatives for water supply in the Northeast with the Corps of Engineers

This was a special group. Like I said, they had the Corps of Engineers that had people from public health. There was maybe about ten of us that were selected, and we worked as a team in evaluating—and this is probably some of the initial work. I remember even looking at some of the environmental and water quality considerations, because some of the rivers—you have to remember that this was before the Clean Water Act of 1972, and there was a *lot* of polluted rivers in the East.

Many eastern rivers were polluted

So we did a lot of analytical work of available data, and probably this was probably one of the first times that you probably saw more of the integration of water quality together with quantity, where we were looking at—and I remember, some of these rivers the pH values were extremely low on the acid side, and it didn't take long, if you looked at the change in the chemical character of the river systems, you could tell from the changes as the river moved, because in the East there was not a lot of total dissolved solids or mineral contents in the waters because of the type of rocks and soils, etcetera. So any kind of discharge would generally change the chemical character of the water, and you could look at the change in character and I could tell what the industry or what the discharge was, and it was very interesting. It didn't take long to figure out who was affecting the qualities of the waters, because a lot of this obviously became of great concern if, in fact, you were going to use these waters for public water supplies.

It was easy to determine who the polluters were

But we went around to a lot of the state agencies in the area and started compiling water quality [data]. At that time, it was beginning to be of consideration that nobody was doing anything. Everybody was collecting data, but nobody was analyzing it. I remember we went to filing cabinets after filing cabinets of data that nobody had even done anything with. They'd just been collecting it for a number of years. And we put together some of the original, probably, like I said, on a large-scale basis, some real integration of water quality and quantity, and obviously the economics of systems, but also some of the biological considerations.

Large scale studies integrated water quality and quantity data that had been gathered but not analyzed

I think it was exciting, because we had a very limited time to do this. I was, like I said, with a very select group of people. These were people with highly technical knowledge and capabilities, and we all had diverse backgrounds that melded together very, very well. It was very enjoyable.

I did some other activities, but that was the principal activity of the Corps of Engineers. In fact, I extended my service just to finish up some of the work that I was doing, because they didn't have people to replace me at that time and we were at a critical point. At that time, I had an option of leaving the service, the military service, because my obligation was ending up, and they were pleading for me—at that time, there was a problem with keeping officers, and I think that's why the choice assignment was, to encourage me to stay within the military. But I wanted to go back and do things in water resources, and I knew that my military career would not necessarily always give me assignments like this. But this was an exciting assignment, so I extended my military service.

Extended his service with the Corps to finish up the work

Storey: How long?

Underwood: Oh, about three months, just to finish up what I was doing at that time. As we were getting towards the end, for at least my participation, there could be a clear split and then somebody else could potentially fill in. But it was at a critical point, that if I had left, maybe some of this work wouldn't

have gotten finished, or it would have been detrimental to the study progress.

Storey: What rank were you then?

Underwood: At that time, I was a first lieutenant. I ended up being a captain, spending a little over two years and then became captain on discharge. I enjoyed my military service. They had asked me at the end, I don't know, they approached me, I don't know, maybe a dozen times, trying to encourage me, and I said, "All they had to do was ask one more time and I probably would have stayed."

The military wanted him to stay in the service

I was very young. They counted my military service starting with the time I went to college. I was seventeen. And I could have had twenty years of service and retired at thirty-seven, and that kept being very attractive to me at that time that you could think that you could start a whole new life and continue education and everything else with the government.

After I left, I returned out here. The military still pursued me for a number of years. They wanted me to come back and do some training. And I don't remember the nomenclature any longer, but if, in fact, the United States was ever attacked and they declared martial law, there is a structure such that for command, and they were asking me to be a part of that, and basically they were going to jump me two ranks. So I would have gone up to like a major lieutenant colonel at about twenty-two, twenty-three years of age. Obviously, it was very inviting to stay. Because of your strict involvement in case of a national emergency like that, they needed to make sure that you had enough status and command to potentially take over in case the United States came under attack or was invaded, etcetera. Again, they pursued me for a year or two years after I left with these kind of enticements. Obviously it was very tempting, but I decided to stay in the water resources area.

Storey: The California lifestyle got to you, huh?

Underwood: Yes.

Storey: Where were you stationed?

Underwood: Just outside of Boston. I was in Waltham, Massachusetts.

Storey: I'm sorry, I asked the wrong question. Where were you stationed in California with the Department of Water Resources?

Underwood: In Los Angeles, in actually the city of Los Angeles. In fact, not too far from where we are today. I basically did work for what we refer to as the Southern District, which was the southern half of California. They were divided up into districts within the California Department of Water Resources.

Stationed in Los Angeles with the California Department of Water Resources' Southern District

Storey: Where does southern California begin?

Underwood: Well, it depends on how you want to look at it, I guess. Generally, they consider, from a hydrologic point of view, the mountain ranges.

"Southern" California

Storey: The Tehachapis, is it?

Underwood: Yes, basically. So you go up to, they consider like Santa Barbara and the San Luis Obispo area the Central Coastal area, and southern California basically starts from south of Santa Barbara to the Mexican border.

Storey: I asked, of course, and you picked up on it already, I think, because there is tension over water between "northern" and "southern" California. Where is that dividing line? Is it the same dividing line, basically?

Underwood: No. Basically, you have to look at, when they start talking about emphasis, and it gets really into some areas of origin. If you look in California, I'm not sure of the exact figures, but something like 80 percent of the population lives south of Sacramento and 80 percent of the water generated in California is north of Sacramento. So if you're looking at it from a point of [view of water] development within the state and taking waters to the places that would be of use, south of Sacramento almost becomes southern California

from that point of view. That got to a lot of the division was the idea that you were taking waters out of the Bay-Delta area for southern California.

California did a, if you trace how they developed their water development plans, they knew this fact in the beginning, and they said, "Okay, what are the irrigable habitable lands within California? What's the potential for economic development of California?" So they did a survey of all of the irrigable habitable lands, and they had criteria. At the same time, they also inventoried all of the resources, whether it was groundwaters and surface waters, and then they meshed up and said, "How do we get these to mesh, then?"

That's where you see a lot in southern California the development of a lot of the aqueduct systems, whether it's from the Colorado River or the eastern side of the Sierras or northern California. It was the idea that it was to help provide water supply in a supplemental water supply to meet the irrigable/habitable needs. And they did economic feasibilities as to was it economical to develop the water for varying types of purposes. All of this framework gets into what is called the California Water Plan. So there is a *lot* of history that goes back really to the early 1900s, and you can start watching the varying types of developments that occurred. But a lot of this was very deliberate in nature, obviously, that they had done this analysis of the state and potentially giving waters to the various areas that would provide for economic development.

Storey: Who had done this analysis?

Underwood: This was the California Department of Water Resources, basically is the organization that I was working for.

Storey: What were you doing in southern California out of Los Angeles when you came back? Let's see, that would have been—

Underwood: About 1970, somewhere right around that time, 1969, '70, the latter part of '69, I think.

**Returned to California in late
1969**

Storey: Why do I have written down that you were recruited to California in 1960?

Underwood: That was not 1960. I was recruited about 1966-, '67. I originally came to California before the military.

Storey: I'm just confused, as usual.

Underwood: But that was my duration, about six months with the department before I went on to the military. I came back almost three years later.

I came back, and at this time they had peaked—in fact, it turns out I think the year that they recruited nationally was the last year that California did recruitment nationally, because they were peaking out in terms of the people they needed for the infrastructure for the California State Water Project, and basically the department started on decline by the time that I came back, because I came back and they were in a declining situation. Here I was a young person, so I had very low seniority. They counted my military time, but basically I think I had the least amount of seniority of almost anybody in the department when I came back.

Water Resources was in decline by the time he returned to California

But the reason that I wanted to come back to the department was because of the mentoring that I could obtain from some of the people who were the best in their field at that time. They did a lot of work on groundwater modeling, computer modeling, and stuff, which was the first that had ever occurred almost anywhere. So they had done a lot in the Orange/Newport systems, the reclaimed water, the conjunctive use of ground and surface waters, etcetera, was the reason I came back, because I figured I could learn under these people, because I had plenty of opportunities when I was getting out of the service to continue other endeavors. I had no regrets about coming back, because it did pan out that I had—and because of the declining organization, I probably had more responsibility than I would if you were a growing organization, because obviously when you're declining, there's less budget and there's people

Particularly wanted the mentoring available at Water Resources

The declining organization gave him opportunities for responsibility

movements, and I had probably opportunities that I wouldn't have otherwise had.

Mostly the work dealt with developing water supply and water management programs, the integration of water quality and quantity, reclaiming water, the conjunctive use operations, all the innovations that were going into water resources management. A lot of the work initially was part of building the California Water Plan, and it was for the southern part of the state, but was coordinated with the other states.

Then 92-500 came along, and California passed the Clean Water Act, which was a sister document, or sister legislation to the Clean Water Act. I became involved in developing basin plans, water quality control plans, for California and spearheaded the large effort within the southern California area and helped the state organizations which were determining how you were even going to develop plans, the concepts and benefits used in criteria for beneficial uses, water management strategies, water quality strategies, the integration of quantity and quality, a lot of the groundwork or foundation work I had an opportunity to be involved in and then actually developed water quality control plans, basin-wide water quality control plans, and providing consultant services for the private—the other way around. I was a government agency providing consulting services to private contractors who were also developing some of the basin water quality control plans. There was some expertise that the state had that the private consultants would not necessarily have access to, so there was a substantial amount of efforts in that regard, too.

Involved in basin water quality control plans

Most of my career with the California Department of Water Resources was always on these, I would say, probably more exciting, high-profile, demanding jobs that could change legislation and some of the environmental legislation, integrating that into the water development and management operations, seeking things like we talked about before, the use of water, conjunctive use, doing things with water

conservation, etcetera, probably farther than it was being done in other areas.

And I also spent a substantial amount of time helping various developed water supply development plans and water management plans. The state provided contract services to local entities to help them, whether it was groundwater modeling or surface modeling, and also the development of water development and water management plans operations.

Worked on water supply development and water management plans and operations

I did a lot of work, too, at one time—this was back in the seventies, when they had a severe drought out here. I did quite a bit of drought management, and that's why later along, when it came into play when the drought developed in the late eighties, the prolonged drought in the West, I had done a substantial amount of, probably the first time anybody had looked at drought management plans from an operation, not that you're just going to have cutbacks, but looking at projects and facilities, what kind of drought strategies you can use, how can you get better use out of the groundwater during those periods of times, and looking for shortfalls and systems where there was system limitations. Since you had all of these varied sources of water, but there was limitations to getting greater flexibility or greater value out of it, and probably was doing some original work at that time in terms of drought management. Yet a lot of that leads to things later on in life of asset management, getting added values and benefits out of projects.

In the 1970s worked on drought management

And we analyzed. We were looking at things as to the integration of energy at the same time. So it was water quality, water quantity, the drought management, looking at large-scale operations and changing operations that would better meet the needs in critical dry periods, pointed out fallacies within the systems because of earthquakes and faults where the storage was. If we were in a drought and we were using certain types of operations, that there would be major disruptions from earthquakes that would leave southern California in a very critical state. And so a lot of this led, later on, to some of the system

improvements, and some of the ones that are still going on now, these large ones in certain areas, where the movement of storage south of some of the earthquake faults, etcetera.

Like I said, it was something that evolved because of the time and the use of water to the point, use of available supplies to the point that I knew at that time that drought management would become more critical with time, because it wouldn't have to be just a critical dry period. It could be just a prolonged period of low normal precipitation would cause you to change your operations, and what kind of flexibility did you have and what kind of flexibility should you be building into your system at that time?

Like I said, that led very well to the time that I—one of the first things I did when I became Commissioner, I got sworn in, and we had an obligation, because of the drought going on, there was a report we were supposed to provide to Congress on drought, and this historically was a routine report that they provided, but not a lot of vision as to where you should be going in terms of drought management or facts of drought impact, and I completely changed that. I got ahold of the report, read it, was not happy with it, because I was strong believer at that time that we needed to start setting the stage for institutionalizing drought management. Like I indicated to you the other day, we have institutionalized planning for flood control, etcetera, but drought management was a spectrum that we hadn't dealt with before.

We wrote the report, and this is some fascinating times. We really did a report in a relatively short period of time. I had a lot of personal involvement at that time, because we had a short turnaround and I probably had as much experience in reclamation as almost anybody within Reclamation on this subject, because I also did work for the Western States Water Council on these areas with the other states. So I took and played a substantial role in the writing of that report, primarily because we needed to get it out fast, and had difficulty at that time within the

Eventually a prolonged period of low normal precipitation would result in changed operations

Looking for flexibility in the system to deal with drought

One of first actions as Commissioner was to completely change Reclamation's report to Congress on drought

Believed in the need to institutionalize planning for drought management

Western States Water Council work

Administration, because here suddenly, whether you're with the bean counters at Office Management and Budget, you recognize that it leads to more expenditures, that you're going to have to do something, and at that time we were trying to *limit* Federal expenditures, not create Federal expenditures.

The fallacy was that people didn't recognize that if you *didn't* do what we were suggesting to do and you had a drought, it would cost you *more* in disaster funds and assistance than it would if you did the right planning, and that this was going to be more critical with time. Only because Congress called a hearing on the drought did we finally get it through, and there was quite a bit of editing, although we got a lot back in, and we just ran it through to make sure that we did for the hearing. But we almost had, I would say, probably over six months of delay of release of the report because of people's review and people's concerns that it may lead to expenditures.

Federal planning could help reduce disaster funds and assistance during a drought

We had defined some of the things that I just got through talking about and what needed to be done and how there needed to be some formalization of drought management and drought contingency plans. Like I said, this was probably the first time anybody had ever advanced this concept as opposed to just looking at the impacts of drought because Congress asked you to do a report. We were trying to be very constructive in this report, and I think over the long run that it helped.

Previously Reclamation had just reported on the impacts of drought

If you look now, look at the agencies, large-scale agencies, especially in California, where the reliability of water is no longer there and slightly below-average water supplies, they have now developed the very basis of what we were saying was needed at that time. I have taken that up in a lot of my speeches with people, before groups, so I think it played fairly well in helping us prepare for today's, when people *do* have drought management plans, that it's not just a plan that you don't water your lawns every other day or something. These are actually operational plans

that allow you to deal with the drought situations more effectively.

These are the kind of contributions, again, that you see that you provided the foundation for and that are now paying dividends in that you had the insight to help try to lead that way for not just the Bureau of Reclamation, but beyond that, beyond the nation as a whole in terms of responsible resources management.

Storey: Tell me about some of the considerations that go into drought planning.

Underwood: Some of the things you have to consider--and this was, a lot was what had been done in the past. Basically, if you got into a drought, that means there was less supply available for you, and generally the ones that suffered were like fish and wildlife, the in-stream flow values would suffer.

Issues that must be considered in drought planning

There is ways, how do you integrate the other types of resources and how do you change them operationally to provide for that, and how do you develop alternative sources for some of these, if you can't do it operationally, providing for alternative sources for these supplies. How do you better utilize your groundwater basins in conjunction with your surface water supplies? How do you use the coordinated operations? But even more importantly, that you would have a fixed plan where you're monitoring and you would take these actions ahead of time. They would predetermined what you'd be doing as opposed to letting a point that you would have a disaster, that at certain levels you would take certain actions.

A case in point, what we were talking about the other day when we were using the manipulation of temperature to make fish migrate farther upstream, because we knew we didn't have enough water in the stream and we could not keep it cool enough, and consequently that their breeding grounds, the temperatures would rise and we'd have a high mortality rate, that you manipulated temperatures. In other words, if reservoir storage got to a certain point, you did certain things, and you could still preserve that

In drought you look at multiple uses of waters

beneficial use without getting into a critical situation, the idea of getting multiple uses out of—a lot of this you should potentially be doing. You wouldn't necessarily have to be doing the migration of fish, the encouragement of migration of fish and manipulation of temperature. But in that particular case, it was critical during periods where you're not going to have supplies. But getting multiple uses out of waters, like we talked about the other day, that the environmental uses and the in-stream flows are generally non-consumptive use. Make sure you factor that into your operational plan so that then you can use that water for an economic purpose afterwards, but that you do get greater uses out of that water.

Some of those, like I said, can be done in drought management. Some of them should be done anyhow to get more effective beneficial use out of the waters. But primarily the thing is that you would have a defined program and you'd be taking actions, and you knew what those actions were in advance, and doing, obviously, some of the water conservation. And then if it got to certain levels, that you would take additional actions and concerns, and you would take into account when you did this all of the beneficial uses and behaviors that were being derived out of that resource, to try to preserve them to the extent that you could.

Like I had indicated before, I'm a strong believer that the state should have a fundamental role and the Federal Government should assist in many cases, *except* in cases where it was in the national interest, say in some of the interstate streams, where one state would maybe try to grab all the water at the expense of the other states, and then there is obviously a very legitimate role for the Federal Government.

But also, I look at it more in the assistance role for doing some of these, because in some states, like maybe California, maybe they could afford to develop general plans. But you take a lot of other states, and they may not have the resources, or even the technical capabilities, to develop drought management plans. You would then coordinate from state to state. In other words,

if there were interstate streams, there would have to be that coordination done. Like I said, there was no discipline developed at that time, whereas there were disciplines for other types of uses, excess uses or excess control of waters. But in terms of drought management, it was things like you don't wash your cars any longer or only once a week or you only water every other day, not a real way of providing for or trying to maintain the values and minimize losses, economic losses.

Those are some of the technical, but also institutional, considerations. In some cases, it was a matter of evaluating the institutional frameworks to make sure that this could be played out, too, especially in a very coordinated way. And that's what we did, we framed it. If you look at the report, maybe have like a '89 timeframe. I remember it was right after I was [sworn in as] Commissioner, and I remember the thing came up to me either in December or January of '90, and I said, "No, we need to do something more than this."

They said, "This is what we've always done before."

I said, "But this is not offering assistance to—read what the Congress asked us to do," and there was some definite proposals.

Again, like I said, it was very difficult to, because at that time there were some limitations on Federal—and there was a lack of Federal funds. People perceived, who didn't understand, that this was just a way to make work for an entity, and in the long run you start looking at the assistance. That's the difference in philosophy as opposed to letting the disaster occur and then providing for disaster loans, low-cost, or grants, etcetera, was to avoid those and have less economic disruption.

The idea was to avoid economic disruption

Behind this was knowing that this would happen more frequently in the future. In the past, it had happened every maybe ten or fifteen or twenty years, because the supplies, they had enough reserve in the supplies. So it was only

under extreme critical conditions, where I knew it was going to happen on a more frequent basis and we needed to establish it now. So it was more difficult to get through, but we did get some interest. I had some interest in Congress, and there was a number of bills that were introduced that took up a lot of the concepts that we were trying to advance. And there was the Drought Assistance Act passed, and it probably went farther than any of the other prior drought assistance bills, and I think, like I said, played a good foundation role.

Drought issues were going to arise more frequently

You would have liked to grab more attention out of it, but the thing is, usually by the time you're doing drought reports, the droughts are probably over with, because the reason that caused you to do the report is that you've had a prolonged drought, so then Congress asked you to do it. By the time it hits the street, the drought is over and you have a hard time getting people's attention.

Directing attention to drought planning is difficult because most reports are after the fact

This particular case, we had a prolonged drought, and I knew that there was a short window. If, in fact, we were going to make some differences in some of these areas, then we had a short window potentially to get this onto the street and have more of an impact and leave more of an impression, and for me to market it with the other states, and also with the water agencies, that you had [which had to understand what] you were trying to accomplish. It was not that we were going to do all of this. We were trying to give some leadership and vision for people to make sure that they understood that this is something they're going to have to pursue in the future. And sure enough, it is now happening. It's interesting. Like I said, some of the larger organizations in California *do now* have drought management plans and drought contingency plans very close to the concepts that we had been advancing.

"We were trying to give some leadership and vision . . ."

Storey: When you went back to the Department of Water Resources, did you have a title, or when you started?

Underwood: When I first went, I was a "junior civil engineer." I came back from the military. I think I got promoted to "assistant engineer," which is like the

Water Resources froze all promotions and he left at the same level he entered

second [level] of the entry stage. At that time, you were in a declining organization, and they froze all promotions for a number of years. In fact, I think when I left the organization, basically that was the level that I was at. Like I told you, when I was in the military I was a second lieutenant filling a major's slot overseas. The same thing happened when you come back in a declining organization. You don't get the job titles, but you get the responsibilities, because it just was a declining organization.

". . . when I was in the military I was a second lieutenant filling a major's slot overseas. . . ."

"You don't get the job titles, but you get the responsibilities . . ."

But the good part is, some of the best people leave first in a declining organization, because they obviously get more offers, and I had some firms who said, "If you ever want to leave, we've got a job for you." So I knew that I always had a job, even though that I had the most junior seniority. But the thing was, I would never get responsibilities. I wasn't going to get paid for it, but I was going to get the responsibilities that I wouldn't be able to get if I had left and worked for another organization.

Knew he could change jobs, but then he wouldn't get the responsibilities

The other part, some of the—and you look at your marketability as a person. This was also the advent, when we were doing like the basin water quality control plans, a lot more of the public participation. We went out and you solicited, you made presentations, solicited and put them before the general public. That kept giving me more and more exposure and greater responsibility. You showed up at more higher level meetings, and I think that sat well to my career development.

Had more and more exposure and responsibility as went to the public with water quality control plans

So in some cases, the money at that time wasn't as important to me as the type of work I was doing and the responsibilities that I had, and the various types of involvement. And that led to me to eventually leave the department, but primarily because I was—like I said, you were doing all the technical solutions, but that was not necessarily the final decision. I also wanted to have experience in running organizations. We did budgeting and things like that, but that's not the same as running an organization. That's just the initial budgeting and not necessarily all the fundamental considerations you have in running an

Left Water Resources about 1978 to have experience in running an organization

organization. And that's why I went, it was about 1978 I was asked if I would be interested in going with the Colorado River Board, and primarily my duties there were going to be run a small state agency. So I would have—

Moved to California's Colorado River Board

END OF SIDE 1, TAPE 1, April 25, 1995.

BEGINNING OF SIDE 2, TAPE 1, April 25, 1995.

Underwood: So as I was going to the Colorado River Board, I knew that I would have the same responsibilities and oversight at a large organization, but I was doing it on a smaller scale.

The other interesting part that I was very concerned about, if you go to a large organization and you're trying to learn how to run an organization, generally you're only responsible for a small part of some function, and you don't know how that function relates to other functions, how does budget relate to year-end reports, how do some of the other support functions lead to the running of an organization, how do you integrate the public relations, how do you integrate the legislative activities? Here I had an opportunity to have all of that funneled through me as opposed to only having a small part of a function and not fully understanding where that information went to and how it played out into appropriations, etcetera.

By going to a smaller office he was able to see how to run a whole organization

I remember, at first it becomes a little overwhelming, because suddenly you're responsible for accounting and year-end reports and things that you've dealt with in your life. But you learn very—obviously, it's up to you to use the initiative. The interesting part was that I had large organizations would start calling me after a couple of years, because I was one of the few that understood, like I said, how a item would interrelate, and I could advise people, whether it was in the controller's office, whether it was in—the counterpart to the Office of Management and Budget in California is the Department of Finance. I can relate to the analysts and tell them how, if you were going to do certain actions, how it would feed out in the appropriations or legislation or the budget act or into the accounting and year-end reports, because I understood how all of it went

together, and I had an understanding then of the *value* of all aspects of an organization.

". . . I understood how all of it went together, and . . . the value of all aspects of an organization.

That was a unique opportunity, and I'm glad that I made the decision that I did to make that transition from just purely technical to basically having a better grasp of running an organization and understanding the interrelationships and the necessity for all of the values. Like I said, you could also aid, when it came to making organizations more effective and efficient, because you understood what one product, what the value was and how it was going to be used. So if you wanted to shape it, you had a fundamental understanding of how to do that, and probably very unique. Like I said, if you looked at large organizations, your counterparts would look to you for counsel because they knew you had a better understanding. So I think it played well to leading on to doing other things later on. I think even within the Bureau, the varying functions within the Bureau of Reclamation, and some things that maybe were undervalued, I had a better understanding of what values they could play in improving the effectiveness of the Bureau, and I think it's because of some of this fundamental training. Again, it's one of these jobs that you had that your pay was probably not commensurate with your responsibility and accountability, but again, that has never played a big part in my life. The challenge, the work, the meaningful work, has always been the driving force.

"Again, it's one of these jobs that you had that your pay was probably not commensurate with your responsibility and accountability. . ."

Storey: How long were you with the Department of Water Resources? You came back in '70.

Underwood: From about '70 to '78, about mid-'78, as I recall. So it was almost eight years, about eight years.

Storey: Am I hearing you that you got no promotions in that period of time?

Underwood: No. There was none.

Storey: No salary increases?

Underwood: There were some cost-of-living increases, but that was about it at that time. Now, I also at that time was doing consulting work for the United Nations, and you built your reputation. Here's a period of time, like I said, that you increase the marketability. You think, "Okay, here I'm a young person. Am I getting my value?" But that's not the driving force.

I could have made more money and walked out the door immediately, but I would have had a very small function or not had the responsibility or the scope that I was having at that time, and I knew that, in my mind, it would pay over the long run. Like I said, my experience dealing with water quality control plans and the development of water supply operation plans, water management plans, quantity and quality, led to the United Nations hiring me. I'll just give you an example. The United Nations was the food and agricultural organization of the United Nations. It hired the Massachusetts Institute of Technology to help train some administrators and engineers from Spain in the water resources development, management, etcetera. So they went back and they were at MIT, going through courses. Now, these were professional people, not people who were just going through school. These were people who had responsible positions, like Cabinet levels, within the government of Spain and responsibilities. At some point in time they said to MIT, "Theoretically, this is all great, but this doesn't work. This is where we get to practical application in terms of how do we solve our water supply problems."

Worked with MIT on a United Nations training program for Spanish water managers

So the UN and MIT looked around for people throughout the country who had experience in certain areas, and I was one of the ones. I was a very young person who then was hired to train, basically conduct classes for these people, and it was more in the practical aspects of how do you get things done, some of the things that we talked about before, the integration of water quality and quantity. You could look back, like we were talking back, either with the Corps or in the California Department of Water Resources. A lot of this was on the cutting edge in terms of planning

and water resources management development, etcetera. So there was no textbooks. This had not gotten to the textbooks. Usually after something is in practice and accepted, then it's written about and becomes part of the training program discipline. We were way out in front of that, and that's what these people were looking for. So I had opportunities only because of that type of experience that I was having, that led to me doing it on a part-time basis.

Storey: But somehow you had to come to their attention. How did you come to their attention?

Underwood: I think, like I said, they started scouting throughout the country where that type of work was going on. Remember I talked about marketability and exposure. If you're doing public presentations, if you're dealing with the higher management of organizations, even at a very young and low status, but because this is a declining organization, they're giving you these opportunities, that you become a marketable person. People knew about your reputation, and that's what it was.

It's interesting. If you really look at the water community, it's a very small fraternity of people, even internationally. If you travel around, you'll find the same people will show up. It's not a large group of people, even though numbers-wise it seems relatively large. But in actuality, it's not that large. They started searching for people who were doing this, and at this time, nobody else in the United States was really undertaking these basin—not the 92-500, the way that California was doing it in terms of the integration of water quality and quantity.

Storey: Was California sending you to professional meetings?

Underwood: Yes.

Storey: You were not going yourself?

Underwood: You mean, like professional organizations?

Storey: Well, water meetings.

Underwood: Usually I represented the department. I'll tell you what, most of the meetings, or anything that was controversial and difficult, complex, that's where I would show up, because they were asking me to go because I was deeply involved in those. So here's an opportunity, as a young person, who either was too dumb or was very courageous, one or the other, that would be willing to go to a lot of these meetings.

Went to meetings about controversial, difficult, complex issues

Storey: Usually they won't let junior people go anywhere near these things.

Underwood: Well, I think that's because—well, first of all, I think because I had technical abilities. I also had some communication skills that had developed. These were some of the training probably for, like I said, my confirmation hearing. These were not pleasant meetings, in many cases. There was a lot of controversy. But you could command.

What happened was, I got into a lot of these meetings where you had a very bad situation, and I found solutions, and once people see you as a winner, of being capable of doing this, they turn to you. I think that's what happened in many of the cases, that you were thrown into a difficult situation and you came out with a solution, and once you do that, that's like anything else, once you start doing that, then you'll [be] recognized for having that capability. A lot of these, in many cases, were very hostile meetings. But you're there. You tell them that you're there to have their input. You also explain what you're trying to accomplish and why it's in their best interest, understanding their viewpoints.

Found solutions to very bad situations

A lot of this gets down to being either a facilitator or a negotiator eventually, because obviously, I've always learned from a couple of mentors that, if you're negotiating something, you should understand the other perspectives, the other people that you're dealing with, better than they understand themselves, because many times you can then show how it's in their best interest, why a certain resolve is going to be in their best interest, which they may not even understand. That's the way of building trust and credibility with people.

"A lot of this gets down to being either a facilitator or a negotiator . . ."

You need to understand the perspectives of the people you're negotiating with

One, is that you engage them freely and openly and honestly, and you build trust and credibility for them, and pretty [soon] you'd be surprised at how much they will allow to speak for them ~~or~~ on issues. I mean, you're not always going to be completely convincing on your side, but chances are you're going to get much more consideration. So a lot of this is development of skills that play out well later on.

The interesting part, and I probably shouldn't say this, but the interesting part, the only professional training—you have to remember, I was a civil engineer by training. The only training programs that I ever had was defensive driving maybe three times for the California Department of Water Resources. I've never taken a leadership course. I've never taken a supervising course. A lot of this you learned either through my military experience or my military schools. And I am a firm believer that you do need to expose to training, because there are certain techniques or principles involved.

"The only training programs that I ever had was defensive driving maybe three times . . ."

But on the other hand, you also can be tainted by thinking that this is a cookbook way of handling things, and you never really fully understand the problem. If you're going to address a problem or provide leadership, you've got to have the vision, and the training courses aren't going to help you to develop a vision. You have to invest in the organization to understand it, and invest in where you're going to or what you're trying to accomplish, and then you have to have the initiative and the willingness to do something. I've seen people who avail themselves of every training course in the world and are probably some of the worst supervisors or leaders that I've ever seen, and primarily because they're doing it for the wrong reason, and they won't invest the time and energy initially to understand what you're trying to accomplish, the culture that you've got, and the kind of changes that have to come about. You take into consideration—like I said, I've always been involved in highly controversial, complex issues, and I was always one of the persons who was in the program development or the strategizing as to how you are going to accomplish this, and a lot of

that developed this type of training. And some of my technical training is being an engineer that you understand what's given, what's unknown, and then how are you [are] going to solve the problem. So a lot of this all comes in. I think the military helps in the other regard, being that you are accountable and that you are using initiative, and I think those are very key.

Like I said, I believe that if you're looking at training—I'll give you an example. They were doing total quality management, this whole exercise with the Bureau of Reclamation, when we were doing changing the character, the culture of the Bureau, trying to lead them from a certain area to other areas. It's really a big exercise in total quality management. I don't know how many people recognized what we were doing at that time, but it was revisiting the mission statement, the framework division, how you get it done, how do you do it more effectively, how do you do it with less hours. It was a big exercise in total quality management, but with the total involvement of the organization, not just a few people.

In the department at that time, there were a lot of people from Xerox, and they had all these speakers [unclear] have people come. It was easy that you could go to some organization that went through an experience and then try to learn from their experience and then apply it to your own. I did the reverse when I was looking at this. I did talk to some people at Xerox and a few other organizations, but it was after I already tried to understand what I thought we needed to do and what was the best way to do it, and then I measured it against what other people have done. Otherwise, you have a tendency—that's why sometimes I think some problems with training is that you don't think for yourself, because you pick up experiences other people have and then you try to apply it directly, without understanding how it should potentially be tailored to your own organization, and you're not doing a lot of the original thinking yourself. I'm a strong believer that the organization has to do the original thinking. You can learn tools and techniques and principles to be applied, but you need to invest the

A problem with training is that you don't think for yourself

time and energy yourself. Otherwise, it won't be long lasting and it won't be effective.

The organization has to do the original thinking

So I will always do the reverse. I will try to do something, and then I will measure it against what other people have done and say, "Okay, yes, this is right." And I make changes so that I'm not tainted and not doing sloppy thinking, that you will do the investment of your own time and energy to make things come out right.

Attitudes about training

Storey: You say you didn't do training. Did you read that kind of literature?

Underwood: I would do it after the fact, almost like I was saying before. If you know—like with the Bureau. I'll give you a few examples. To determine that the Bureau was going to have problems with replacing the executive management, a book wouldn't help me. I had to understand, obviously, that the people are of such age that they were going to have a turnover. And then you say, "Okay, are we prepared for the turnover?" Okay, "no, we're not." Then what should we do for the turnover? Should I read a book?

No. I looked at it where we were, where in the development of people. I looked at the experiences and the backgrounds of people we're getting and what the likely candidates were. So that you started coming up with a program.

Now, at that time, I had some extremely talented people around me that could help me in those areas, like Margaret Sibley or others, Joe Hall and others that I could call upon at one time to say, "Okay, what do we have in this area?"

I remember one time we took—the problem is, we were trying to do so much at this time that you get diluted to some degree. We were looking at things if we're going to get into working with states more and looking at some of these water management operations that I was talking about. We didn't know river systems. We didn't know state water rights. If you're going to get people in, these are the types of things that they don't and you want them to get into rather quickly, that you did

need to have that kind of exposure, whether you did short-term assignments with people or doing some kind of studies or some kind of training.

The problem became is that you were doing training for the sake of training, but not necessarily trying to get added value to the mission of the organization. You could be training people with these traditional training programs. They were going to be off target from where you needed to take the organization. You don't just do training for the sake of training. It's the same thing like research. You don't do research for the sake of research. You look at things that you know that you need to have improvements in technology that would help in bringing added value and benefits to your organization, accomplishment of its mission. The same way the training should be.

The problem becomes, in a mature organization many times, and especially if they're not sure where the direction is going, you're just doing it for the sake of doing it, and a lot of that led to the Bureau's—we talked off tape for a while this morning for breakfast, when we were talking about some of the management programs, some of the senior executive service training programs. They weren't focused, they weren't a commitment. And that's what I'm talking about, that you're not having the added value and benefits, that it's not focused, because you haven't determined that in the beginning in terms of where the organization would go, then how would we complement. I mean, if you were having other disciplines that you were going to have to be using within the Bureau, or you needed to do some retraining, because certain types of disciplines you would have lesser emphasis for any value of these people, then you need to bring in a different focus. But if you don't understand the framework and the vision of where you're going, then the training programs don't necessarily follow.

My point is, when I was with the Department of Water Resources, it was a very mature organization and declining and really had uncertainty as to where it was going. So even if I had availed myself of some of the training—they

always told me that I couldn't go to training because I was too valuable as to what I was doing. It wasn't that I didn't avail myself of it. Again, we were doing cutting-edge things, and most of this type of training they were going to send me to wasn't going to help in those areas. And that's why it's very critical, when we start talking about looking at support functions, that they do bring added value, that you need to look at each aspect of an organization, and does it bring that added value and benefits to the focus or the accomplishment of the mission.

Remember, the final part that we talked about yesterday, of any organization, your success has to be measured against your accomplishments, and you have to understand what an accomplishment was. Remember, we talked about at one time it was being measured if you spent all your appropriations. Well, that's *not* the type of accomplishment that we needed to come to and to measure against where the Bureau was going.

It's not to mean to be derogatory to any training program. You just have to recognize that an organization needs to stay dynamic, that it needs to meet what are its changing needs or the changing emphasis, but you can't just be all over the map. You have to have some kind of focus and vision, and that's why this framework is very critical to any kind of an organization. Otherwise, you're jumping all over, and the employees themselves have no idea where the organization is going. One minute you're on this side of the fence. It seems like all of your priority is over here. So everybody kind of migrates toward that area, because they want to be in the mainstream. Then the next minute you change and you go over to another area, and everybody thinks, "Well, gee, this is where the mainstream of the organization is, so I need to get over there if I want to get advancement." That's when you don't have a very clear vision of where an organization is going.

That's why, when we were looking at strategic planning, we didn't leave *anybody* out. We looked at the total organization, because if you didn't, if I pick just one item—if the Bureau had

You have to have a vision for the entire organization, not just part of it and that is what we did with the Strategic Plan

already had a Strategic Plan and you wanted to give some more emphasis to a certain area because you thought it was lagging, people would have clearly understood what you were doing. If I had done that initially, say if I had put a lot of effort into dam safety, they'd say, "Oh, my God, we're all going to be a dam safety organization," and everybody would try to line up to do dam safety work. And that's wrong, because they can't relate. They don't have ownership. They don't understand where the organization is going.

That's why it was very critical to take the time to invest what we did and to help frame for the sideboards on the organization. Remember, we were asking ourselves some very fundamental questions. Was there a need for a Federal presence? Was there a legitimate role for the Bureau of Reclamation? Or if it could be performed by somebody else, then let them perform it.

A lot of that, when you start looking at training, like I said, I'm not speaking against training. It's just that it was not going to be added value to me at that time in my performance, so they didn't let me go because they knew they needed me in some high-profile task that we were doing. So like I said, it's not to be derogatory. What people should have drawn from that was, the training programs were not necessarily meeting their needs; and if they were developing people, they should have examined the training programs and made sure that they were going to be of benefit to getting the added value and benefit out of the organization.

A lot of this gets into, I guess, the philosophical management of organizations, everybody forms their own opinions. But I find this very intriguing and very challenging personally, like I indicated before, to take any aspect of an organization and try to get it focused to obtaining the added values and benefits. Because you know what you're going to do? People are going to see their results are being utilized. They recognize that they're doing meaningful work, and they're going to be

Focusing the organization to obtain the added values and benefits

energized. You'll have 10,000 people working, not just a cadre of a few selected people.

There's certain concepts that a lot of organizations use. They will put together a special task force when a problem comes up. The problem with that is that people perceive, they say, "Well, gee, that's my area of responsibility. Why aren't I doing that? Why aren't they using me?" And it doesn't effectively use the organization if you have to do that repeatedly. Sometimes you may have to do it, but if you do it repeatedly, it means you're not effectively using the management of your organization.

There's something inadequate about your organization if every time an issue comes up you have to form a special group to address it. What it does is, you have the insiders and the outsiders. The people that aren't in those special groups are outsiders and don't feel that they're valued. And that means, then, that the insiders, which are going to be a very small fraction of the organization, maybe 1 percent, are going to know what's going on, are doing the heavy meaningful work, and 99 percent of the people are going to believe they don't have meaningful work to do.

Storey: I keep reverting back to the Department of Water Resources. I don't want to stifle what's going on. Did your position change at all, even though your technical title didn't change?

Underwood: The technical title didn't, but the work—like I said, I always was involved in high-profile work. I'll give you an example. We were doing the 92-500. We had a very short time frame.

Storey: The 92-500 was the Clean Water Act?

Underwood: Yes, and the basin water quality control plans. We were working seven days a week, probably sixteen hours a day when we were doing a lot of that work, and it was like a three-year—that was a little longer than most of them. That was like a three-year assignment. But it was always with that type of an emphasis. It was always something that was on the cutting edge relative to water development,

management, protection of resources. So my areas of development or responsibility changed quite frequently, like I said, whenever there was a high-profile thing to undertake.

With every change in Administration or when times passes, you always know that there is going to be changing emphasis and changing needs. If it requires legislation, that means that it's probably in a critical state, so you're going to have to do something in a very short period of time. So most of the work that I was dealing with came out of from legislation to meet either a national or a state need, and like I said, very high profile, in many cases really controversial issues. It was like an eight-year period. Three of those, I think it was about three went to the basin water quality control plans. Some of those was developing a number of critical areas that need water development and operational plans. We were doing, like I said, some of the state planning and changing and the state planning concepts. We had the drought. Remember, the drought activities. So it was all of these things that almost had close to crisis things or a high-profile, need-it-yesterday type of activities that I've always been involved in.

"If it requires legislation, that means that it's probably in a critical state. . ."

Most of his work came out of legislation

In some cases, I think it serves you well. It was very diverse in many cases, had multi-facets. Like I said, very complex things. That means you had to juggle a lot of balls in your head and hands at all times, whether it dealt with the advent of some of the environmental, some of the public participation, technical areas. I was acknowledged by the Department of Water Resources for my technical capabilities. I received awards for my technical innovations in dealing with some of these issues. That tells you a little bit that I did stay on the cutting edge in the development of some of the newer facets of water resources management.

Received awards for technical innovations

Storey: Were you given any supervisory responsibilities?

Underwood: Yes.

Storey: Tell me about the evolution of that.

Underwood: It was interesting, because you've got to remember, I had *no* seniority, and I had no *rank*. I had the lowest position level.

". . .I had *no* seniority, and I had no *rank*. . ."

Storey: Of the professionals.

Underwood: Of the professionals I worked with. But I was a team leader, and so you're dealing with people at a higher status. But the interesting part, I never had problems. Nobody ever found problems with that. Nobody complained that, "Why should he be telling me what to do when he has a lower rank than I do?"

"But I was a team leader. . ."

In fact, there was a point in time where—I didn't do it, but one of the upper management put in a claim that I was working at a class, that they should do something on my behalf, because my responsibilities were beyond what I was supposed to be getting paid for and my responsibilities called for. The response for that at that time from the director, actually the director and the director's office at that time, was, "That's against the law. He can't be doing that. You've got to stop him from doing that." And the response to that was, "We can't, because we need him to get the work done."

Upper management instructed supervisor to stop him from doing the high level work he was doing

And I never pushed that. Potentially you could have done something legally to get compensation or some recognition for what you're doing. But I recognized that that wasn't what I was interested in. What I was interested in was learning and having the responsibility, and if I pushed that, then the chances are it could backfire. You could very easily then only perform the things that were entitled to your class, and you would not be getting these opportunities. I knew that was more important in my development than any kind of monetary benefits that I was going to derive.

At some point in time—and that led to some of the reason why I left the department, too. Suddenly, then you become the center of—like remember before, I said when I went to the department I had a lot of good mentors. Well, suddenly you were the mentor for a lot of people, and I wasn't getting a lot of growth at that time. So I knew that I had reached a point, not only just

Found he was mentoring people in Water Resources

because of the technical decisions, but I also knew that at that point people were coming to me for answers, how to do things, etcetera, but I wasn't growing then. My growth stopped because I didn't have the mentors. I needed to have something to challenge me. And that's when I also knew, at the same time, that I wanted to run organizations and I needed certain experiences. So when did it stop?

"My growth stopped because I didn't have mentors. I needed to have something to challenge me. . . ."

The time came when it was a natural time for me to know that the organization that I was working for, that I had outgrown, basically. Up until that time, I was like a sponge. It was just learning everything that I could learn and taking advantage of every opportunity. They kept giving me responsibility, and I kept assuming it and they kept giving me more. But then it reached the point where there was not too much of a return for me, and I needed to grow. I still had a long way to grow. And that's when I made the switch.

Realized he had outgrown the organization in which he worked

"I still had a long way to grow. And that's when I made the switch. . . ."

And I knew it would come to that point. I saw a lot of my friends, because of the lack of security, knowing that they were junior in terms of seniority, were seeking other jobs, and they were motivated a lot by money. Some of them became dissatisfied and actually left the profession. But see, the problem is that you're motivated by the wrong reason. If you're going to work, it can't be just money. If it was just money, maybe you should be out robbing banks or something, if that's what you were interested in. But it has to be a certain types of job satisfaction. I enjoy public service. I enjoy the contributions that I'm making, that I have made. I think there has to be that underlying drive. Like I said, either it's learning and experience that you're getting, the satisfaction of what you're doing, the opportunity to contribute, all of these are factors that drive you. And if you look back, and we talked back, looking back at my history as an individual, a lot of those extend back to the small community that I came from, some of the basic values and principles.

Money should not be the primary reason to hold a job

Like I told you yesterday, as I made certain moves and certain things happened to me, I had people come up to me from my past and they said, "You did the right thing." I think I made reference

to it, that, "You weren't looking for your own personal gain." You were doing things that you believed in, and consequently the other takes care of itself, the opportunities, the monetary rewards, if there is any, the recognition will come if you're focused, an individual, and you're motivated by the right means, meaning that you're trying to do the right thing. The others will come. Sometimes it doesn't come as quick as you would like it, but it will come.

Storey: Was there anything else that you did at the Department of Water Resources that we ought to be talking about?

Underwood: I think I got involved in a lot—again, if you look at it, I'm a strong believer that there's this progression in terms of having the tools or means to better do what you've been doing, and it only comes through research and development. Some of the areas dealing in the desalting and recovery of contaminated waters or other highly mineralized water and bringing it back to usable water and some of the water treatment technologies, and that teams into even reclaimed water, etcetera. You start looking at some of the big ways to increase water supplies more effectively, water use, and some of the water treatment is a common ingredient in many cases.

We also have improved methods of using water, like the irrigation techniques and the water use, etcetera, that I think plays a very large role, and you need to be out in front of the curve. You always need to know—and I dealt with this in the department. You always needed to, if you had problems, some of them you could solve institutionally, but usually they always had a technological component, and you needed to make sure that that research was going on in other areas, and I think that some of the department, being in it, having that opportunity, that recognized the value of not just the technological improvements, but also the institutional arrangements, or the political arrangements or whatever, that it would take to bring about change, constructive change. Sometimes I hate to use that word change. I would just say maybe that the evolution of doing things

The hard problems almost always have a technological component, and you need to be out ahead of the curve

better. The word change gets used, you always talk about changing public values, and the perception of whoever is using them, when they say they're changing public values, your values and my values aren't going to be the same, and sometimes that gets used too loosely.

I think what you're talking about is trying to improve upon things that you've done. You leave your contribution, and you hope that somebody will build upon it. And sometimes it's not just change. It's changed because you've recognized where your level of knowledge has increased, and then you're trying to apply that knowledge that you have and make things better.

Sometimes, like I said, people say, "Well, we just need to make change in time." It's used too loosely, and I think you need to focus to really understand what you're talking about, so that you make sure that you do accomplish that.

Storey: You have mentioned several times, for instance, that the Department of Water Resources was in decline. Why?

Underwood: It was because it was building the State Water Project, which was transferring water from, it was a four million acre foot contractual water supply. It was one of the backbones of the state. I mean, a lot of the other projects had been built. This was probably the last final of the major plumbing that was going to distribute water throughout the state. The plan and the design and the construction had been done, and consequently you needed less people.

Water Resources needed fewer staff because the State Water Project was ending

I think they started delivering water, if I recall correctly, about 1972 to the Southern California State Water Project. I came back in '70, so obviously you're already over the hump at that time. You didn't need the designers any longer. You didn't need as many construction people any longer. Some of them had seniority, and they were being melded back into the organization. They may have the wrong mix of expertise. They may have been, like I said, the construction workers,

Some construction workers had to be melded back into the staff of Water Resources

and suddenly they're doing reclaimed water planning.

A lot of times, the character and the type of a person it takes to oversee construction, like a construction inspector, isn't the type of person that you need, that's not necessarily the right fit for doing some of the innovations and other technologies or something of that nature. So they may not be the best, definitely not necessarily the best fit. So that's why the organization was in a decline, but it also had personnel management problems at that time, because how do you keep the integrity of the organization—

END OF SIDE 2, TAPE 1, April 25, 1995.

BEGINNING OF SIDE 1, TAPE 2A, April 25, 1995.

Underwood: The department at that time, like I said, they had a lot of personnel management problems, and they weren't sure as to where the organization was going. It performed a lot of planning. They actually were doing a *lot* of activities, because it was on the cutting edge, they were a lot of work that normally private consultants would be doing in terms of groundwater management programs for water agencies, because there was a void.

In fact, if you look at most of the consulting firms in California, they were ex-Department of Water Resources personnel. They created firms and were doing this work, so there was a real absence. So the department at that time, not only was it building [the] State Water Project, but it was on the cutting edge of doing like groundwater management, way back before anybody even thought about it. And they had to do it here, because it was a major source of water supply. But they were filling a role that there was a vacuum for.

As the department started to withdraw like that because of some of the reductions, it also has evolved with time to consult, instead of playing a bigger role in terms of being technical advisors to water agencies, as the department used to do a lot of contractual-type work. In addition, a lot of the planning that was being done, the regional

planning that was being done, is now being done by either some of the large wholesale organizations. They filled the vacuum as the department declined in some of its size.

And that may not be bad. The problem in some cases, when you have a government agency and you're trying to integrate the environment and economics together, it's easier to do it there as opposed to a single-purpose agency. You've got a water supplier who's a wholesaler, his primary emphasis is obviously on the economics. He only mitigates, as opposed to incorporating, some of the environmental considerations in many cases. Sometimes it's a little different, but generally it's going to be you're going to be doing it as mitigation as opposed to another governmental agency which has broader public value responsibilities, whereas a wholesaler may not, and like I said, it may get into litigation.

So that's basically why the department was shrinking at that time, similar to what the Bureau of Reclamation in terms of their construction sort of thing. Your history of construction is now switching over more into the management and the protection of resources. So this is a similar organization. I came to an observation—and this is not the first time. It's interesting, I think every organization I've worked for has been in a decline, and those are the most challenging times, because work still doesn't stop. There is these challenges, whether it was the Clean Water Act, some of the other environmental legislation, some of the public values, some of the in-stream flow, and incorporation of environmental values, all of that, without having increases in supplies and trying to maintain quality of life and a sound environment and sound economic activity. The challenges are even greater. The problem is, you have less people and less resources to do the job, and you've got, generally, very controversial issues.

I was in that similar fashion with the Department of Water Resources. When I went with the Colorado River Board, it was not a large organization, but was facing a similar situation because of state budgeting constraints. Some of

Reclamation is switching emphasis from construction to management

"I think every organization I've worked for has been in a decline, and those are the most challenging times . . ."

that had to do with some of the laws I think that you had mentioned, like Prop 13. And now that I think back, Proposition 13 in California limited some of the revenues that were being funded, and it did have an impact in terms of the size of government and that you had to try to do your job with less resources. A similar situation with the Bureau of Reclamation was the idea that there was a changing emphasis on its mission, less monetary resources to be available to you.

So those are very challenging times. It's also a very uncertain time, and it's very key to keep people focused and morale going if you're going to be effective during those periods. I think when we talked about training, when you're looking at the exposure that I had and the experience I had, the dollar values because of on-the-job training like that, is priceless in that regard, because a lot of people don't get those types of opportunities. I've been very fortunate in my career to have those very challenging times always before me.

". . . it's very key to keep people focused and morale going . . ."

"I've been very fortunate in my career to have those very challenging times always before me. . . ."

Storey: You mentioned that you were getting to the point in your job where it looked like a change might be logical for you. How did the change happen?

Underwood: During that whole time—this goes back even in 1970. I was approached by consulting firms on a regular basis. People would tell me, I would be involved in a meeting, "I'd like to talk to you about this further. Have lunch with me," would I come to lunch? And it wasn't about that. It was about going to work for them.

I always said, "Thank you very much," at that particular time, and like I said, I weighed the experience that I was gaining overshadowed what they were potentially being offered, even though it was more monetarily, and potentially, even within the organization, on paper it looked like I had more responsibility, but in actuality, probably I had more responsibility, very similar to like my time in the military. I had hundreds and hundreds of millions of dollars of project responsibility when I was in the military, and I was only a second lieutenant. The same thing when I was with the California

Department of Water Resources, that you had all of this responsibility, and not necessarily did it show on paper.

I always declined, but they always said, "Well, if you're interested, let us know if you want to make a change." So I always knew that I had opportunities.

Then I came to, like said, I came to this realization that I think I had outgrown the organization that I was at. Their framework for the foreseeable future, I did not necessarily see myself with any kind of rapid growth or increase in knowledge. In fact, I became a resource, an asset for the people who were there as opposed to being one of those who was learning, and I knew my growth had a long way to go yet. And marriage was a fact that we talked about before, that I wanted to learn more about the different aspects of the decisionmaking and also the running of the organizations.

So I was approached by the head of the Colorado River Board at that time, a man by the name of Myron Holburt, who I count as one of my valuable mentors, too. He asked if I'd be interested. He told me that I would have split duties. I would have technical duties, but I would also have administrative functions, that I would be responsible, basically responsible for running the organization, support functions, etcetera. That intrigued me. He said, "Well, I'll bring you over laterally, and then we'll take care of you once you get over here."

At that time, you've got to remember that I'm still only about two levels up in the entrance level. I said, "What guarantee do I have?"

He looks at me at that time, and this gets into, I guess, a little bit of risk-taking, when people make moves and don't make moves.

He said, "Why are you concerned about the risk?" He knew that that's what he wanted me to do, and they had researched it. He was referred by some people to talk to me.

Had outgrown the Water Resources organization

Myron Holburt inquired whether he might change to the Colorado River Board

At the Colorado River Board would have administrative and technical functions

But here's the first time that I've ever hesitated in my thought process. Here's a bigger challenge, and I'm looking for security. And he was puzzled. He looked at me in a very puzzled way, why am I worried about security, especially, now that I think about it, the level that I was at, what risk really was it? It's just that it's the unknown. You're going from the known to the unknown. Even though it was what I had thought that I would want to do, I wanted to make sure that there were assurances that I was going to get there. At that particular time, I had a certain amount of mistrust, I think, too. I'd been working a lot and doing a lot of things for people, but I began to be concerned that I did need to advance up the ladder. I needed some kind of assurance that this was going to be a step up, even though I was going to be doing other things.

But he said that to me, and I looked at him. He was right. First of all, when you go to work, there is no leg irons that tie you to a desk. You can get up and leave any organization anytime you want. I'm a strong believer, I don't like to listen to complaints. If it's not right for you, then go do something else. You should always have a very positive attitude about you're doing and that you believe in what you're doing. And suddenly I realized there was no reason to worry about job security, that it would take care of itself. If I was the right person for the job, and I was doing a good job, I would advance. I wouldn't have to worry about it.

I also looked at the organization. You just don't run and jump to an organization. I looked at the age of the people. This was a smaller organization. People were very self-motivated, higher level, almost to the upper-level positions, because they needed very experienced people because they were dealing at high levels of other governmental and private organizations, etcetera. So I knew that, if I did well, then I had some opportunities for advancement, because these people were older, old enough to be my father, so to speak. So I really had no hesitation to make that move after that. After the person asked me why I was concerned about security, I realized I didn't

Concerns about moving to the Colorado River Board

"If I was the right person for the job, and I was doing a good job, I would advance. . . ."

Colorado River Board staff were motivated, experienced, and higher level

have any reason, and to this day, I've never worried about security. That was the only time in my life, in terms of job security, that I ever looked at and even *posed* that question. It's kind of interesting.

More interesting was, in a few years after that point, I became the head of the organization. Here's this youngest person, who then, with some unexpected changes in the management of the organization, suddenly is now running the organization. I'm the youngest, basically the youngest person, and I was running the organization.

A few years at the Colorado River Board and he was running the organization

Storey: What was the position that you moved—well, first of all, can you spell Mr. Holburt's name for me?

Underwood: Yes. It's H-O-L-B-U-R-T. His first name is Myron.

Storey: What position was he offering you?

Underwood: At that time, it was going to be the Executive Secretary. It was an exempt position, exempt civil service position, an appointment position. The board of directors of the organization, there was a board of directors and they were picked by and appointed by the governor.

Executive Secretary of the Colorado River Board

Storey: So the Executive Secretary is *not* the head of the organization?

Underwood: No.

Storey: Who was the head of the organization?

Underwood: Myron Holburt.

Storey: And his title was?

Underwood: He was Chief Engineer at that time, which was the head of the organization. I changed that, by the way. Historically that was probably very appropriate that the organization be run by a Chief Engineer, but I proposed to the board—Myron was offered another position and eventually left, probably maybe five years after I got there. I think

somewhere about five years after that, I became head of the organization.

I think I got sidetracked.

Storey: Let's see. We were talking about changing the name of the Chief Engineer, the title.

Underwood: I recognized that either the board of directors—and you served at their pleasure. There was only two positions. His position and my position were exempt civil service, and we served at the pleasure of the board. So we could go tomorrow, if the board changed, and the board changed its composition with new governors, generally. Not all, but some of the members were reappointed by the governor afterwards. But you served at the pleasure of the board.

I recognized, because of some of the changing conditions, that some of the emphasis—you've got to remember, the board was created to protect the rights and interests of California on the Colorado river systems. They were the major water user and major power user, hydroelectric power user on the river, so they had a lot to potentially lose out of conflicts. A lot of that gets into *Arizona v. California*, all of the development of the Law of the River, all the legislation, the regulations, etcetera, that apply.

With some of the changing emphasis, I felt that the board should be willing and able to choose whoever they wanted, whether they wanted an attorney, whether they wanted an economist. Whatever the tenure was or what was needed at that time to direct the organization, *they* should have the capability to do. So I was successful in conveying that to them, and we made some legislative changes, or some changes in the organization legislatively and structurally through the state legislative process to make changes. So there became an Executive Director, and the board could then choose whoever they wanted.

There was also some limitations. It was an exempt civil service, but it had some categories similar to like the SES in Federal Government. So

you even had a smaller market of people that could ever serve, because it was what they referred to as career executives on this EA position, and you already had to have tenure as a state employee potentially to even be considered for that. So you kept putting this circle smaller and smaller as to who potentially could compete for that position, and I thought that that was not in the best interest of the board, and they agreed and we made those changes.

Was in an exempt civil service position at the Colorado River Board

About the same time, I became the Executive Director, though. I don't remember if I was the first executive. Probably. It may have been that time we made the change.

Storey: So Mr. Holburt head-hunted you out of the Water Resources Department. What did the Executive Secretary do?

Underwood: Had responsibilities to the board. Remember, it's like a board of directors, so that you had responsibilities in oversight, because monthly meetings, like board of directors meetings, and the whole thing about agendas and arrangements for meetings and issues and the preparation of documents. That was from an administrative point of view. Also, the Executive Secretary was responsible for all of the day-to-day operations of the organization— in other words, the budget meetings, all the support functions, and the personnel, public relations, some of the legislative affairs.

They had the person before me, the person that did that, that's what he did. They decided that they wanted me to do that, they wanted me to be able to do his job 50 percent of my time, and 50 percent of my time they wanted me to do technical. As I look at it now, I don't think probably I did 50 percent technical. I probably did more in the administrative. I think they underestimated. Most of the staff was all technical staff engineers. Most of them are either engineering jobs or civil engineers, and consequently they're not as familiar with the running of organizations and what it takes to run an organization.

This was a small organization. It also lacks in some modernization because we had small staffs. When I first came there, they were still using stencils. This was in 1978. They were still using stencils. I began to realize that we put out a lot of paper, and that was just not a good way to get things done. So some modernization of computers and various types of office equipment, photocopiers that stapled and reduced and blew up and did all kinds of wonderful things for you, really made the organization much more effective and efficient.

Office technology at the Colorado River Board needed to be updated

But you also had to figure out where you could finance all of these innovations—you know, updating the communications systems, the computer systems, the whole modernization of bringing—and it was some very creative financing, because our funds came only a third from the state and the others came from agencies that had rights and interests in the Colorado River. So I had to use some innovative ways sometimes. Because of budgetary restraints, you could not necessarily accomplish some of the things that had to be accomplished, so you had to come up with creative ways.

And I'll tell you, one of them was we cost-shared computers with the Federal Government. They paid half, we paid half, because we were into the Colorado River salinity control activities, and our office staff played a major role and people in our office were on those committees and subcommittees and working groups, etcetera. So we cost-shared some computers. That was a way of getting some computers into the office. That allowed us to integrate into the Bureau of Reclamation's computers, but it also brought us up a notch in terms of our technical capabilities. That's just an example. Sometimes there is creative ways of doing things.

Financing technology changes required creative financing

Storey: What about some examples of agencies that had interests in the river that were funders.

Underwood: Let me tell you that the board was—principle representation. There was two public members who the governor appointed at large that could

represent—depending on the governor. Some of them, one time was the Environmental Defense Fund, the Sierra Club were two members under Governor Brown, the two public members. Some of that changed to business and attorneys later on with a change in the governor.

The other members, who was *ex officio*, was the Director of the California Department of Water Resources, the Director of the California Department of Fish and Game. Here's these public members. Here's another fish and wildlife interest, and also the state government from the water resources. And then the six major agencies that had rights and interests for the Colorado River, and they are the Metropolitan Water District of Southern California, the city of Los Angeles Department of Water and Power, the San Diego County Water Authority, the Coachella Valley Water District, the Imperial Irrigation District, and Palo Verde Irrigation District.

You can see that these entities are representing almost 20 million people, and you also had access that you could have support staff from these organization. So when you look at it, you have a relatively small organization of maybe only about fifteen people, but when you look at the umbrella of how it encompassed and what accesses you had in terms of resources was extremely large.

While the Colorado River Board staff was small, it had access to large resources

Storey: I forgot to ask you a question I should have asked under the Department of Water Resources part of your career, before we go deeper. MWD, Metropolitan Water District, from outside California looks like this *huge* megaorganization. How does the Department of Water Resources relate to those kinds of organizations, and did you get involved in that? And did you see both conflicts and cooperation?

Underwood: That's a good question. First of all, you have to recognize the Metropolitan Water District is a wholesaler, so their whole creation was to bring in supplemental water, and principally it started with the Colorado River System, was to bring Colorado River water to *coastal* southern California.

Metropolitan Water District (MWD) of Southern California

Now, the entities along the river, like the Coachella Valley Water District, Palo Verde Irrigation, Imperial Irrigation District, they use other systems, but there was a need, to meet water needs, was to bring water from the Colorado. So the Metropolitan Water District was originally created just to provide supplemental water service to meet the needs. It was primarily in the metropolitan area at that time, but they recognized that there'd be other needs and other parts of it, and then they started developing member agencies. I think there's fifty-two member agencies within that, and basically they cover all the way from Ventura to Mexico on the coastal area.

Storey: Including San Diego?

Underwood: Yes. So they've taken Ventura County, Los Angeles County, not the desert portion of L-A and Riverside and San Bernardino Counties, but the coastal portions. In other words, if a drop of rain falls and goes to the ocean, then it's in the coastal portion. If it goes internally towards the desert area, then it's outside. And all of this was in the coastal portion, so it would have been Ventura, Los Angeles County, Orange County, San Diego County, Riverside County, and San Bernardino County. So it's close to almost a 20 million people, about 18 million people service area. Historically though, out of that coastal area was an agricultural area, so they were primarily just bringing in needs for supplemental water.

Now, their role has evolved, and is still evolving. Remember before when I talked about the California Department of Water Resources, they started doing *all* the overall planning. How are you going to meet the needs in coastal southern California? How much of the land was irrigable? How much land was habitable? How much of it did you want to leave in certain types of land use, either in the native state, and then how were you going to meet the needs? So that's what the state was looking at, and at the same time, the state, because of local water agencies, you have large areas, that are coastal areas, that have large groundwater basins, and there's a number of agencies that overlie the groundwater basin. A lot

MWD began to do water resources planning for coastal southern California

of those groundwater basins have been adjudicated, and that's why you needed supplemental water. You were overdrafting the groundwater basins. Consequently, they went to court and decided who could take so much out without injuring each other, and then you had to come in with supplemental supplies. But that was a pretty limited role.

Then there was a need for additional water, and that's when they contracted for a State Water Project. If a project specified 4 million, they have a contractual amount for over 2 million. So they take a lion's share out of the State Water Project, which is northern California waters. The city of Los Angeles also takes water from the Sierras, in its Los Angeles aqueduct in the eastern Sierras brings water into LA.

MWD contracted for supplies from the State Water Project

Los Angeles also takes water from the Sierras in the Los Angeles Aqueduct

Storey: At least until recently.

Underwood: Yeah. Well, there's some limitations. And then some of the problems of the state is that most of these projects, the size of the pipes are such that, if you've got full pipes, you can meet their needs way beyond, maybe the 2050 or something like that, if you had full pipes. And they were designed to have full pipes. In other words, that was going to the dependable yield, and that's what the state was building was projects that had a dependable yield. Even during critical dry periods, it would have full pipes.

The state and Los Angeles were building dependable yield projects

But with time a lot of that changed, and the pipes are no longer full. Like Los Angeles aqueduct and the Owens Valley and the Mono Lake area, they have limitations as to how much water they can take. The State Water Project has limitations. During a critical dry period, you can't deliver over 50 percent of the whole pipe. Colorado eventually has the potential of being reduced to the coastal area because of *Arizona v. California*, where California may be restricted in its Colorado River use in the future. And Metropolitan, being the lowest-priority user of Colorado River water, would take some of those reductions, unless you'd work out other types of arrangements.

Now things have changed and the yield of projects has declined

Remember, we were talking about the department doing all of these other studies, and basically were doing the regional studies, and it wasn't Met [MWD], it was the department. But then Met had to meet its regional member agencies' needs, started to define what its member agencies' needs were, and there was an integration, and I worked very closely, when I was with the California Department of Water Resources, with the Metropolitan Water District in analyzing their systems and we did joint studies together, etcetera. And Met began to play more of a planning role and building, because of meeting their needs, because it wasn't just on imports. They were going to have to do other ways of meeting their needs. So they started growing. At the same time, the department, the state started playing a lesser role in these areas, and Metropolitan filled some of those vacuums and now is not necessarily strictly a supplemental. I mean, they get more involved.

Now, there is still a role being defined as to what is their regional responsibility. Member agencies still want to have their own sovereignty protected, relative to making their water resources management decisions, and not necessarily Metropolitan's. Even from the member agencies, there's conflicts and different points of view as to what's Met's role and the right role for it, and that's evolving with time as a regional water manager, we'll say. Now it's no longer necessarily just a supplemental water provider. It has now become the regional water manager, whereas the state was doing more of the "regional water management," with the basin water quality control plans and some of those other that I told you earlier things.

There is times that they're in conflict, because the state runs the State Water Project and Met wants, at critical times, them supplied, and the state won't agree because it has other contractors it has to meet. So there is times when they will be in conflict, but generally they work fairly well, all the agencies work fairly well together.

But there's some evolving times. We talked a little bit about, if the plumbing was all full, that you could meet needs for a long time. Because of

MWD's member agencies want to protect their sovereignty

Sometimes there are tensions among the water agencies

". . . if the plumbing was all full . . . you could meet needs for a long time. . . ."

this, because it's no longer that you can depend upon a full pipe, there has been a switch in water supply strategy. Historically, that's what the state did, and the water agencies in its California Water Plan. They kept building up dependable yield, and if you built a project, the dependable yield just kept increasing. Also, the demands kept increasing.

Well, the demands have still continued to increase. They have been somewhat suppressed because you're doing demand management, like water conservation, etcetera, so that your demands are not growing at the rate that they otherwise grow. But at the same time, your dependable supply has decreased. Instead of increased, it's decreased because of some of the other considerations, and what has led to, then, is a change, a large-scale change in water supply strategy. Now you're trying to make use of excess water years. Projects that you designed, say like reservoirs and other types of supplies that you usually base it on a critical dry year as their yield, and you did not, for wet years, because it was not economical to build a reservoir storage to capture that water, all you did was try to control the flood waters, because it didn't come often enough to be reliable enough to make you make the investment in that size of a facility. So consequently, all you did was, you had flood control means to route the waters during those excess water years to get it through the system to do the least amount of property damage and loss of life.

Now that has become a valuable resource. That's what you see now. You see trying to take those excess years, store them for dry periods to even out the yield a little bit.

Storey: Like this last winter, with all the flooding, for instance.

Underwood: Exactly. Now you take advantage of that excess water. But what happens, you have to have the storage to put it, and you need to have groundwater storage and you've got to have surface water storage. Right now, most of these agencies, who did all of these capital improvements which would have met their needs for these full aqueducts,

Demands for water continue to increase

Water Conservation means demands are not growing as fast as they might

Dependable water supply has decreased

Now attention is on excess water years

invested a large amount, billions of dollars, and how find themselves having to go through a capital improvement program to provide for more off-stream or underground storage to take those surplus years—and these are *large* capital improvements—to gain back the reliability that they lost because of some of the changing conditions as to how you operate projects.

In addition to that, you've seen greater reliance . . . That's a strategy, dependent on some of these water supply systems and their dry year of criteria, to going to having the necessity to shift over to using excess water because even the dry year supply is no longer there. And you start looking at water transfers, reclaimed water alternative supplies, conjunctive use, etcetera. But all of these require capital improvements, substantial capital improvements, because even if you're doing water transfers, it may not be available to the client when they want to use it. So you've got to park it and then use it later on. That's why they're going through this tremendous capital improvement program.

Remember we talked earlier about how this emphasis in the eighties and nineties, where people don't know the full value of water so we need to put it on a commodity rate, everything should be on a commodity rate, and consequently everybody will then more effectively use water. Well, the problem with that is, not only are your demands variable, but your supply is variable. If you've got this big capital improvement programs and fixed obligations, financial obligations, that you have to do in a relatively short period of time, you need to have reliable revenues. And that's why now they're going back and looking at new water rate structures, that it can't be based on commodity rate. Not only that, not that it's not fair and equitable because there's parties that aren't necessarily paying for some of those improvements and are gaining the benefit from the legal availability of water. In other words, you own some property. You may not be using water, but the value of that property is maybe triple or four times or ten times what it would be because you have legal access to water. Well, you should be then funding some of

". . . these are *large* capital improvements—to gain back the reliability . . . lost because of . . . changing conditions . . ."

Demand and supply are variable yet reliable revenues are needed. That requires a new water rate structure

that responsibility, and that's what they're going back and looking at.

Like I said, you've seen Met's role change substantially. You've seen the state's role shrink in some of those areas, and it's not necessarily wrong. Some of it closer to the management. When you're doing it with the state and you were doing regional management, it wasn't as close to making the decisions, effective decisions. You did overall decisions. But in terms of how to better manage an individual water body, it's probably better done locally. So you get from the state to Met, but then you see a shift also between Met and the water agencies. They're no longer just water purveyors, either. They *are* water managers or resource managers. So you've seen this evolution.

The problem is, many of these entities, because they have fixed revenues or fixed capabilities as to how much they can do themselves, it puts a real burden. So when you see Federal mandates, like the Clean Water Act and some of the environmental laws, put a real burden sometimes on the entities, because they have no means of meeting these needs, like in the case of the state drinking water act requirements. Some of the higher levels of treatment become extremely costly. And that is a problem that we have not figured out yet is how do you pay for this, because you've got to remember, the taxpayer, whatever level, if it's at the state level, if it's at Met's level, or if it's at the member agency level, where's the money coming from? It's coming out of the taxpayer. Each one of those individuals can say it's affordable, but is it affordable overall if it's going to come out of the taxpayer, either directly or indirectly through the businesses. And if the businesses get to the point where it's no longer desirable to do business in California because of the cost of utilities, they will go and relocate in other areas.

In some of the cases, we have gotten to that point where, if you just put it on a commodity rate, you're not going to meet your environmental and economic goals in the area, because business and jobs are going to go elsewhere. That's where you

Evolution of water management in southern California

Some entities, with fixed revenues and capabilities, have serious problems with new legislation

Economics of water management decisions

How to finance new infrastructure is being looked at in different ways

get this fine mix, and it's going to an evolution now as to, what is the best way to finance these things that we're talking about, the improvements in the infrastructure.

The other parts that we have to look at, we talked about earlier, is that, here we're talking about water supply, but you've got flood control agencies, you've got sanitation districts that are treating effluent, etcetera. Nobody looks at the infrastructure as a whole. Again, the same taxpayer is paying the money. *Maybe*, since we just got through saying that instead of routing the water safely through an area to the ocean or some other point of disposal, maybe we should be making those investments. It may cost a little bit more initially to make those investments and spreading around recharge areas, etcetera, with flood waters, the same way with wastewater treatment, then it should be aimed more towards reclaimed water, because when you look at water infrastructure as a whole and the taxpayer as a whole, it is the least costly, as opposed to if you take each individual entity separately, it does not necessarily appear to be the most cost effective. But when you look at them collectively, from a water resources management and from a financial management point of view, it may be the most cost effective way to do things.

And that's the evolution that's going on right now. Again, it some dynamic talk. We talked about some of the things I've been involved with in the past. It's the same. There's never a lack for new challenges, whether it's financial, whether it's technical, whether it's water resources management, all of it. And here's a new evolution that wrong mistakes can be very costly. If you *lose* the beneficial use, which is contributing to the environmental quality and the quality of life and the economic resources of an area, and you lose it because of some decisions regarding water management, because they decided to expand business elsewhere or to relocate, in many cases they may not come back. You've lost that, and consequently you may not have, your goals may not be achievable from an economic and environmental point of view. And we have not

There are many different agencies with a different piece of water management

"Nobody looks at the [water] infrastructure as a whole. . . ."

Looking at the many water management agencies as whole may be the most effective management approach

Water management decisions might cause a business to relocate permanently

really factored all of that into the process yet, and it is evolving.

In the case of, when you're looking at things that the member agencies are dealing with, or if you look at Metropolitan, then you go back and you look at the state. The state's got to solve its problems relative to the Bay-Delta area, because that's the pool of water— remember, we talked about the water being north of Sacramento, and you've got to distribute to all of these areas. You're going to come up with solutions, but they've got to be affordable solutions, because that dollar responsibility, financial responsibility, what is it going to go? It's going to be passed through and down to the taxpayer, into the businesses.

California must solve the Bay-Delta problems because that is a major source of water

So not only from a technical solution, but a financial plan that shares the burden and is equitable in its rate structure or its financing structure, because everybody will derive benefits from solving those type of problems. Everybody who is within California should be sharing that financial burden, because their environmental and economic quality of life is going to be improved since they're going to receive those benefits, and that's what has to be fashioned, and still is not, at this point.

"Everybody . . . [in] California should be sharing that financial burden, because their environmental and economic quality of life is going to be improved . . ."

In many cases, the technology may be there to solve [the problems]. We may now have a bigger problem with financial. Remember before what you did is, you went back to the big dipper. You went back to the Federal Government and looked for Federal appropriations. Well, the Federal appropriations are drying up. You're coming down, in some cases, with Federal mandates for things that are going to cost more money. The states are not in the greatest economic situation, too. Most of those are cutting back or reinventing government. The same thing with the operating entities. The ratepayers are saying, "Hey, my water rates are going up too much." They want them to reduce, so they're deferring capital improvements because they have to keep their rates down.

The key, in many of these cases is, how do we come up with a financing plan to make this work? We can have all of the greatest technical solutions, but I'm concerned now that we have *not* paid a lot of attention to creative financing to make these things *affordable* from the point of view that you're going to retain the economic and environmental goals of an area and the economic and environmental well-being of an area. Some real challenges.

Financing of projects and the relationship to economic and environmental goals

Storey: Is there anybody seriously proposing one of these grandiose schemes such as were so popular in the fifties and sixties? NAWAPA, for instance, is one, the North American Water and Power Alliance. We're going to divert the Yukon. We're going to divert the Columbia.

Underwood: All of those get revisited, basically. A couple things come to mind real quick. You've got to think about the Northwest, because they always say that's an abundance of water. But they've got endangered species issues that they're already looking for getting *greater* flows, not lesser flows. Basically, if you were looking for transbasin diversion, it should be taken out of the headwaters [tape unclear].

Current thinking on huge water diversion schemes from the Columbia and Canada

There was no restrictions. I don't know if you remember the moratoriums that were put on. Actually, it was a moratorium on the Federal Government even studying diversions from the Northwest to like the Colorado, etcetera, and they kept renewing that moratorium. The last time, they didn't put a moratorium, but it took, I think, approval of either all or a majority of the governors involved before studies could be done. But I think a lot of that, they recognized that they've got problems already, and they can't be talking about taking water from another place when you've already got problems to solve. And there's ways of solving problems.

The same thing, I remember, in Colorado. None of the other states—only California is fully utilizing its [Colorado River] apportionment—and Nevada may be the next one. Mexico is close after, I guess, in terms of using its apportionment.

Before you even talk about looking to other states and affecting their rights and interests, you need to look internally, and there's things that can be done in each of those states, and we have not. Our tendency before was to reach out and grab the gusto, I guess, so to speak, since you would take from another area and bring to your area, as opposed to being more effective in its use of water. And there's ways of not diminishing—

END OF SIDE 1, TAPE 2A, APRIL 25, 1995.
BEGINNING OF SIDE 2, TAPE 2A, APRIL 25, 1995.

Storey: You were saying everybody was reaching out instead of looking internally.

Underwood: And as opposed to looking at how they could more effectively and efficiently use their waters.

I think you're going to find that there is technical solutions, but it's almost like looking at the defense industry. You have all kinds of weapons out there that can make you the most powerful country in the world, but can you afford them? And that's the same thing here. We can come up with technical solutions, but can we afford them in the competitive markets, the economic markets. One, is to have the resources that will allow people to reach their environmental and their economic goals, but more importantly, two, is for the state or that region to compete with other regions because there's opportunity. The cost of housing, the cost of environmental regulations, the cost of utilities all get into being major parts of decisionmaking relative to whether you stay in an area, expand an area, or relocate.

It was getting to the point, I don't know if it is now, but the cost of housing in some of southern California, the base cost of a home, there was \$50,000 that was just environmental compliance. That was the base price of a house before you even put any boards or concrete or any materials or property. It was costing in the neighborhood that people were sharing. Whether that's right or wrong, I don't know.

Environmental compliance in southern California was costing \$50,000 per house

It may be right, but the thing is, you don't have to spend that in other areas, and businesses want to retain people and they want to have them contented and they don't want to have to pay inflated salaries to pay for those homes. They obviously have to pay higher salaries than maybe other places to do business. And that's what you have to look at. You have to marriage the business climate and the economic goals, and somehow we're making up for lost time on the environmental aspects, but we've now got to the point, if we're not careful, we're going to hurt ourselves from the economic [standpoint]. It's not a matter that you have to have tradeoffs. You can do both. But you need to appropriately consider both, and I'm not sure that we're doing that now.

Storey: You very briefly defined what the Colorado River Board of California, which is a state agency, right, does, or what its objective is, actually. But you didn't tell me what they actually do yet. I don't understand that yet.

Underwood: Okay. Go back to the charge, the legislative charge. The board was created in 1937. The legislative charge was to protect California's rights and interests in the river. Like I said, it has a lion's share of the water from the Colorado River. It's using presently over 5 million acre feet of water from the Colorado River. It also derives a lot of energy out of the powerplants, the hydroelectric powerplants on the river.

What the Colorado River Board does

You have to remember that the Colorado River is kind of unique. It involves seven other states and another country, meaning Mexico, and that because of its uniqueness, even water rights are different. Mostly in the West you have riparian, which is primarily the riparian rights, water rights, which is primarily from European and the East Coast, where you're adjacent to water bodies that you're entitled to use water.

Storey: You're saying in the West, riparian is the predominant?

Underwood: No, it's appropriated rights. But California has both riparian and appropriated rights, but into the

Issues on the Colorado River

Colorado and the Lower Colorado, there's neither. You have a water right then that's based on the Supreme Court decision, which is a different type of right. The Federal Government has no right to Colorado River water, Lower Colorado. It's apportioned to the states. You may be a user within the state, but the Federal Government has no rights to Colorado River water. It's apportioned to the individual states, and it's a contractual right. In effect, the Secretary of Interior serves as the watermaster for the Colorado River.

A fundamental problem with the Colorado River is, when they apportioned water, they used one of the wettest periods on the river. They thought the river had in excess of 16 or 17 million acre feet, and that's why they apportioned 7 and a half million to the upper-basin states, 7 and a half to the lower-basin states, with the lower basin entitled to another million acre feet of consumptive use. That's 16 million acre feet. They thought that anything above 16 million acre feet, it was going to be obligated to Mexico at some future international treaty. This goes back to the '22 compact, would be met out of surplus waters.

The Colorado River was apportioned during a wet period

Well, lo and behold, the river is probably more in the neighborhood of between and thirteen and fifteen, depending on how many tree stumps, whatever hydrologic base you want to use. The real supply is only in that neighborhood, which means—and there's an obligation for a million and a half million acre feet to Mexico.

Storey: That came with the treaty with Mexico in '44?

Underwood: Right. And the upper-basin states have a delivery obligation to the lower-basin states of 7 and a half million, about 75 million over ten years, meaning 7 and a half million per year, so to speak. That's why they built Lake Powell, was to help store those excess years so that you *could* come up with that kind of a release to the lower-basin states.

Well, if you then take, we'll say if you've got the first obligation to the lower-basin states of 7 and a half million, and we'll say there's a 15 million river, then you have 7 and a half to the

upper basin. You still haven't answered the question of how do you meet the Mexican water treaty obligation. Is it shared equally between the states? There's different bones of contention between the lower basin and upper basin as to how you share in the waters going to Mexico.

But, in fact, there's less, probably, than 15 million acre feet, and basically then you take the 7 and a half million and you subtract it away from it. If it's 14, then you have 6 and a half, it's basically around 6 million acre feet available to the upper-basin states. The upper-basin states reached an agreement and have a percentage share of whatever water is available, they have a percentage basis. The lower-basin states could not reach agreement, and that went to *Arizona v. California*, where the Supreme Court divvied up the first 7 and a half million acre feet, 4.4 to California, 2.8 to Arizona, and 300,000 to Nevada out of that process.

Storey: And a tiny bit to Utah, I believe.

Underwood: Not out of the lower basin. You're thinking of the upper basin.

Storey: No, I'm thinking of the Virgin River that comes out of Utah.

Underwood: That's above—let me see. That's not an apportionment within the lower basin.

Storey: Okay.

Underwood: So the fundamental problem is, you don't have enough water. You've apportioned more than what's available. So that's the fundamental problem.

In California, it's the only one that's fully utilizing apportionment, and in excess of its basic apportionment, because there's then, how do you treat water in excess of 7 and a half million acre feet, and there's some definitions. California gets 50 percent of any excess, and the other is shared within Arizona and Nevada in terms of excess. So there's ways of dealing with water.

California is the only state fully using its Colorado River apportionment

Also, there was no restriction on California, in accordance with the Supreme Court decision, if California continued to put water to beneficial use to meet its needs to the extent that it needed, up until the Central Arizona Project came on operation. Once it became operational—and that was in '85 they started delivering CAP water—California could not *depend* upon receiving it. It would require a favorable decision by the Secretary of Interior every year, and that's what's been required since '85 to now. Ten years it's required a favorable decision of the Secretary to allow California to continue to divert all the water to put to beneficial use.

Now, California has a limit to how much California can put to use, because they wouldn't have built another project to put more water to use when they know they're going to have potentially have less water in the future. So it's basically, you're looking at the diversion structures. If they're full, that's the maximum they can use, which is in the neighborhood of about 5.2, 5.3 million acre feet a year, and that's basically what they've been using. At some future time, though, if California is limited to its 7 and a half million, then the Secretary, or if Arizona and Nevada thought it was an injury to them, they would be opposed to California continuing to use [excess] water. It's only because if you look at computer modeling, etcetera, there's a good chance that the reservoirs will still fill and spill in the system, and you've got 16 million acre feet, remember, of storage. A lake in California, if you look at some of the projects in California, they can't even take a full year's. In the river, you've got about five years of storage, potentially, so you have a *bigger* pool that you can use and get more flexibility operationally, and that's what allows [California] to use [more water].

The reason Nevada and Arizona would object in the future—to get the Central Arizona Project (CAP), Arizona has agreed to having its yield of the CAP subservient to California's 4.4 [million acre feet annually]. So in case of shortages, the Central Arizona Project gets backed up, California's 4.4 does not get reduced. That's

The maximum California can use depends upon the diversion structures, roughly 5.2 to 5.3 million acre feet

To obtain the Central Arizona Project (CAP), Arizona agreed its yield from CAP would have a lower priority than California's 4.4

why anything left in storage then would be looked at, or anything that's not excess would really help firm up the yield of the CAP, the Central Arizona Project.

Further compounding matters is that the CAP, even in the interim, its yield is going to be firm only because of unused apportionments in the Upper [Colorado River] Basin. So you say, "Why would Congress authorize a couple billion dollar project when its yield was at risk in the future?" And that's when they looked at augmenting the river in the future, that they would *use* unused apportionments. Some of the basic fundamental principles of the Colorado River is that you only put to use what you can beneficially use. What doesn't then goes through the system. So there's a natural system of transfers within the basin. You can't *retain* water that you can't put to beneficial use. It can be put to beneficial use in another state. And you're only charged for water that you beneficially utilized.

When you start talking about marketing water, you go against this natural priorities, this natural ability to transfer water to the areas of need, because it's already incorporated into the system, that you overcommitted, that it naturally flows to the ones that have the use. So when you start talking about doing different things, now you have a more fundamental understanding of why there's a problem and who would get hurt. Since California is the only one that's using its full amount, it has more to lose than almost anybody else.

In addition to that, the quality deteriorates as it comes down through the system, and part of the agreement, there's this extraordinary agreement among—well, let me back up a little bit. In 1968, after they had the CAP act⁴ and after the *Arizona v. California*, it became obvious that the fighting and litigation and stuff like that wasn't working. They needed to work cooperatively. It's one of the few basins in the United States where the states do work cooperatively, and one of the examples of that is, under water quality, salinity increases as you go down the river, to the point that you have

". . . the CAP . . . its yield is going to be firm only because of unused apportionments in the Upper Basin. . . ."

In the Colorado River system, "You can't *retain* water that you can't put to beneficial use. It can be put to beneficial use in another state. . . ."

"When you start talking about marketing [Colorado River] water, you go against this natural priorities, this natural ability to transfer water to the areas of need . . ."

California has more to lose than almost anyone else on the Colorado River

Colorado River water quality deteriorates as the water moves downstream

After *Arizona v. California* and CAP approval, it became obvious that litigation and fighting over the Colorado River was not working

economic detriments in the lower basin. Obviously, as the upper basin develops its water, the water will become more mineralized and more mineralized. About 50 percent comes from natural sources, the degradation; about 50 percent from manmade.

Consequently, the states agreed, because California could have potentially blocked in Congress any future upper-basin developments, because they could fight it out and try to veto or to derail any legislation for authorization of projects. What they agreed is that California or the lower-basin states would not object to the development and the use of the apportionment of the upper-basin states so long as any incremental increase in salinity that would be derived from those would be offset by salinity control measures.

So that's what you have. That's why the basis of the salinity control program, they picked the 1972 year, meaning the Clean Water Act, Public Law 92-500, was the year that they used as the basis for maintaining salinity of the Colorado River. What they then do is look at the basin as a whole, not any individual state, but the basin as a whole, and only then try to build or implement salinity control measures that are most cost effective. That allows for the agreement of the upper-basin states to continue to use its water, and obviously allows for the preservation of the quality of the [water of the] lower basin. So any of these things that would disrupt those could potentially have tremendous have detriments to California. Obviously, in the same token, more flexible operations or any other types of things that you can do which gets greater yields is also of great benefit to California, whether it's water *or* power, and also some of the other recreational uses along the river, etcetera.

So there's a lot at stake. California has a lot at stake. That's why they set up the state legislature in 1937 and created the Colorado River [Board]. So you got into a lot of negotiations, obviously. They did a lot of operational studies, and they did a lot of water use studies, water development studies, legal analysis. The Law of

The Lower Basin states agreed that the Upper Basin states could develop their share of Colorado River water, so long as salinity control measures also occurred

Salinity control on the Colorado River

California has a lot at stake on the Colorado River

the River is dynamic. Everybody thinks it's such an institutional barrier. If it was, then it would be only one thing. It would be a 1922 compact. Obviously, it's dynamic and it's a collection of documents, and it is dynamic and it has met the needs, with time.

The problem, in most cases, is that people don't want to invest the time and energy to understand it to make the improvements. A lot of our forefathers, there was a lot of insight that went into a lot of the parts of the document, the makeup of the document of the Law of the River, and you need to understand those. A lot of flexibility, though, like the Salinity Control Act, Colorado River Salinity Control Act of 1974.⁵ That was another part that was added to the collection of the document. So this is very dynamic, but you've got to have, like I said before, any kind of problem solving, you've got to be willing to spend the time and energy to understand it. And there are solutions to meet needs, and the solutions are not necessarily to steal from thy neighbor to satisfy your needs.

I think the Colorado is very typical, but there is ways of meeting all of the individual, and if you start saying, "They can't meet the needs," well, whose needs aren't being met. When you start asking about California or if you ask about Nevada, then you start saying, "Well, how can you meet the needs within California?" And there's ways of meeting without necessarily taking from the other states. The same thing with Nevada. There are ways of doing it. You've got to have the energy to bring about those kinds of solutions and what it takes to make the decision.

One of the greatest experiences you get out of the Colorado [River] is that you've got all of these diverse interests. You've got economic interests and you've got environmental interests in every state, and you've got seven states, and you've got the government of Mexico and you've got the Federal Government and you've got a lot of private entities. The diversity of interests and melting—if you want to be doing something dynamic and creative, the ability to put all of that in focus and

The Law of the River is dynamic

"The problem, in most cases, is that people don't want to invest the time and energy to understand it [Law of the River] to make the improvements. . . ."

The diversity of interests on the Colorado River is challenging and requires dynamic and creative work

get cooperation, *that* is really on-the-job—we were talking about before about on-the-job training.

Like I said, some of my mentors, and there were some really what I would consider water giants that were my mentors. One was Myron Holburt, who taught me to make sure that I understood the rights and interests of the other parties that I was negotiating better than they did, because then, when you're offering something up, you can show them how it's going to benefit them in the process. In most cases, you're doing things. California initiates things, because it's trying to protect its rights and interests. The other states aren't at their full development, so there is no *need* for them to move and to make changes in some cases. So you have to clearly demonstrate to them you're the one taking the initiative. Then you have to demonstrate to them that their rights and interests are being protected, so you have to build trust and credibility, because if you don't have the trust and credibility, whatever you put on paper or on computer, they're not going to trust. So it's only through those working relationships that you establish are you going to be successful.

Negotiating with other parties

A good example of that, back in 1968, out of the '68 act for the Central Arizona Project, it also talked about developing operating criteria for the coordinated operations of the Colorado River reservoirs, because you can't run them all independently. Obviously, water flows through the system, and historically in large volumes in the spring and nothing hardly in the summer, and you've got those reservoirs. How do you coordinate their operations and meet the requirements of the states and the other requirements of the Law of the River, and developing some operating criteria. There's an annual operating plan developed every year jointly by the states and other parties and interests, and there's a process by which that's done.

They couldn't arrive at the time—they knew it was normal water supplies and they knew it wasn't excess waters and they knew it wasn't shortages. There's provisions for entitlements under shortages and excess years, but how do you

define those? The states tried to work on some operating criteria to do that, and they were looking at fixed elevations within reservoirs, and I'll give you an example. Say, if you took like Hoover, and Arizona's interest, since the CAP is at stake in terms of its yield, they'd rather draft Hoover or draft Lake Mead down to zero because it would make its water commitments. Obviously, Nevada has an intake for its water facilities, and if it goes below that intake, they can't take water. So they don't want it to be drafted down that much. You also had the power entities. If you drop the level too much, then—

Storey: You don't have any head.

Underwood: You don't have the head and you don't have potentially any capabilities of generating power, etcetera.

They couldn't reach agreement, and they didn't. Then along came the early 1980s, where they had four of the highest water supply years on the river. We knew that we had to go revisit because of the potential. One is, we needed to re-establish the floodway below Hoover Dam. There was a lot of encroachment because there was not excess waters. The reservoirs hadn't filled Powell. But we became very dynamic. If we had picked fixed reservoir elevation, we wouldn't have been able to most effectively use the water.

What we ended up doing was developing computer models to look at the statistics, the probability of the reservoirs filling, and then you could operate accordingly. You did advance releases. If it looked like it was going to have a fill or some high flows, then you did some advance releases, and you married those advance releases into water supply needs so that people could take advantage of them. Now, if they had back in '68 had fashioned that as the fixed elevation, it wouldn't be as effective as what was developed later on.

It's the same thing going on now. Since you have that asset, about 60 million acre feet of storage, how can you most effectively use that

**Developing operating criteria
for the Colorado River**

asset to gain the maximum amount of benefit, economic and environmental benefits, and still preserve the rights and interests of the state? So there's a lot of opportunities, and the states are working on those. The problem that probably defers a little bit of progress is, historically people representing each state were there for a long period of time. There's been more recent changes in personnel in each of the states, so you lack a little bit of the institutional memory, and that probably is a little bit to the detriment. Not completely, but it would move much faster, in some cases, probably, if you had less turnover in some of the institutional memory within the river.

Recent personnel changes in the Colorado River Basin states mean loss of some institutional memory

Again, when people are asked about that there's problems, you have to really precisely pin people down. It's like we talked about before. You need to focus on what is the real problem, put it in the right context. You say we can't meet the needs is a real problem. Well, what are they? What states aren't meeting their needs, and how can they meet their needs? And then you start zooming in where you should most effectively meet the needs of each individual state. The problem is, like I said, some people don't want to spend that time and energy. I've learned that if you're going to be successful, that's what you need to do; and if you don't, you waste an awful lot of time.

The biggest fear would be that you go back and create a period of 1922 to 1968, where you went through litigation and got nothing accomplished. California now is working more cooperatively together than it has in the past, and you hate to see history repeat itself. But that's when you lose institutional memory sometimes. History has a tendency to repeat itself, and you waste a lot of time, and not the most effective way of dealing with resources.

"The biggest fear would be that you go back and create a period of 1922 to 1968, where you went through litigation and got nothing accomplished...."

Storey: So the board is responsible for California's interest in the river?

Underwood: And preserving it and enhancing it.

Storey: Does the board, for instance, get signed agreements and make agreements with the other states? That isn't ratified by the legislature or the governor or anybody?

Underwood: No. You've got to remember that states have rights, but the rights are only in contracts with individual entities.

Storey: Why don't you explain that further for me.

Underwood: If you had to ratify something—you've got to remember that the contract, first of all, the water is apportioned to the states, but you have to have a contract, especially in the Lower Colorado River Basin. You have to have a contract with the Secretary of Interior. So the state doesn't have a contract, so why would you want to ratify with the state? Only in the particular case—and that's why, if you're dealing with issues, that's why you see Federal legislation, because it's interstate matters, like the Colorado River Salinity Control forum. You can sign on by your senators and your congressional people. That's the ratification that would come from any kind of an action that would require authorization or appropriations would be through the Congress, as opposed to state legislature. Because remember, it's not a riparian right; it's an appropriated right. It's a contractual right set up by the Supreme Court. Again, it's the right to use water. You have no absolute ownership. And that's western water law, period.

A lot of people forget that. They want to treat water as a free-market commodity. Well, you don't have absolute ownership. You only have the right to use, and if you look, it's in each of the state constitutions. That's why you have public agencies that deal with, because it is a necessity of life, and again, you have a right to use. It's not for you to deprive others of, because it is essential for life.

Water cannot be treated as a free-market commodity in the West

Storey: Water is *so* important in the West, and I guess I'm surprised that this board is given so much independent power as far as the river is concerned.

Underwood: Let's go back and think about that for a minute. Independent power, okay. It takes an action of the

board, and who's on the board? Public members, two state directors, two cabinet posts, or the state directors, and the major public agencies, and that's where the checks and balances come in. And you've got to remember that there are different interests. There's urban interest, there's agriculture interest, there's fish and wildlife interest, and that's where it balances out. And that's why they created the board, for the very reason that you brought up, because otherwise each individual entity would be at odds with each other as opposed to meeting their needs. And that's why it's the right of that forum to build consensus and reach agreement within the state, that they needed to because of its use of water.

In addition to that, they also needed to have a unified position toward the lower-basin states, their neighbor states, and the upper-basin states. So that this became a forum to potentially accomplish that, to unite the rights and interests of California. It's for the very reason that you raise the point that it was created.

Storey: Okay. Let's see. What were some of the things that were done while you were Executive Secretary and then Executive Director of the Colorado River Board?

Underwood: I think some of the major items I was involved in was, after the flooding in '83 and '84, there was an act of Congress.⁶ The Colorado River Floodway Act was formed, and it was to re-establish a floodway in the lower Colorado.

Colorado River flooding in 1983 and 1984 resulted in the Colorado River Floodway Act in 1986

The flood control operations of the Hoover Dam were such that there was like a maximum release of 40,000 [cubic feet per second] ~~acre feet~~, but the normal demands of meeting downstream requirements in the river, you probably only get up to, I think it's in the neighborhood of about 22,000 cubic feet per second. Forty thousand cubic feet per second is the maximum flood control target, but on just normal deliveries, like demands, you only get up to about, I think it's somewhere in the neighborhood in the twenties, maybe 25, maybe a little higher.

Consequently, people got down closer to the river, and they encroached within the 40,000 cubic feet per second. So when they had the floods, they did get up to, I think, a little over 40,000, but these are extreme conditions. But they kept the flows less than 50,000, but you had some damage done to property. I don't recall if there was loss of life, but I think it was just property, but a lot of property.

The problem was, too, that it was not just normal floods, you have high waters and then they recede. This, you captured all that water and you were trying to release it, and you were worried about the next year. You had to keep those levels up at 40,000 for a long period of time, for a whole year, '83 to '84. So consequently, you had perpetual flooding, so you had perpetual damage. And if you didn't have actual flood damage, you may have saturated the groundwater and you would have stale septic tanks, etcetera. You had levies along the system, but waters got behind the levies. You could be fifteen miles from the river and being affected by the river with stale septic tanks, etcetera.

Obviously, one of the solutions is, reserve more space in the reservoir, more flood control to catch the spring runoff. You're already in a watershed basin. Probably not a very smart thing to do, but from the point of view of flood control, yes. But from the point of view of balancing flood control, power generation, stream flow regulation, fish and wildlife interests, all of the varying interests, not a very wise thing to do. So obviously, part of that was to go back and re-establish that floodway.

Part of that act had created a sixty-man presidential task force, and it had to be formed under Federal procedures for a presidential task force. They had to have a charter, and the appointments were to be made by the Secretary of Interior, and they had to define interests. It was people from real estate to sheriffs to the chamber of commerce to water agencies, the power entities, etcetera, and this task force would make

recommendations relative to the floodway, technical recommendations in some cases.

I was California's main representative on that, even though there were other people. They had broken into some work groups, and I actually became the chairman of those work groups to help make that work. And if you've ever worked with sixty individuals of *great* diverse interests on something at great stake to them, and we did some very innovative things technically. We got some of the best people around. We had to do some synthesized hydrology. Not only do you have waters coming down the river, but at certain times you have, even though there's not perennial streams coming in on the side—this is a desert environment—but you have large flows coming in on the side with thunder showers, etcetera, and when you were operating, how that influenced and what type of floodway would you have to have to be able to accommodate these as they attenuate down.

We had to obviously do some modeling, some very sophisticated modeling, and some rather innovative technical analysis. And so we had technical subcommittees, etcetera, and there was a report that had to be written. I probably ended up doing the vast majority of that report, the writing of that report. But the interesting part was, you had all of these diverse interests.

We took the time to engage the people and to have their input, and all of the recommendations under that probably were unanimous. There was no exceptions in the recommendations that came out of that report out of that sixty-man diverse task force. They recognized the values and the balancing that had to be done, to do that in a relatively short period of time, because there was time frame that had to be done on. Because it preserved everybody's interest, there was a lot at stake, whether it was loss of power value, water value, flood protection value, whatever, fish and wildlife values. That was good training, probably, to be able to accomplish something like that.

Served on the floodway task force as California's major representative

Did the vast majority of writing of the floodway task force's report

There were many diverse interests represented in the task force, and its recommendations "probably were unanimous. . . ."

The other parts were to modify the operations, what we talked about earlier, to get greater benefits. How do you operate when you've got near full reservoir conditions, and convincing the other states that you need to do anticipatory releases and then try to maximum the beneficial uses of those. Because they kept saying, "Well, why should I? If you release and it's not needed, then you've taken some of the water that I'm going to need, that I would then have to release to my own lower basin obligation." Or Arizona would say, "Well, God, it would have stayed in storage and I would have had it for CAP yield."

But you needed to be more dynamic, and it had to be done in conjunction with the floodway, and to get buy-in by all of the states. And we did. We came up with an annual operating plan, which was no longer fixed. Before that time, it was just, meet the needs. You didn't have all of this sophistication as to how you were going to operate anticipatory releases and etcetera, etcetera, and convincing other states to go along with that and do some really innovative management, river management, river regulation. That was during some of my tenure. I think some of those are some of the examples of some of the major activities.

Developed an annual operating plan for the Colorado River which was more flexible than before

Again, California was the driving force in that particular case. It was also to get concurrence, remember, once '85 came around, to get the continuing concurrence of the Secretary of Interior, a favorable decision each year throughout California to continue to use all of the water it could be putting to use, knowing that that was not guaranteed any longer after 1985, when Central Arizona started using water.

Those are some of the major issues. I think integrating some of the considerations into the river operations, trying to be—it's very insightful. If you go back—and we talked about getting added values and benefits—go back to 1968 and look at the legislation. It talked about developing an annual operating plan, and it lays out all of the needs—fish and wildlife, water quality, recreation, agriculture, river regulation, a manageable water supply, *way* before its time.

That's why I said, when you go back and look at some of these documents, here's the plan, and it was worked on cooperatively with the governors of all the seven states. It gave appropriate consideration, on an annual basis, to all of these beneficial uses, even though, in many cases, some of those beneficial uses were not authorized purposes of projects. The states themselves recognized they needed to take into consideration these when they were doing the coordinated operation of reservoirs. I think that's very insightful thinking. You've got to remember, this was 1968 that this was done, and it was obviously drafted up before that, so I think very insightful. They may not have come up with all of the solutions. They tried to say, "Well, how do we operate in surplus years and how do we operate in shortage years?" I wouldn't want the floods to have to come to make you change how you operate in near full conditions, and I wouldn't want to have the damage that was done.

But, on the other hand, it could have been even worse if we were operating under fixed elevations at that time as opposed to doing anticipatory releases, that you may make because if, in fact, it's an average year, or even slightly below an average year, that you're going to have to have flood control releases the following year, and it's going to be 50,000 cubic feet per second, that you control those releases, and that's how it evolved. I don't think they would have even had the computer capabilities to be doing some of that stuff way back when.

They set the framework, though, because you had to consider all these other uses when you did this. And then they left, in the sense that that was not critical to making progress at the time. They left that open because they couldn't reach an agreement as to how to do it. But it matured at the right time, and people acted very responsibly, and it was done through the resources managers of the states, not the courts and not the Congress. Now, if they needed authorization and they needed something, like the re-establishment of the floodway, they went to Congress. To me, that's the right way to be doing things, as opposed to trying

to litigate differences, is to recognize there has to be something done, recognize what has to be done, and then how do you implement. Part of it was needing legislation in terms of flood react, and we established that floodway, and the other part needs to be technically from an operational point of view and do changes, and that was done.

Storey: I'm sorry, I lost a thread somewhere. You said the study was done in '68.

Underwood: The '68 act. That was the legislation, when it talked about the operating criteria and the development of an annual operating plan.

Storey: Oh, okay.

Underwood: It gave the basis for it. They said it had to be a plan that was developed in cooperation with the governors of the seven states, with appropriate consideration to, and it listed a long list of beneficial uses or purposes of those plans, even though the projects themselves and the reservoirs may have priorities or beneficial uses that were defined purposes and may not include all of these. They recognized that there was an overriding need to consider all of these uses when you operated the reservoirs, regardless. And instead of going back and changing all of the priorities of the reservoir, all they did was say you were going to develop an annual operating plan that's going to take appropriate consideration of all of these uses.

Storey: And that's what the committee did.

Underwood: You mean, the task force?

Storey: Yeah, the task force.

Underwood: No. The task force was later on in terms of, we talked about the floodway and re-establishment of the floodway, which was *one* major activity. The other major activity I was talking about is, how to do more dynamic water operations of the river to meet needs. So those are two separate accomplishments.

Storey: Well, let me ask you another question following the idea of the task force. It happened I was in Las Vegas a few weeks ago, and I had an evening free and I drove to Laughlin. And Laughlin looks to me like it must be in the flood plain.

Underwood: Pretty close. It is not in the sense of the releases as to the extent Davis Dam is just up above it. But the floodway that's needed, it does not encroach within the floodway. Now, there's a certain kind of protection. There is a possibility, up and above that protection. Flood control is not to provide 100-year protection. You could say, "Well, I want perfect protection." Well, that means the floodway has to be this big.

Storey: Five hundred thousand-year protection.

Underwood: And that's why there's a certain risk. Otherwise, everybody would have to live 100 miles away from the rivers, because if you wanted that absolute protection. But then here's 100 miles of lands that have no other value. So when you do flood control—and when we talked about the discipline for flood control—generally they provide for at least 100 years, and that's when you get into like flood insurance, etcetera. If you don't have that, they're not going to underwrite you.

The implications of wanting absolute flood control protection on the lower Colorado River

In addition to that, in some cases you may want better protection, and actually it goes the other way. The fewer years that you're going to protect—in other words, if it's every other year. If the occurrence is only one in a thousand, then it may not be as much protection to account for all the events. For the absolute outlier of events, you end up with a very wide flood plain. You have to look at the economics of what you're, the benefits you're getting of that land in the interim versus the potential damage.

And that's some of the things that came out. It's up to the proper jurisdictions as to what type of land use you allow within those areas, the floodway itself, and then they refer to as the floodway fringe, which is an area that may be wet or may be subject to high groundwater. You shouldn't, obviously, allow septic tanks in areas

that are going to have frequent high groundwater, because your septic tank's going to fail. And there may be certain other restrictions that you were going to have some lands, like recreational lands and golf courses, that potentially are going to be subject to periodic flooding and not necessarily be loss of life and property. So there needs to be with that—and that was recognized in some of the recommendations that we did have the floodway, that there needs to be some land management or ordinances and zoning that needs to be *compatible* with your flood management.

Storey: Well now, the task force did a report, right?

Underwood: Yes, and it was supposed to be submitted to the President and Congress.

Storey: And then what happened to the report?

Underwood: Then out of—and I was still there. I got into an awkward situation, because I became Commissioner. First of all, I was the one that probably wrote the vast majority of the report, because I was the chairman of the task force that was putting this together. So I did a lot of the writing. And I had to remove myself, because then it was supposed to be submitted to the President and to the Congress, and then the Secretary of Interior was supposed to comment on the recommendations of the task force. When it came to me, as Commissioner, the natural chain, I removed myself since I wrote the report, because I thought there would be a conflict that here I'm promoting something that I worked on previously, and there was a certain amount of benefits. It also directed some of the agencies, Federal agencies, to do certain activities, etcetera.

Chaired the task force that put together the floodway report

Some of the people wanted to rewrite the report, because again, it looked like maybe there were some Federal obligations. Within the Administration, once a report comes in, everybody wants to do something. But that's not the particular case. The Secretary was to comment on the recommendations of the task force. He could not do anything with the task force report. The task force report was, the fact they were getting the

input from this diverse interest in terms of recommendations to the Congress and to the President. So the Secretary then wrote some recommendations on those recommendations. I removed myself from that process because there was an apparent conflict. I would have loved to been able to even form more of that. And then that went to Congress.

Some of the activities were implemented; some of them were not. Probably the most controversial one was the compensation of people who were within the boundaries of the floodway that were affected, but it talked about—there were certain key words. I can't remember them exactly, but unforeseen and something about severe economic hardship, etcetera. That's a controversial one, because you're saying, if people are not responsible and get in the floodway, why should you be compensating them? But in some cases, because the water got behind the levies, people were being harmed that were fifteen miles away from the river. Nobody told them that they were going to be affected, that that was going to be subject to flooding, and you would normally think you're safe distance away from the river. And you've got to remember that the waters retained were not just high waters and then they receded immediately thereafter a few days. There were there for a year, year and a half, two years.

Floodway task force proposed some compensation after flooding, and that caused controversy among Federal bureaus

You set a bad precedent, potentially, about compensating people in floodways, but there were some extreme hardships, and we took the words "extreme hardships" and took "unforeseen circumstances" and developed some criteria. We recommended, "These are the things you should take into consideration," and I think we suggested that FEMA, the Federal Emergency Management Agency, look at it.

Now, they were concerned. I mean, all of these agencies were concerned that we were dealing with something and their recommendation was against, because then they would open Pandora's box to the flooding on the Mississippi and other areas where they incurred. But I think there was some rather unique circumstances, and

we recognized that, as opposed to just saying, "Yes, this person should have—in other words, going by all the people that were affected and saying yes, no, and you should have a certain amount. FEMA should, based on this criteria, go back and evaluate and see if these people should be compensated because of some severe economic hardship, etcetera. So there was some controversial things.

We also directed some activities of Federal agencies, whether it was Corps of Engineers, FEMA, Bureau Rec, and we identified. We made recommendations that appropriations be provided for them to carry out these various types of activities. In other words, preventive medicine for future occurrences, basically.

It was a fairly substantial document. Like I said, it takes a long time and a lot of involvement in doing something like this. But here you had these diverse interests, and like I said, there was not one dissenting vote on any of the recommendations that came out of that task force, and that's amazing. In my mind, it's amazing, when you had the diverse interests.

Storey: There must have been some conflicts leading up to that consensus, however.

Underwood: You've got to remember, there's some strong emotions, because people lost their livelihoods. Their businesses got wiped out and were adversely affected. When we started, some extremely strong opinions. We had all of the Indian tribes. I mean, this is, like I said, including all of these various interests, including the five tribes along the Lower Colorado.

We spent some time, and good investment of time, in helping people understand how the river operated, how flood management operated, and took experts. We formed this type of committee. I was on it, along with maybe about half a dozen or maybe ten people, and some of these were private consultants that were hired by some of the cities, some of the foremost people in flood management in the United States.

You wanted to be reasonable in terms of the board. The easiest way is to say, "Everybody get two miles away from the river, and that's going to be the floodway, period." But there's too much at stake out of that. So what we did was is develop some very, I think—

END OF SIDE 2, TAPE 2A, APRIL 25, 1995.
BEGINNING OF SIDE 1, TAPE 2B, APRIL 25, 1995.

Underwood: I think, some very unique and innovative means of hydrology analysis in terms of establishing the boundaries in the industry, and made sure that people understood what we were doing. We built a lot of trust and credibility with people, so when we provided them with information, we took the time to explain it to them, and not talk down, not talk up to anybody, but work with them as a group. We had periodic meetings. At that time, I was the head of the board, and I'm going, "Oh, man, this is time-consuming."

I remember when the legislation, I was *not* in favor of the sixty-man task force. In fact, when that was written into the legislation, that was more of a political because of all of the congressional people. They wanted to have a certain type of representation. It started small, but then every Congressman wanted, all these various interests, became a believer in the end that that was probably the best thing to do. People had a real education and a fundamental understanding of the resource and understanding of the value of the resource from very many diverse points of view. And it was a painful time of going through some information and having some elaborate discussions and airing of views.

The Bureau at that time—it probably worked out well. The Bureau was supposed to be, I think the Regional Director was supposed to be the driving force in the task force. It probably was not going to be, because the Bureau was responsible for authorizations, and we'd be perceived wrong. And that's why myself and I think Larry Dozier, who used to be a Bureau of Reclamation employee, who's an employee of the Central Arizona Water Conservation District—I have a lot of respect of

Opposed the sixty-man task force set up in the legislation

Larry's abilities. He was the vice chairman with me, and we actually ran the task force. They had a facilitator. Initially, the Bureau hired one. But I think it became through people that they could see and know, meaning myself and others, that helped bring all of that together.

That was a real case of public involvement of something that's very tangible, because it was something that affected people's lives. Not something that they could perceive that may affect their life; it actually did affect their lives. And—

END OF SIDE 1, TAPE 2B, APRIL 25, 1995
BEGINNING OF SIDE 1, TAPE 3, APRIL 25, 1995.

Storey: This is tape three of an interview by Brit Storey with Dennis Underwood on April the 25th, 1995.

We were talking about the task force, as I recall, and why it was in California's interest.

Underwood: What you can do is, you can look at the task—probably the best way to explain it is, you look at the task force, and it was represented. It had the power interests, Indian tribe interests, fish and wildlife interests, people who were being affected by flood control. You could take each purpose, and say if you wanted to maximize the benefit, then you would vacate in the spring to make sure the spring [unclear], a substantially larger vacant storage space so that you would *never* have a spill. Consequently, you have lost the water supply.

In addition to that, you also affect power generation. From a power point of view, they want the highest head potentially, and they don't want things bypassing the powerplant. So they'd be interested in the highest elevation *without* bypassing the powerplant. All of these were not necessarily the best mix of resources or be in the interest of California maximizing benefits that could be derived.

So you could take fish and wildlife, any one of those individuals, because fish and wildlife, you would not want to have nesting areas

downstream, you wouldn't want to have them be disruptive of the wildlife, or the loss of habitat or potentially influences on spawning, etcetera. So you would *change* the operations in accordance with maximizing that use.

So you've got a task force that represents diverse interests. If you maximize any one of those, without having an appropriate mix, it could be detrimental to many types of interests. That's why it was of extreme interest to California, and the states as a whole, that the appropriate floodway be established. That's why they went to the Federal legislation, too, in terms of providing—you potentially could have had written or court action. I'll use an example in just a minute of what could come out of this and potentially be detrimental to interests. You could have court action [unclear] that would enhance a use at the expense of other uses.

Maximizing one use of the floodway could be detrimental to many other interests

I'll give you an example. In 1983-84, you had higher flows, and the flows stayed at about 40,000 cubic feet per second. Generally, in the lower river—and I'm going to do this a little bit from memory. But the fluctuations because of water deliveries, the cubic feet per second as opposed to continuous 40,000 cubic feet per second, the main range in the neighborhood of, we'll say, 7,000, 8,000 cubic feet per second up to maybe 25,000 cubic feet per second, depending upon the demands for moving waters down through the stream.

During those high flows, an individual bought a large tour boat and operated it from Laughlin, Lake Havasu. He had the clearance. It was a pretty good-sized boat. You also get a lot of sediment movement in the river, and that can change. The channel can change. That's why there's certain types of channel management or training of the river that you do with various types of structures. He operated that boat during those high flows in 1983. It was a substantial capital investment.

When the flows receded back to more normal conditions, the boat went aground. He

sued and said that river regulation has the highest priority on the river, and consequently he, in studying navigation—I think it was navigation—on the river was a fairly high priority, higher than these other uses, and consequently they should be making releases so we can operate this boat. Basically, you would have done it at the expense of all others.

Now, here's an example. We laughed a little bit, but this did go to court, and we spent a substantial amount of time. You pick up documents. You look at the purpose, and sure enough. And there was a reason why navigation was important. Historically, they used to come all the way from the Gulf of California. All these steamboats and stuff used to come up the river before the river was [unclear] structures. But he was looking from outside of history, and in most cases they say, in effect, it would stop being a navigable river once you started putting the structures in.

But there was also an inclusion that navigation had a fairly high priority on Hoover, etcetera, and a lot of it had to do with the exertion of Federal jurisdiction over the regulation of the river, and it was ways of doing that, not necessarily that it was to have a commerce, where you'd have steamships going up the Colorado River. By itself, because during the absence of dams, during the summer months, without any dams there was hardly any flow, and then there was large flows in the springtime, obviously. And the reservoirs obviously improved navigation, the regulation and flow of navigation, because otherwise you wouldn't even be able to navigate during certain times of the year.

But potentially it went to court. You could have had a judge do an interpretation and say, "No, navigation is a higher priority use. Consequently, the river should be operated so that this gentleman can operate his boats." That would have meant a *lot* of water going down. Mexico would have been happy, because there would have been a lot of excess water going to Mexico, because you

wouldn't be able to use the water, put it to beneficial use.

That's why we said that, what we argued in court, it's not that you satisfy one priority before you move to another priority, that they needed to be looked at, and they're not mutually exclusive. You do need to look at them and try to maximize the benefits.

We kind of smiled and laughed, but very easily could have been potentially covered in court because of some strict interpretation of some law or some wording of some legislative language, which may have only been intended in Federal jurisdiction in the particular case, because you've got to remember that in some cases some of the states were fighting, and Arizona at one time called up the National Guard to fight California. This goes back into the history of California, and a lot of it was to extend certain types, or at least have the ability to extend certain types of jurisdictions over the operation of the river.

But here's an example. You had asked what was at stake. Well, here's a case in point where a guy took *a* use, and to his own personal well being, he was going to operate [unclear]. So you can see what potentially can happen. It would have not only been detrimental to California, but it would have been obviously a great detriment to the other states.

The other states, the lower-basin states—and I was instrumental in putting together a group of attorneys, through the various AG offices, to be parties to the suit, and we got the other states, the upper-basin states, to be supportive, because they were at stake, too, because you would have had to release water out of the upper basin to the lower basin to have waters flowing for the tour boats, etcetera.

So here again is a point where the states cooperatively worked together, recognizing that that's not effective resource management was intended to be for the Colorado River [unclear], a lot at stake. A point of cooperation, but also that

extremes that you think of couldn't happen, actually could happen. Those are real-time events.

Storey: Anything else that happened while you were at the Colorado River Board?

Underwood: It's hard to remember back, but I think there was always issues of litigation, I mean even in conflicts that were always ongoing.

That's one thing I didn't mention. I've always been blessed with having good legal counsel. We had some representatives, some deputy attorney generals, as my legal counsel when I was on the board. We had two full-time deputy attorney generals, and they had long institutional memory. Every one of the individuals had worked on the original 1964 *Arizona v. California* decree, so they had a lot of institutional memory.

A good part about the attorneys was, and unlike other places, sometimes you get attorneys that will tell you that you can't do things. Most of the counsel that I've always had were people that were helping get things done. If it had a legal aspect, they would give you a legal perspective or potentially tell you that the risk, from a legal point of view, could make the decision, because there's always risks in any kind of decision when you've got conflicts. There's legal risks, there's technical risks, etcetera, and you like to hear viewpoints when you're making your decisions.

"Most of the [legal] counsel that I've always had were people that were helping get things done. . . ."

A little different than the Solicitor's office, I thought, in Washington. They became more advising against—I mean, the down sides as opposed to being the positive sides of the take. A lot of that has to do with their philosophy and maybe their responsibilities, whereas an AG's office, and even [unclear] were generally looking for legal support to help you from that aspects of decisionmaking and making sure [unclear] and that you understood.

Solicitor's office in Washington tended to advise against doing things

Storey: You told me yesterday how you were approached to go to the Bureau of Reclamation. Do you have anything more to add, about people who were

involved or anything, to that? Somebody probably proposed you from California, for instance.

Underwood: I think that, and also some national organizations. There were people that called upon me. One is a former Assistant Secretary for Water and Science made a call to me.

It was interesting, up until that time—because I was a late entry. You've got to remember that I was not approached until around the Easter time frame, April. I was on, probably not unlike any other areas. Anytime a presidential election occurs, then there are people that get together and try to come up with suggestions as to recommendations to posts. It's probably hot and heavy in every occupational group. And I was a party to listening and inputting input. That's why I became more aware of some of the problems of names that were being advanced or the lack of names that were being advanced.

A lot of it had to do, when I was [Commissioner] Treasurer, I think the starting salary was \$70,000, or something like that, a year. That meant I had to take a pay cut. Not only that, I was going to have to make all these personal sacrifices. If you look at most of the major water agencies, it wasn't at that time, but they're obviously making in excess of \$100,000. And there's no guarantee. You could not have a commitment that you were going to go back to that agency when you took a Federal—because that's a no-no. There was a conflict. You can't do that. So you have to separate yourself, and consequently your marketability—you've got to remember, your marketability is reduced because you have certain restrictions on you. While you may have more experience and diverse experience and unique experience, you also have certain types of restrictions on you.

Personal sacrifices you have to make to take a Federal job

Storey: Did you know that before?

Underwood: Yes. And that played a role. When I was asked, I did not immediately say yes. I said, "Well, let me think about it." I started thinking, what was the advantages and disadvantages?

Probably one of the most overriding points was, I was expressing at that time from a state point of view. I was expressing some displeasure with the lack of certain types of directions or getting things done. And I said, "Here now somebody's asked me if you wanted to be a part of making some changes or making some improvements," and for me to decline, in my mind, I would have a hard time ever to go to another meeting and complain that the Federal Government wasn't being responsive if I was approached and asked to be a part of it and I declined. For me, honestly, that was one of the overriding considerations.

**Factors that played into
deciding to become
Commissioner of Reclamation**

The second, well, how many times in your lifetime are you going to have the President of the United States ask you to do something? Not very many times, I don't think. I'm patriotic, obviously. I spent some time in the military. I considered this another tour of duty for my country. It was a unique opportunity, and I thought maybe, looking at—at that time, you've got to remember, that I was being for a position, a couple positions in Interior, so it wasn't necessarily the Commissioner, at least initially. I grew in my own mind that I would only take—I would not seek a Federal post. I was very comfortable where I was. And I knew that if I was going to do it, it would only be something that I could contribute. So there was only a few opportunities that I would probably say yes.

I didn't seek very much counsel, and I didn't promote myself. I felt that if it was going to happen, it should happen on its own. If I was the right person that had the right credentials at the right time, then it would happen on its own. As I look back, I can see why—I mean, I had people from Alaska, various congressional senators, governors, etcetera, supported me outside of California because of my relationships that I had with other states and because, I think, of the trust and credibility that I brought, my experience, the issues that I had been involved in the past, and all of that lent itself. I was a little humble when I saw some of the documents that were written about me. Some people shared them. We don't always see all of them, obviously.

And it happened all on its own. I told nobody about anything. I said that I would let it develop on its own. First of all, a couple of things. I am obviously a Republican. Because of my responsibilities and jobs that I had, I had to be non-political to a large degree. I was trying to get the cooperation of various types of Administrations, say, with the Colorado River Board, and I used to serve both the Democratic and Republican administrations. So consequently, I'm not *super* politically active. I have some political astuteness. I really can't venture as to how much I have or have a lack of. So it was reassuring to me.

I remember I got called back to the White House and I got called back to see the Secretary of Interior. I didn't need this job, so I went back and I told them what I thought that I brought to the job. I said something about, "If you're looking for a caretaker of an organization, you've got the wrong person. Go find somebody else. These are the things that I can bring to the job. I think I can serve the President well in these regards. I think I'm qualified to do that."

This, I would say, about the Bush Administration, and the President in particular, President [George H. W.] Bush. He could very easily have gotten some political people that maybe he was indebted to, but he didn't. He selected somebody who was qualified, in my mind, who was qualified to take the position, and it was based on qualifications.

President George H. W. Bush selected qualified staff rather than political people

An interesting part—I'm a minority in this regard. This gets sidetracked a little bit. But we had an executive retreat one time with the Secretary of Interior, and I figured I was probably the only one that came from a small town. Most of these other people got into these positions because they were more in the role beyond—they grew up in urban settings and they knew the political life more. Interesting, hardly without an exception, they all came from small towns. These are people who were qualified in their fields, and again, I was impressed. Whether it was the Park Service or the Fish and Wildlife Service or the BLM, or any of them, these were professional people. These were

Department of the Interior bureau heads tended to come from small towns

not political people that had no expertise in these areas. These were well-qualified people. I was impressed with that. Like I said, I thought maybe I was going to be in the minority. But that's, I think, a real compliment to the President. He was trying to provide meaningful leadership by people who were qualified in those fields.

Like I said, going through the White House, and even with the Secretary of Interior—I liked the Secretary, and I have great affection for the Secretary. I walked in the room, and it was just he and I in this room. I thought I had to tell him my vision of water resources and what I thought, information, directions. He was asking some general polite questions, and I would, in my normal fashion, somehow got the conversation over to where I thought it should be. He kept bringing it back this other way, and he was actually measuring me. I mean, not for my technical competence. He already knew that. He was not judging my technical competence. Obviously, everybody else had done that. But he was looking, was this the type of person that he could work with and things like that, because of all of a sudden at the end he said, "Yeah, you're fine." He said something to those effects. Here I'm thinking that I've got to indicate to him where I thought I would take the organization, and he felt that it was already competent in that area. He came from New Mexico, and the state engineer, Steve Reynolds, a legend in the water community, and Steve had already told him that I was okay, probably. So he wasn't measuring that.

Storey: So this was Manuel Lujan?

Underwood: Yes.

Storey: What was he like?

Underwood: Like I said, I have great affection for this individual. I learned a lot from him, not so much in the technical areas, but I learned from the human resources. He was a very personable, very approachable person, and a true politician, I guess, to some degree.

Interview with the Secretary of the Interior

Other staffers had already decided he had the technical expertise. Manuel Lujan wanted to see whether they could work together

Manuel Lujan

I watched him one time. I remember he took me and maybe a couple of other people. It was a Native American, all the tribes throughout the United States, and he was going to have some discussions with them. It was *not* going to be perceived as necessarily the most friendly discussion with the tribes. In fact, prior to the time, I don't remember a couple of the issues, but they were tribes that were thinking about boycotting and stuff, going to the meeting or causing a demonstration at the meeting, etcetera.

I remember we were briefed on this a little bit before we went out. He opens the door and goes out, and somebody pointed out two of the people who were in particular the ones who were advocating some boycotting and stuff. I was with him. We walked right up to them, and he said, "Hi, I'm Secretary Manuel Lujan. I heard that you were thinking about boycotting this meeting." But he had a very friendly way about him. He was not challenging the person. He was interested in why they were going to boycott. He would *win* people over. He had tremendous appeal and personal interest in people.

The part that I learned a lot from him, I think, was the human resources policy, the power of respecting the value in people and what that translated into in terms of accomplishments. I've always been very technically involved, and I bring a lot of energies to whatever I'm working on. Sometimes, you know, you're looking at how to be successful in various parts, and sometimes you should not always be the person that is spearheading accomplishments, that you need to have other people spearhead accomplishments and take the initiative and spearhead accomplishments. So you become a coach or a motivator, and you do that by gaining trust and respect from people and also building credibility with people.

He taught me a lot. He matured me in an area that I probably didn't have, from a career point of view, was probably lacking in, although I think I valued people. I went out of my mind in development of people, in my mind anyhow, to help develop people and give them opportunities. But I think he

increased that dimension. I had probably a better insight, and like I said, into the power that comes from that aspects.

An interesting person when you get into—well, he had exposure in Congress. But he grasps issues rather quickly, understanding, I think, some rather complex issues rather quickly. I was amazed at times. Sometimes he would, when it became the point in terms of making a decision and there was obviously a conflict between agencies, he would say, "Well, West, I'm going to let you win this time. I let the other one [last time]." He said it jokingly, but there was some merits to that, that he thought that he needed to balance between interests sometimes, that decisions needed to be balanced.

I would probably pursue balancing based on what's right, what I perceived was right or what had the merits in terms of [unclear]. He probably heard both merits and figured that this is a toss-up, maybe. I don't know. Sometimes, in terms of some of these decisions, I would have said that, "This is the right thing to do. We need to stay the hard course." But that was from my perspective, and obviously he, in some cases, had a much larger perspective.

I had a great affection for him, a lot of respect for him. He took a lot of heat in the beginning, just because it was human nature. He would say something off the cuff, that he didn't really think, but it was just a gut reaction, and then he would be criticized for having a lack of knowledge or something. He was just being honest with people, and you had to understand him from that point of view. But I think if you look at the incorporation of other aspects within Interior that it was probably some dynamic times from an environmental management point of view. Not an environmental extreme point of view, but I think that corporate consideration for the environment.

I worked very well with him. I think he had respect for me. I remember we were looking at things like the Animas-La Plata Project, and he had options that he'd pursue with congressional

Worked very well with Manuel Lujan

attention. There was what they called the "God squad," I guess, too, that you could get an extension from.

I thought the responsible thing to do was try to come up with a reasonable and prudent alternative, and unless we demonstrated that we tried to, if, in fact, there was a meeting to revise the Endangered Species Act, you would never have a basis, because you never tried to live with the regulations. So I was a strong advocate of trying to come up with a reasonable prudent alternative, using whatever technology or consensus building that could be done; and if we failed, then that would show the shortcomings of the act, because nobody wins if we fail. Out of that process, the species doesn't [unclear].

He supported me in that effort, and I respected that, because that was a hard thing to do. The easiest thing to do was to pursue maybe some other course, even though we considered those other courses potentially at varying times. But I think he began to realize the merits of trying to do the right thing and be willing to invest the time and energy and not take the easy path out.

So I had a lot of respect, and I think he gave me a lot of respect. We argued. I argued my viewpoints. Sometimes I'd win; sometimes I lost. I think I probably prevailed more than I lost. Many times we would argue points that his staff was advising against, and he would agree with me. That's not why I like him. It was because I had a lot of respect for him. He was a very good listener and a real gentleman.

Storey: Well, I just wanted to ask, as our final question for the day, somebody else that I've interviewed, and I don't remember who, has said of Mr. Lujan that he did not initiate programs. He sort of sat back and waited to see what was going to come up. And I was wondering how you would respond to that comment.

Underwood: My initial response [unclear], but my initial response, I'm not sure that—he needed to provide some vision and direction, and I think he did. But

he also relied heavily upon the creativity of people, like myself. Here he's got directors of organizations, and who should be bringing things for him to decide as to initiatives? It's not for him to be a one-man [show]—like I was talking about the Bureau of Reclamation. I needed to energize 10,000 people. It wasn't to energize *myself* to make things happen. You need to use the framework. And it's the same thing. He gave some framework.

He was a strong supporter—I don't know if he fully understood what we were doing with the Strategic Plan for the Bureau of Reclamation in terms of its framework, but when we went around and saw some projects, like the Hoover Dam and we went and saw the operating of the generators and stuff, he could understand that uprating was like building another powerplant. This concept just clicked with him.

With the Strategic Plan, we actually had an unveiling. We had the Secretary sign off on it. We had the White House signed off on it. President Bush, before the re-elections, touted his water policy with the Strategic Plan. If anybody looks and sees, when he was talking about water policy, he was verbatim lifting references to those documents. I could never have done that without the Secretary.

Now, having said that, he also recognized that there was other priorities within Interior that he may be advocating stronger. Park Service always gets a lot of attention because of high public exposure. The Bureau of Indian Affairs always gets a lot of attention. Every Secretary going in, as far as I can remember, wanted to go in and save the national parks, the national jewels. They make references to those. And it's the same thing with Indian Affairs with the Native Americans, trying to provide for assistance in those areas. So they always get attention. It's a natural tendency for attention.

You've got to remember, too, that, in terms of water and energy, there was not a real crisis, in anybody's mind, on the horizon in terms of water

and energy, even though there were a lot of controversies regarding those issues. It wasn't a national crisis, so consequently you're not going to share the priorities. In fact, if you looked at Congress, Congress was looking at western water, western energy, and western agriculture, and western development, and western infrastructure, and not in a favorable sense. So it would take somebody courageous to potentially do that.

But that was my response. If it wasn't, if there was any shortcomings, it was money shortcomings, not the Secretary shortcomings. Now, I would have loved to have the support, when I was trying to advance things, I would have liked to have had greater Secretary support, I would have liked to have had greater White House support. But again, you have to ask yourself, "Is it their responsibility or is it your responsibility to build those coalitions that are needed?"

You look back at various prior administrations, and in the Reagan Administration, the Senate was controlled by the Republicans. You've got to remember, I had a situation where, first of all, the outlook was not necessarily favorable. You're not necessarily a high-priority item in people's minds. And the Congress was of the opposite party. So I had nobody that I could potentially go up, in terms of the chairman of a committee, and carry the flag completely for us. In fact, it was almost the reverse. You almost got to be more defensive, because they were looking at a lot of the history of the Bureau of Reclamation and in many cases taking things out of their context and using these as examples that these are not policies that we should continue. So you became more on the defense of issues.

Dealing with a Democratic Congress during a Republican administration

On the other hand, it was much more difficult for me because there was not a lot of western interest within the White House, and especially in these areas, that I could [lean on for support] ~~lend itself to~~. If I had a Senate that was controlled by the Republicans, obviously you could go to the leadership and say, "Hey, I need something. Would you help me with the White House, etcetera, in this regard?"

END OF SIDE 1, TAPE 3, April 25, 1995.
BEGINNING OF SIDE 2, TAPE 3. April 25, 1995.

Underwood: That was part of the reason that I went back, because I felt that it would take something like that. I *knew* it was going to be an adverse position. I *knew* that I was not going to have a friendly Congress. I *knew* that there was not a lot of western appointees. I looked in Interior. I knew that—well, I knew that the Bureau of Reclamation was not necessarily the highest priority for this Administration. I *knew* all of these factors going in.

But that was the reason, the challenge and the reason for going was to help elevate that. And if you look at it, considering that that became the Administration's water policy at the end—now remember that I only had three years to do this, because of one year of sitting prior to the time that I was confirmed—that we went from an organization that had an announcement relative to its new framework to adoption by the Administration as to the views of a philosophy within that document. And I think that's, in that short of an order, without necessarily being a high priority within the Administration, and gaining a lot of support.

And there's always, in Washington—this I've told people, and I think this is the reality when you go back is, there's more people in Washington who will keep you from doing something than there is people that will help you. But I also knew that before I went, and again, that was just more of a challenge. And that's probably true. There is more people there that will prevent you from doing things than will help you, and in some cases, that's not all bad. If you're not necessarily being motivated by the right reasons, maybe you shouldn't be doing too much. You have to do it on its merits, and it was a very difficult period of time.

". . . there's more people in Washington who will keep you from doing something than there is people that will help you. . . ."

I knew a lot of the stuff that I was going to deal with was not going to be headline material in terms of our accomplishments. It was going to be building foundations for making the right things happen, and it was going to be defensive to a large

degree, defensive to answering and being accountable. The offensive comes from the point of view of providing a vision and a framework.

I thought we got that, and we wouldn't have got there without the Secretary's support. I don't think he knew everything that I was doing, but I think over time he had trust and confidence in me, or he would have stopped me from doing things. He never, ever asked me to stop doing things that I thought were the right things. He was informed on activities, but he never said, "No, you shouldn't be doing this." He left it up to my judgment.

Storey: Good. Well, I appreciate your coming today. I'd like to ask you whether or not the information on these cassette tapes and on the resulting transcripts can be used by researchers inside and outside Reclamation.

Underwood: Yes.

Storey: Thank you.

END SIDE 2, TAPE 3, APRIL 25, 1995. [END OF INTERVIEW]
BEGIN SIDE 1, TAPE 1, FEBRUARY 17, 1998.

Storey: This is Brit Allan Storey, Senior Historian of the Bureau of Reclamation, interviewing Dennis B. Underwood, former Commissioner of the Bureau of Reclamation, on February 17, 1998, at the Doubletree Inn in Ontario, California, at about eight o'clock in the morning. This is tape one.

Over breakfast we were talking about how economics are affecting water conservation and all of that sort of *complex* of things. Let's talk about that some more.

I noticed when I got in my shower this morning, there wasn't much water coming out. So obviously water conservation is catching on.

Underwood: It is being driven by the price. Obviously it's being driven by the price of water to a degree, but also because of the limitations on supply. A lot of the water agencies here are looking at marginal costs.

Water conservation

They look at what the next increment of supply would cost, and when you compare it to potentially doing some conservation, it becomes more cost effective. And since agencies, public entities, are supposed to provide the water at its lowest possible cost, it would be obviously in their interest then to do conservation.

You do get into some of the programs that were used to be incentives for conservation, meaning placing all of the cost of water onto the commodity rate as opposed to some kind of fixed charges, whether it's taxation, special assessments, etcetera, which was really probably the wave of maybe the eighties, because people said, "Well, if you know the full cost of water, then you'll conserve and you'll have more effective use."

The problem with that is—and it goes back into history—is that *if*, in fact, you have large capital improvements, you don't get a guaranteed revenues structure, or revenue stream. In fact, if you look at Metropolitan [Water District of Southern California, also known as Met and MWD], they went through some rather large rate increases, and for varying reasons. Most of it though, was geared to paying for—one time I think it was somewhere in the 8 or 9 billion dollars of capital improvement program, that now has been downsized to about 3.9.

But what happened was that the cost of water became so high that there's a dramatic drop-off of water [use], and a lot of it was that people were going back to other sources, whether it's local supplies, etcetera, just because of the cost. And some of those were not sustainable in the long term, because you could be mining groundwater basins or other things just to avoid costs, which obviously is not in the long-term interest. But more importantly, what it led to was, I think there were, in the late eighties, about 2.6 million acre feet of demand. The demand dropped off to about 1.6, and they almost lost a million acre feet of demand. Some of it was through conservation, but a lot of it was, they were switching over to other types of supplies to avoid the cost, and some of

Revenues issues for water agencies

In the 1980s demand for water in southern California dropped off sharply

that was for very short-term conditions you would not be able to sustain over the long term.

But that really presented a problem. If you're trying to pay for a billion dollars of capital improvement programs, and your revenues are strictly on a commodity rate and you lose a million acre feet of commodity charge, it has a drastic affect on your revenues. Plus, they're a wholesale agency, and the variations in their water rates, just from hydrologic conditions—meaning rainy seasons versus dry seasons—you just can't get a guaranteed revenue stream. So now they're looking at ways of revising their rate and revenue structures, trying to shift more back to fixed charges to provide for a guaranteed revenue stream, or they're trying to contract for agencies where they will guarantee a minimum amount, [to] take a minimum amount of water for a certain price, so they can define their revenues. It has become a major problem, and that's what led to some of the scale backs in their capital improvement programs.

Fiscal issues related to decline in use of water

Capital investment programs had to be scaled back

In addition to that, they needed to do rate management. People are looking for, from an economic sector, are looking for guaranteed, or at least some kind of stability and certainty as to rates, and not just for one year, but in terms of five or six years, so that they can make business decisions, whether they expand here, relocate in other places, because now the cost of water is becoming a major consideration.

Customers were also looking for stability in water rates

Some of the high-value crops in southern California, like avocados and lemons and oranges, strawberries, have high-payment capacity. When they're looking at the revenue, or the water rates, they needed some kind of relief, because suddenly their operating costs went from 25-, 30 percent for water to over 75 percent. So they're obviously very water sensitive, and consequently that has led to looking at various types of levels of service, different types of levels of service, different rate and revenue structures. It's still going on, and it will evolve for some period of time.

The economics of high-value crops are very sensitive to water rate variations

But it's not just here. You're looking at the state as a whole's doing, in California, large-scale

capital improvements to meet their long-term needs. Similar things will happen in other states, and you will have to revisit—if you're trying to sustain an economy and pay for your infrastructure, you may have to make some changes over this evolution that went through changes and rate structures a few years ago to help be an incentive for conservation. That has come to pass, but then when you're trying to do capital improvements, you can't do it if you don't have a guaranteed revenue stream.

Storey: What about the movement of water from ag to urban uses? How's that affecting all this?

Underwood: There is a substantial amount of effort, obviously, to take a look at how do you meet your future needs. Some of these are urban areas paying for water conservation maybe that farmers can't pay for, and in exchange allows for the transfer of water.

Transfers of water from agriculture to urban uses

The biggest problem in California relative to that is that most of the times the urban areas that are looking for water would then take water away from the areas that has historically been used. If you look at most of the areas in California, especially some of the farm areas, those waters are imported waters. They're not natural. They're not sustained on a natural basis. So sometimes, even though you may do some switching, you end up maybe aggravating the water balance within that particular area, because they're dependent on that imported water for maintaining their groundwater basins, etcetera.

In addition to that, some of these on the surface sound good, but I think in many cases it's overestimated as to how much agriculture can conserve, primarily because there's been an evolution as to *their* efficiencies. And if you look at the types of practices now, and what I just stated, how much of their operating expense is in water, they've obviously made substantial improvements. If you take the coast area in southern California, they're probably state-of-the-art, state-of-the-science, best management practices. How much more you could get out of

conservation becomes very questionable. In some other areas there are opportunities, but there's some limits, and I think those estimates have been overstated.

The other part is, if, in fact, you make these changes, however that water, that imported water, whatever flow regimens or however they existed within that hydrologic cycle, if you were actually transferring out of those areas may have substantial impacts, local impacts, whether it's flow regimens in rivers, whether it's the return flows going to a certain area. Generally return flows from agriculture go to areas of low topography, and many of those are wildlife refuges, because you were looking at lands that potentially could be used and water that had other types of uses. So when you take water away, that means less flows, potentially, in the conveyance systems to get the water to an area that historically has used [it].

The other part is, you're reducing the return flows. The potential for mitigation may mean that, while you may get some sustained yield initially, over the long term that may not be sustainable because either endangered species issues or other environmental concerns, you end mitigating. If you don't think that could happen, if you look at what has happened in California, like L.A. Aqueduct, that takes water from the Mono/Owens to the city of Los Angeles, had a pipeline that would have about 500,000 acre feet a year, supposedly on a very dependable basis. But because of mitigation in the area of origin, that now is probably only a fifth of that is probably dependable. And if you look at state water projects, a similar type of situation exists there. So you need to be very *careful* in terms of some of these conservation improvements and agriculture areas to urban areas, because the yield that you initially get may not be sustainable.

Environmental issues and effects on dependable water supply

If you think about it, if you keep paying for the same solution over and over, meaning that you may end up having to mitigate some in the future, all that does is drive the cost, continually drive the cost of water up. And when you look at national and international markets now, it's very easy.

Many types of economic sectors are very mobile and will relocate in other areas, where the cost of water, and maybe some of the other environmental considerations, are not as strict. So you start harming your sustainable economic base, which is your financial base, to pay for capital improvements. You really need to look at a more complete picture. When you're making some of these decisions, on the surface it sounds great, and probably to an extent some of that could occur, but it's probably over-estimated as to what you could really resolve through some of the conversions from ag to urban.

The amount of water that can be transferred to urban uses is probably over-estimated

Storey: What about just taking agriculture out of production and going urban with the water? What do you see as a future for that kind of an approach?

Underwood: There is always the possibility, and that occurs. If you look in southern California, a lot of people who are senior to me used to live here in the twenties and thirties, and used to have orange groves all the way from Ventura to San Diego. In fact, from the coast to downtown L.A. was a lot of orange groves, and you've seen a lot of those disappear. They disappear in the marketplace, whereby the demand for land and the value of land, etcetera, displace agriculture.

Though some land is taken out of agricultural production, other land in southern California is going into production

One of the things, though, that you see in southern California, the evolution of agriculture is now using lands that probably have no other economic value, meaning very steep slopes. You look in San Diego. You've got avocados on *very* steep and rocky slopes, [on] which chances ~~are~~ [of] urbanization are probably very slim. And if you look at a service area, your ultimate, in case of a water agency, would be try to have the optimum value within that service area. In other words, the lands being as productive as possible. If you drive the cost up, in some cases you may be able to take water away from agriculture, but in this case there will be no offsetting urbanization that occurs. Consequently, you're reducing your tax base and your financial base.

If you look at other areas in coastal southern California, all you've got to do is look at

Some agriculture is occurring in utility corridors

the utility corridors and you can see where the agriculture occurs. Again, it's because it's some restricted land use, and they have *relocated* in these areas where they could not necessarily be converted. Agriculture will always be around, because obviously you need to provide for food and fiber.

If you look at the economics, it's interesting, if you start looking at direct and indirect economic activities in coastal southern California—I'm giving you coastal now, because high-value crops as opposed to maybe of the lower value crops in other areas, and I'll talk about those in a minute. But if you take agriculture in the coast of southern California, from Ventura to San Diego as an example where you have these high-value crops—strawberries, avocados, lemons, oranges. Nurseries are a very large and growing sector. Again, they're using lands that would have no other productive purpose. They also provide a lot of wildlife benefits, etcetera, open space, etcetera, but also, they contribute to making the lands most productive, and you're looking for spreading your economic base for capital improvements.

But more importantly, if you look at just what they refer to as the Value from Agriculture commissioner's reports, I think the value of agriculture is about \$5 billion industry. But if you take the direct and indirect, meaning all of the activities that agriculture that \$5 billion generates, and you look at the ports in L.A., you look at the processing plants, where do all those occur? They occur in urban areas. Suddenly, if you look at the total value of agriculture, and, in fact, if you reached in and extracted out of southern California, it turns out to be a \$50 billion industry, not a \$5 billion industry, and a lot of the extra values are occurring in the urban areas, where there's processing and packaging plants and dock work. A substantial amount of the produce in California go out to the L.A./Long Beach ports and the Ventura ports, and they're a large economic activity.

So in some cases, you say, "Well, jeez." You have to look at what does it mean to the area

Taking agricultural lands out of production has broad economic impacts

if you want to just lose agriculture. First of all, choosing lands that have no other purpose, but second of all, you have to look at what the *true* value of agriculture is to the area, not only from an economic, but from an environmental point of view. So once you look at that, you say, "Jeez, maybe it's good to keep agriculture in the area because of what it means to the region from an environmental point of view, from an economic point of view."

You have other agriculture in some of the outlying areas, where you may be having alfalfa, other types of low-payment crops.⁷ Obviously there's a demand for it, because if there was no demand for it, it wouldn't exist. There's probably some marginal lands that you will see, like even in the Central Valley, where they're looking at trying to provide for environmental needs, some of the marginal lands, not so much in the crops, but just the marginal soils. And even in the case of coastal southern California or even the desert areas, some of those marginal lands, as the costs go up, will go out of production.

But when you look at what you have to do, and what we have failed to do, is to really fully evaluate it in terms of what it means to sustainable economic bases. We've done a lot in terms of trying to evaluate environmental concerns in the sense of multi-species, critical habitats, etcetera, but from the economic point of view, we have done very little since what we did in the fifties and sixties, when we looked at cost-benefit ratios to build projects. Nobody has really looked at how do you have a sustained economic economy. Those are the things that I think will become more to the forefront, because that's when you determine the value.

You should be doing an informed decision if, in fact, you're talking about converting ag to urban, and looking at what the *true* value is and what it means more globally than just looking at, say, "Jeez, we put that out. We solved our water problem." But sooner or later, if you keep doing that, you start eliminating various economic sectors, and you may have a very nice water

conveyance system, with nobody to serve, and I think that's what you need to be more mindful of. Like I said, some of this is on the cutting edge in the sense that there is the quantification, and the evaluations on sustainable economies and how they fit with the regional goals, etcetera, has not been done before and I think will come more to the forefront.

This also leads to the revenue and rate structures, because even in agriculture, even though it has diminished in coastal southern California, it still becomes a very important economic sector in paying for water infrastructure. It probably was the original way that supported the original base of the infrastructure, but more importantly, it still plays a major role in helping finance for improvements, even though most of those improvements are for urban areas. In most of those cases, it's water treatment or additional capacity or emergency supplies, using more effective use of wet years versus dry years. Since in some of these areas agriculture will probably not grow, it probably will diminish in time, if you look at most of those benefits that come out of those projects, they're not going to benefit agriculture, but agriculture will still be very key in terms of how you pay for those improvements.

We need to do a more complete analysis when we're looking at agriculture, and people say, "Well, jeez take a few lands out of production." Some of those occur in the marketplace, but I think more importantly, you have to look at what it really means to the region, to the state, and to really look at what the total value is, and then you can make an informed decision.

Storey: Historically, there's been more water coming to California from the Colorado River than the four-point-four–four-point-eight?⁸

Underwood: Four-point-four basic apportionment.

Storey: Four-point-four apportionment that was made. What's that going to mean to the state, and what is it meaning? I understand there's a big plan or study under way right now, because for the first

California limiting water taken from the Colorado River to 4.4 million acre feet

time, it looks like they may have to live within that apportionment.

Underwood: Actually, it's not the first time. When I was Commissioner, there was a time that we may have limited to California, because there were droughts and the Colorado system was down. Arizona's use was up because the—primarily a lot of it was agriculture use. Then they had some falloff of cotton prices, etcetera, which reduced it.

But there was a period of time when I came out and talked to interests about potentially reducing California's four-four, limiting its use. So while it's come into play now, you have to remember that this is coming to play almost in the last thirty-four years. The 1964 Supreme Court decision limited what the basic apportionment would be for Colorado River water. California has *known* that since that time, and let me tell you, they had a plan to compensate for the loss of Colorado River water.

California had a plan for how to compensate for loss of Colorado River water above 4.4 million acre feet

In California what they did was, the city of Los Angeles at that time built a second barrel of this aqueduct,⁹ which increased its yield up to 500,000 acre feet. The Metropolitan Water District, which was the entity that was going to be cut back the most in terms of Colorado River water in California, contracted for another million acre feet of State Water Project water, and that was supposed to offset the loss of Colorado. Well, look at the L.A. Aqueduct.¹⁰ We talked about that a few minutes ago. That's no longer dependable. So all of that improvement, the second barrel, basically is no longer available to offset. If you look at the State Water Project, Metropolitan, when it increased—I think its contract now is for two-point-one million acre feet. In a dry year, I'm not sure if it's even a million acre feet that they could depend upon.

Los Angeles increased the capacity of the Los Angeles Aqueduct, but that is no longer a dependable source

So they played for a solution, and it was in place. The problem is, some of the things, for the very reason we talked about before, those are no longer viable. So some of the efforts now are to try to come up with other means. They still haven't resolved the Bay-Delta, and there's a good chance

that even Metropolitan's contractual amounts will probably reduce, because the state water yield will be reduced to meet areas in the Bay-Delta. So the emphasis then went back to the Colorado, but here these people already paid for these solutions and end up getting nothing for their money, or basically are going to end up *not* having what they originally paid for.

There are issues with the Bay-Delta source of water for southern California

These water delivery options are built, but now they aren't a solution and still have to be paid for

Like I said before, all that does is drive the price up of water. The emphasis goes back to the Colorado. Then you say, "Okay, how are we going to stay within the four-four?" and that's when we get into some of the largest share of the water. The first three priorities are 3,850,000, and that goes to the [agricultural areas] ~~urban areas~~. The remaining of the four-four basic apportionment—

Storey: That goes to the urban areas?

Underwood: I mean to the agricultural areas, excuse me, the desert agricultural areas. And the remaining 550,000 acre feet of Metropolitan's yield, which is less than half of its full aqueduct, because that's the fourth priority, is in the coastal area, the urban areas.

MWD is entitled to 550,000 acre feet of water from the Colorado River, out of 4.4 million

What this has meant was to go back and see if you can fill Met's aqueduct through other uses of the Colorado River water, and the only way you could do that, basically, is conversion of ag to urban. But what you're talking about is almost 800,000 acre feet, if you were going to do it strictly on agriculture. Potentially, I don't think that's doable. I think maybe something in the neighborhood of 300,000 may occur, but beyond that, it will require other types of ways of meeting the four-four.

Looking at ways to fill MWD's Colorado River Aqueduct

The biggest problem that California has is credibility with the other states. They've had thirty-four years to deal with this issue, and, granted, they solved it—and I don't think the other states have an appreciation and understand how they solved it before. But now they're forced to do something—and some of California's strategies, to be perfectly honest with you, have not been, while they may be sound to some degree in terms of

Some of California's solutions to Colorado River water issues are feasible but not possible politically

feasibility, but in terms of politically, it's not acceptable to the other states.

What California did, because of looking at the hydrology in the system, figured that, while we're probably still in surplus waters, it's a good opportunity the reservoirs will fill and spill. This is what they're saying, or what some of the strategies were *originally* is that, "We probably won't be cut back, and we need to re-look at the operating criteria and how we manage the river systems, and we need to launch some long-term commitments to be able to use this surplus water to benefit."

Well, the other states—and if I was in their position, I would agree with them. That means you don't plan to live within your four-four. California needs to be able to say straight-faced to the other states, "When required, we'll stay within our basic apportionment." They have refused to do that, and then they talk about, "Well, there's more water in the system that what we thought." Well, what it does is, there's a shift in risk, and what it does is, it shifts it to the other states, and that's unacceptable to them, and I don't blame them.

They are now looking at proposals developing a four-point-four plan for California, meaning how you stay within your basic apportionments. The trouble with it again is, they're trying to do it in two phases. They'll say that they'll drop down to four-seven like in the next ten years. If I was the other states, I'd find that unacceptable, because what makes you think, if they can't do it in the last thirty-four years, what makes you think they're going to do something in the next ten years that's going to be with a four-four.

There is ways of staying within the four-four. Presently, it may make substantial changes, but it can be done on an interim basis almost immediately, because the chances of having long-term restrictions on four-four are probably not too great because the system is filling and potentially—or even now, these years they were doing flood control releases. And the likelihood of that occurring for the foreseeable future, but more

"California needs to be able to say straight-faced to the other states, 'When required, we'll stay within our basic apportionment.' They have refused to do that . . ."

key is that on an annual basis, California needs to stay within its four-four, and it hasn't come to grips with that.

". . . more key is that on an annual basis California needs to stay within its four-four . . ."

We're doing a little bit of repeat-in-history, too. All of the people within California, or even other states, is that we're now looking at, "How do I individually satisfy my needs?" as opposed to working cooperatively with others and meeting everybody's overall needs. This is back to the posture that was done in the thirties and forties and fifties that led to all the water wars, so repeating history a little bit. Suddenly we'll come to the conclusion, in probably the not-too-distant future, that probably that's the wrong strategy and we should work cooperatively together, and maybe then we'll make real progress.

Storey: I get the impression there's also some tension within the state. I keep hearing about San Diego wanting to use Imperial Valley water, but Los Angeles is saying, "Yeah, but you can't use our aqueduct," or something. Can you talk about that, please?

Underwood: Sure. And this gets to the *heart* of some of the problems. If you look at deregulation—it sounds like this is not connected, but if you wait long enough, I'll explain the connection. But if you look at whether it's telephone, gas, electric industries, they went through deregulation. And why did they go through deregulation? Because they weren't meeting customer needs or they weren't necessarily satisfying what the customers were demanding of the systems.

Similarly, that water agencies sometimes—well, in most cases—have always been concerned about how do they meet their needs, meaning operationally how do they meet their needs. And that's what they recognize the customer is. The customer was themselves, and how they can manage the systems to meet their needs and how they operate as opposed to looking at the users, meaning the taxpayer and the water agencies, especially if you've got a wholesaler. In this particular case, you're talking about Met as being a wholesaler. San Diego is also a

Tensions among water users in southern California

wholesaler, but it goes from Met to San Diego to the retailers to the user. The problem that they have in the case of like Metropolitan is that they have multiple customers in the sense that their member agencies are customers, which are wholesaler and retailer agencies. But then indirectly they end up having the customers are the taxpayers and the water users.

In this particular case, Met has been doing a substantial amount of capital improvements, but it's been strictly limited, the evaluations limited to how they can effectively operate and how they would operate, as opposed to the next-lower levels—the wholesalers, the retailers, and the users. Consequently, if you're not meeting the users' needs, then they go looking elsewhere, and that's what has had some of the internal turmoil within Metropolitan, in my estimation. There is other reasons. There's also—let me try to see if I can explain this as simply as possible. There is other types of issues at stake, and it has to do with in cases of shortages or who has priority to water. Historically, it has been based on an assessed evaluation, and then they shifted some of that over to, like, water costs.

Let me give you an example. In the case of San Diego, they use a relatively large percent of Metropolitan water, but their vote on the Met board is not equated to their *use* of water. Los Angeles, which has historically used less Met water, and because of the assessed evaluation is larger, has more votes. That is the root [issue]—you have to look at some root of some of these problems and disagreements internally within agencies, say like Metropolitan. But I think most importantly, the neglect of meeting the customer needs. In other words, how do you most effectively meet the needs of your member agency wholesalers, retailers, and the users? And if you're not satisfying their needs, then they will look elsewhere, and that has led to the problem.

Some of the entities, like San Diego, are looking for ways of shoring up *their* needs and looking outside of Metropolitan and trying to use Metropolitan facilities then to make their deliveries

internally. But the root of those problems, one is some of the voting structure, because, obviously, if San Diego had more votes, then they could have a greater say in some of the decisionmaking relative to how they meet their needs. And secondly, Metropolitan has paid attention to meeting its obligations at the expense, in many cases, of the wholesale and retail agencies.

Let me explain. Met's rates, in some cases, doubled and tripled since the 1990s through 1995. What it did is, those were absorbed by the wholesale and retail agencies, without passing on a substantial amount of rate increases to the public or the taxpayer, primarily because they couldn't do it. The city councils wouldn't allow [it], in the case of cities, and some of the other users opposed to some of these increases. So that meant that the agencies had to absorb some those increases. What does that mean to those agencies? That meant that they had to defer their *own* capital improvements, and also some of their own maintenance and operations, to the detriment of their overall system, because it's just like anything else. A chain is only as strong as its weakest link, and if you have this great system of wholesalers, but your retailers—

Early 1990s MWD wholesale rates doubled and tripled to retailers which could not pass those costs on to their clients

END OF SIDE 1, TAPE 1, FEBRUARY 17, 1998.
BEGINNING OF SIDE 2, TAPE 1, FEBRUARY 17, 1998.

Underwood: . . . the needs and weren't solving some of these longstanding issues, and consequently has led to more internal conflicts in commitments by these entities, which will take some time before they end up being resolved.

My biggest concern is, Metropolitan has a real fine role to play, and it's in the interest of all of their member agencies that Met maintain its integrity, and there is a real threat to the integrity of Metropolitan. They have made a substantial amount of changes, like I indicated to you, in terms of rate management, scale back of capital improvement programs, but they're also still dealing with some major issues, internal issues, and they need to be done in a positive and

". . . there is a real threat to the integrity of Metropolitan. . . ."

MWD has made changes in rate management and has scaled back capital improvements

constructive way, and so far that has not been happening.

The blame lays to both entities. They're spending a lot of money *fighting* as opposed to working together, and if you look back in history, this is exactly what happened back in history. Sooner or later, either the taxpayers or the users will be fed up, and you'll end up to some kind of restructuring of the water agencies, or they'll be forced to resolve these issues. My biggest concern is, sometimes you will have a fixed resolution, either through legislative means or others, which may not be in the long-term interest of the ratepayers and the water users, which again backs back to the basic customers. That's my biggest concern. A lot of money is now being spent not in a constructive manner. All it does is drive the cost of water up, and it also delays opportunities to providing for resolution of issues.

I think there's some vacuum of leadership that is also leading to the problems, because this is not just in southern California. This is almost statewide. You can also look at other states, and they have similar, maybe not as acute, situation as California, because you're really looking at some major changes in terms of dependability of water and also the cost of water.

Storey: I don't understand something. You were saying earlier that the customer's needs weren't being met, so you went to deregulation. It seems to me, if the customer's needs weren't being met, you would go to more stringent regulation. Could you explain to me what's going on here?

Underwood: A particular case, if you're looking at, like the electrical industry or any of the gas industry, most of these entities, telephone, etcetera, were monopolies. They were established for a reason as a monopoly, because you needed to provide for the infrastructure, meaning telephone lines, utility corridors, pipelines, etcetera, and consequently they were given a monopoly-providing service, whether it was a public entity or a quasi-public entity. In exchange for that, they had to provide for emergency service, health and welfare,

Blame falls to both sides in the issues since they are fighting as opposed to working together

Concerned that courts or a law will settle the problem and that may not be in the ratepayers' or users' interests

Fighting drives the cost of water up and delays opportunities for resolution

There will be major changes in terms of dependability and cost of water

How deregulation helps meet customer needs

etcetera, which are normally, if you were looking at just private entity and you were providing that service, you are not as concerned about that.

What has evolved was because in some cases the monopoly existed and there was not the most efficient means of providing those services or expanded services, and that's what led to the revolt or deregulation or restructuring of some of these industries, because they were, first, either the cost. That could be competitively if you allow for other types of competition as opposed to the monopoly of service, and the only way this could occur is if the infrastructure was already in place. The problem becomes if you allow for other types of uses and they can use those facilities, you end up with the basic entities which originally had the monopoly of having stranded investments, meaning that if other people are competing and using service, they have all of these financial obligations they have to pay for that they've committed to over time and have to maintain the systems to allow these other entities to compete, and generally there has been some provisions that allow them to recapture those costs.

I'm not sure in my mind, say like the restructuring of the electric industry, or even the telephone, will be meaning less cost to the public. If you ever look at your phone bills now, you probably get six phone bills as opposed to one, and everybody gets a piece of the action. Again, some of these you're paying for basic service that is paying for some of these stranded investments. It's very hard to compare your phone bills to a number of years ago because you've got so much new types of services that you would have to go back and look at the fixed rate. But I've got a feeling if you looked at just the *total* value of your phone service, the costs have gone up substantially, and I think you'll find the same thing with the electric industry.

My biggest fear out of something like the electric industry is, everybody's getting out of the generation because it's so capital cost-oriented, and they want to get into the delivery of energy. And that's fine, as long as you have more generation

Concerned that electric generation may be injured by recent trends in electricity industry

available than what the needs are. Where I get concerned is, like anything else, it takes substantial time to put generating sources on-line, and once you use up the capacity, who's going to make those investments and are they going to make them in a timely manner? And if you don't, then guess what folks? You're going to have large capital improvements going to have to be paid for, and they're going to have to be paid for in a very short period of time and your rates are going to substantially increase. And that's where I get concerned.

If power generation lags then rates will be affected by sudden large capital investments

The same thing happened—in some cases, I don't think you'd see this deregulation necessarily of the water industry, but you may see some restructuring, primarily coming from the legislative arena, I think, just because of the impasse or indecision or leadership in resolving some of these problems that you will have the legislature decide that they will step in and make changes. In fact, Metropolitan, some legislative members have even stepped in and had talked about bills to change their governance, meaning how they're represented, what the membership would be, and their voting, and everything else. So they're going right at the heart of some of the organizations, not necessarily just at, not just at some of the resolving problems, they're looking at institutional arrangements.

There may be some legislative restructuring of the water industry

The problem with that, in the case of Met, there were some proposals to reduce their membership or their board of directors. They have a fifty-two man board, which seems rather overwhelming. I don't think the issue is the number of members, because it is basically a cooperative. Metropolitan is really a cooperative, a co-op agency, and the only way a co-op works is if the rights and interests of those individual members of that co-op are represented. If you then substantially reduce the representation, a lot of those interests will fall by the wayside and won't necessarily be considered in meeting needs, and that's going to lead to customer dissatisfaction and, again, probably some poor decisionmaking in the sense that you're not going to have the true reflecting of what the interests are of that agency.

Proposals to reduce board membership at MWD could be a problem

Storey: Since we talked last time, I think, the Owens Valley decision has finally come down from the Supreme Court. What's that going to mean for the Metropolitan Water District?

Underwood: What that means in terms of L.A.—we talked about it before—is that you have, into the coastal southern California they have their major sources of water, which are imported—Colorado, the Mono-Owens, which is the L.A. Aqueduct, and the State Water Project.

The Los Angeles Aqueduct, like we talked about before, they had built the second barrel and had gone up to a capacity of 500,000 acre feet per year delivery. If I recall correctly, about 100,000-plus comes from the Mono Lake area. There's some court decisions relative to the Mono Lake. It's a saline body of water. I think it's about three times saltier than the ocean. It's only aquatic life, I think, is brine shrimp, but then it supports bird species, etcetera. But they had been limited, Metropolitan has been limited to how much water they could divert out of the tributary to the Mono Lake, which substantially reduced the amount of yield for that 100,000-plus of its aqueduct. In addition to that, the rest of the water comes out of the Owens Valley, and historically what they were looking at, the city of Los Angeles I think owns over 300,000 acres in the Owens Valley.

Effects of the recent Mono Lake decision on the Los Angeles Aqueduct

Los Angeles owns 300,000 acres of land in the Owens Valley

Storey: Three hundred thousand acre feet?

Underwood: No, 300,000 acres. The reason they bought the land was to get the water rights. So they controlled a substantial amount of all the valley lands in the Owens Valley. The rest of the lands in the Owens Valley is like Forest Service and BLM [Bureau of Land Management], etcetera, Federal lands when you start getting into any altitude in the mountains area. So most of the water right areas, other than the tributaries—the tributaries, they were looking at diversions, but the reason they acquired some of the land areas was, in the case of dry years, they would pump from the Owens Valley groundwater basins to compensate for the loss of any runoff, and that would be replenished when there is years

of surpluses. So it was a coordinated operation to be able to provide the water to L.A.

The court actions have restricted the amount of water and the timing of pumping of groundwater out of the Owens Valley. That, again, seriously reduced the yield for the L.A. Aqueduct, probably down to, in a critical dry period, of 100,000 to 200,000 acre feet, which is 20 to 40 percent of the capacity of its pipelines.

There are also other considerations. As you go down the Owens Valley, there are some dry lakes, and now there's some discussions of water to be allowed to go into those dry lakes to maintain some of the historic beneficial uses, or area of origin uses. In addition to that is to keep some of the alkalines, dust, and etcetera, down. That would just further reduce the yield out of the L.A. Aqueduct. The history of California was to build blocks of dependable yield, and you would keep adding to those blocks as the demands increased. Not only have the demands increased, but you're dependable yield blocks are also decreasing, so you're aggravating the situation substantially.

How does that relate to Metropolitan? The city of Los Angeles, I think historically, if I recall correctly, maybe 80 percent of their water comes from the L.A. Aqueduct, and then there's some local groundwaters, and the rest they get from Met. But if you've lost a large portion of your waters from the L.A. Aqueduct on a dependable yield, where do they make up the difference? They would then request more water from Metropolitan, so then it puts a higher demand on Metropolitan. Now, they come on-line and go off-line, although as these use or these reductions are occurring, they become more permanent users as opposed to off and on, based on dry or wet conditions, because they just need more in terms of just lost yield, whether it's dry or wet. It then creates a greater reliance on Metropolitan, which further strains the demands for the Colorado and the State Water Project.

The State Water Project, looking at the Bay-Delta, chances are there'll probably be a

Limitations on Owens Valley water in the Los Angeles Aqueduct

During drought, Los Angeles Aqueduct yield could be seriously affected

"The history of California was to build blocks of dependable yield, and . . . keep adding to those blocks as the demands increased. . . ."

Demands have increased, and dependable yield has decreased

Historic origins of water for Los Angeles

Making up loss of dependable yield from the Los Angeles Aqueduct

Increased demands on the Colorado River and the State Water Project

The Bay-Delta issues probably mean decreased yield of the State Water Project

decreased yield for State Water Projects. What does that do? It focuses more attention back onto the Colorado, and that's led to some of these controversies that you had made reference to earlier.

Increased pressures on the Colorado River

Storey: And that focuses on the aqueduct, that then comes out of Parker.

Underwood: Correct. Metropolitan gets about one-point-three. They have an aqueduct that goes out of Lake Havasu, which is formed by Parker Dam. The yield of that aqueduct, or the capacity, is about, if you're running full bore, about 1.3 million acre feet. But their entitlement is 1.2, one-two, for fourth and fifth priorities to Colorado River water. But like we talked about before, since they have a lower priority, they have fourth and fifth priorities to make up that 1.2. But the fourth priority is worth 550,000. The remainder comes out of the fifth priority, and that fifth priority would be what would be lost in the case that California had to stay within its basic apportionments.

So what you're trying to then do is, instead of reducing Met by that amount of water, is can you now fill their aqueduct through other conservation and other types of water arrangements to meet the needs of the Colorado River Aqueduct. The emphasis obviously is because the lost supplies from the State Water Project are the L.A. Aqueduct. Interesting and dynamic times.

Like I said, I think in some cases we're also going through, if you refer to the water buffalos, or the people who went through the struggles in the fifties, sixties, seventies, most of those have retired or are retiring, and consequently there is a lack of institutional knowledge in some cases, there's a lack of history, there's a lack of appreciation for how you do business with the entities on shared resources.

A lot of experience on sharing the resources has been lost

If you have *a* resource and you are the sole absolute owner, it's one thing. But in most cases in the West, you're going to have a shared resource, and there's a way of doing business with the

partners in your shared resources. That has evolved with time, and when you're having changes, in some of these cases some of those business practices, or the means of how you do business, are not fully appreciated, and consequently that leads into some conflicts that probably wouldn't have occurred if you had some of the similar people in place that were there historically, that went through this, and then evolved into this conduct or the manner in which you do business.

And you have to have trust and credibility. When you have a shared resource, the key becomes trust and credibility, and your credibility is based on your actions and the perception of those actions and the perception of how you're treating your other partners. Goodwill and trust and credibility can get favorable decisions on some rather minor issues. If that trust and credibility isn't there, minor issues become big issues.

"When you have a shared resource, the key becomes trust and credibility . . ."

"If that trust and credibility isn't there, minor issues become big issues. . . ."

Storey: Now, tell me, you've been consulting since you left Reclamation. Have you been involved in any of this?

Underwood: Yeah. Let me preface a couple things. Once I left Reclamation, because there's some restrictions on when I could be involved for some periods of time, meaning that I could only represent the Federal Government in some of the matters in which I was being involved in because of potential conflicts, I elected to divorce myself from almost anything dealing with Reclamation. I felt that that was probably the wiser decision to do so there would be no appearances of conflicts.

After leaving Reclamation, chose not to become involved with related issues

Consequently, that does limit your marketability, because Reclamation is heavily involved in the West, and that's where I'm making my living, but I thought there was other opportunities. But what has evolved with time, which is interesting, I thought most of my efforts may be with other water agencies, but primarily it's been with the private sector, what we talked about before, users being concerned about rates, rate increases, when you suddenly get doubling and tripling of prices and you have no idea where these

Most activity since leaving Reclamation has been with the private sector

are going and you're trying to make business decisions, sound business decisions, where you're making substantial amounts of capital investments. You need to have more certainty as to what's going on in your life and the things that are affecting your business.

Consequently, because these are not necessarily being satisfied, you're seeing economic sectors now retaining people to first help them have the lines of communications with the water community, and more importantly, how do you equitably come up with rate and revenue structures when you're being forced to pay for large capital improvements, which are *all* in the billion-dollar category. So consequently, you're seeing private industry or private users—meaning the customers—wanting to play a more active role, and a constructive role, in solving some of the problems, whereas before they had a high dependency on the water community. But what they're seeing is, they see these internal conflicts, they see external conflicts, they see prices of water going up, the certainty of supply going down. They're in to make a profit and to run a business. They want to have a say.

So consequently, my involvement has been more from the private side, which has added a dimension to me. All my life has primarily been in the public sector, establishing public policy and public programs, etcetera, so this has added a new dimension to me. And it also offers some areas that we had touched on a few minutes ago, whereas how do you evaluate, how do you value an economic sector? You say, "So what?" You would say, "Well, the marketplace will take care of that. That industry will go away, and another one will come in its place."

Everybody thinks that all these high-value industries are going to relocate in their areas. Well, now we're a much more mobile society, and especially if it's something that is not necessarily tied to the land of a particular area, industry can shutdown and relocate almost overnight. I mean, that's a slight exaggeration, but it's very mobile. In fact, if you're thinking you're only after these great

Industry is very mobile and cost of water is a factor in business decisions

high-paying jobs, which are going to pay for all your infrastructure and they're going to replace all of the less-economic sectors, so doesn't everybody else think the same thing, from a national point of view and also from an international point of view. So what you need to really look at is, very realistically, how can you sustain an economic base, how can you sustain a *diverse* economic base, capitalizing or trying to optimize on the value of the lands and the most productive use of the lands within your service areas, so that not only are you meeting the quality-of-life demands, but you're also being able to have the financial base, and a secure financial base, to pay for these improvements that have to come about.

Like I said, that has led to more of my efforts, and some of these evaluations, in terms of how do you evaluate sustainable economic economies, there is no cookbook. Most economic analysis that we've done historically relative to water has been cost-benefit ratios to justify projects. Now we're looking at how you sustain economies, the same way as how you sustain an environment, meaning multi-species, diverse habitats, critical habitats, etcetera. We've made a substantial amount of inroads in that area, but we've neglected the economic side. So if, in fact, you're making an informed decision relative to water, you need to know what it does to jobs, what it does to employment, what it does to the quality of life from the economic side, and like I said, we have not devised that process, that evaluation process.

That's some of the things that I had been involved in, because you're trying to justify in a rate and revenue structure. You're trying to provide for maybe some diversity in terms of types of service. Then you have to demonstrate what your value is to the area and to the region, to the local entity and to the state, and that's some of the things that I had been involved in more recent times.

The other part is the decisionmaking. The problems we have now, there is no successful decisionmaking process in place, if you're trying to

Making informed decisions

Issues in successful decisionmaking regarding water infrastructure projects

make a decision relative to—meaning major decisions relative to public infrastructure or water management programs. Generally, you start with historic data, and that becomes your basis for your evaluations, and then you go through the public process and environmental compliance.

Generally, even under the most-favorable conditions, it may take a five-year process to reach for some decisionmaking. The chances are, if you get to that point, there's going to be some parties that are unhappy, and they will point to that you're using antiquated data in the sense that it's at least, when you started, was a few years old. Now it's five years *more* old, and consequently the judge will probably rule in favor and say you need to go back and look at it under more contemporary conditions or more recent conditions, and consequently you get into a closed loop and you never make a decision.

Now, some people, that's the motive. I mean, that may be the goals of certain parties, the status quo, meaning that you don't make changes or you allow for hardships to occur or crises to occur, and that will evolve to what they believe is their positions. But it's not an effective way, and what you're seeing is, since there are these closed-loop decisionmaking, you're seeing more go to the legislative process and more go to the courts. And if you're acquainted with any of those cases, generally if you go to court, you have one extreme, you have another extreme, and the judges usually put it someplace halfway in the middle. That's not sound public policy, and it's not necessarily the best management of resources. If you go to the legislature, then it's whoever has the most influence, whether it's, like in the case of the Central Valley Project Improvement Act, that passage of that bill was leveraged by bills for other states. I think if you look at it from California's point of view, I think the majority of the California delegation voted against the bill, but it was passed because of the interests of the other states, at the expense of California. Suddenly *your* decisions are being made by other people. Again, this is not good public policy and not good management of

Decisions made by the courts and legislatures aren't necessarily the best management of resources

Central Valley Project Improvement Act

resources. And that can very easily happen, because it has happened.

So where does that lead us? It leads you to not having a sound decisionmaking process, with good and timely public input and environmental considerations and evaluations of projects. It leads to frustration, and that leads to then it's them against me, because I'm going to satisfy my needs at the other's expense, because you're not getting favorable resolution from the normal decisionmaking, you're not getting favorable decisions in court, you're not getting favorable decisions from the legislature. So it's them against us, and that leads to the internal and external conflicts that you see going on.

Storey: Can you give me some concrete examples of groups you've worked with and the kinds of issues you've worked with them on?

Underwood: Since I've left Reclamation, I did some work for the Corps of Engineers. They had a think tank, where they wanted to see, when they grew up, where they wanted to be, or what they wanted to be. I tried to give some insight in the sense of what I did through Reclamation, plus some of the things that we've been talking about. That was a nice exercise.

I've also done some studies. Since their projects for the Corps, their projects are primarily for flood control, not necessarily water management or water supply, so consequently I've been asked to look at some of their projects and see if there's better use that can be made of those projects—in other words, increase uses. I've done other work for some water agencies, primarily to try to map out strategies and innovative means of resolving issues. From the private sector, I made reference to it before, and that's where most of my work has been, is representing economic sectors. A lot of it has been with high-value agriculture crops, because, like I said, they're the ones that would be potentially most affected or most sensitive to water use in crop payment capacities.

Work with the Corps of Engineers

Consulting work with water agencies

Consulting work with high-value crops

I've also been asked, in cases where there's been settlements, court settlements, generally they've had some mediator come in and come up with some solutions to the settlements. Generally these people are not really well acquainted with water matters, and most of those settlements turn out to not be true settlements. So I've been asked to come back and take a look at it, without reopening the total settlement, but how do you resolve these legal disputes between entities relative to water matters. And that's been interesting, doing that kind of stuff. Again, it's gets to be very innovative. What you do is, you call upon all of your vast experience, because you never know what the issues or disputes are going to be over. Obviously it's over water and the water rights and the cost of water and things like that, but mainly the resolution of issues are not very practical. It sounds good on paper, on the court paper, but when you come to really implementing, are very costly and probably, in many cases, not very practical and would not lead to resolution of those issues. So I've been asked to then come back and revisit those and derive insight and alternative ways of doing it without majorly upsetting the settlements, because then that just goes back to relitigating the case, if those are the circumstances. So it's trying to make do within the settlement, but make it practical and also not as expensive implementations.

Has mediated implementation of some water settlements

Storey: The last time we talked, which I think was about three years ago now.

Underwood: Probably somewhere around there.

Storey: You were talking about people looking at augmentation of their water supply by catching floodwaters.

Underwood: Yes.

Storey: I'm wondering if that got anywhere, since we're sitting in the middle of an El Niño winter.

Underwood: Basically, that's the resolution, or what they believe is the resolution, to some of California's [water issues]. Even the capital improvement

Storing flood waters for use in southern California

programs that I was talking about with Metropolitan, by and large, they are to provide for storage, to be able to store the waters when they're available.

Let me just back up a little bit. What you're really looking at is, historically when you look at trying to get a yield out of a stream or a river system, you're looking at what's dependable. In other words, you base it on dry-year criteria. You obviously have some very large wet years, but historically it was not cost effective to build the size of dam to capture those waters, because that increment, because they don't occur that often, the cost-benefit ratio wasn't there.

Obviously now, where you have less supplies available and the cost of water has gone up, that becomes an important source. Historically what you dealt with was those waters were that you had flood control operations and you had stream channel improvements and etcetera, to allow the water, during those years that it did occur, to safely go through an area with minimal damage to property and life. Now you're looking at it a little differently. You're now trying to capture that water. Basically, that's what they're looking at as a resolution to the Bay-Delta, to a large degree, is to make use of those surplus years.

With reduced supplies, surplus water years are more important

The problem is, those surplus waters also serve other purposes, too, whether they move sediment, whether they do certain types of recharges. And while we're looking at it, I'm not sure that we have fully looked at the impact, and you have to be careful, for a couple reasons. One is, you may have future mitigation, because suddenly you realize there are detriments that are occurring. But also, to do this, to allow this to happen, obviously the pipes were not sized to do this, because you're going to have large volumes of water going over short periods of time as opposed to a constant flow. In addition to that, it's not going to be used in the year that it occurs. It's going to be used in subsequent years. So that means you've got to either have underground storage or surface water storage, and that's what Metropolitan is looking at. I think their project is

roughly about a \$2 billion reservoir for, I think it's 800,000 acre feet of storage. It's primarily to capitalize on those wet years and provide for storage and carryover storage.

But that's what's driving a lot of these big capital improvements. Suddenly you've got to oversize the systems to allow for these fluctuations. Historically, if you're looking at an economic analysis, that was determined not to be economically feasible; whereas now, because the cost of water has gone up and because there's limited supplies, it becomes more economical.

But the shortfall, I think, in some of these are, these flows do various things. I'll give you a case example is, look at the Glen Canyon.

END OF SIDE 2, TAPE 1. February 17, 1998.

BEGINNING OF SIDE 1, TAPE 2. February 17, 1998.

Storey: [This is tape 2 of an interview by Brit] Storey, with Dennis B. Underwood, on February 17, 1998.

Underwood: Trying to replicate natural occurrences, because of beach erosion, because of endangered species, etcetera. That should *tell* you something, that, if in fact, we are now trying to operate more under a natural regimen in those areas, what makes you think that you're not going to potentially be looking at doing similar things in these areas that we're talking about, and I think that's the shortsightedness.

While it sounds great in the sense that you've got these surplus years and, boy, that sounds like that's a great thing to do, those flows also served a purpose, as they did between Lake Powell and Lake Mead. There was a purpose. Whether you believe the value of some of those purposes versus other uses or competing uses and what mix should be is debatable, but I think you cannot ignore the fact that they do serve purposes and that you may end up with some future mitigation. So you may be paying for a yield, again, that may be diminished into the future, and all this means is that you pay for higher costs, and that's where we have the shortfall. We have a

Systems are being oversized to capture water in surplus years

Flows in surplus years also served various purposes

You need to be sure you look at the long term issues

It is important to understand that new projects may have reduced future yield because of future mitigation requirements

tendency to pay attention to what appears to be the least cost or the least resistance to obtaining greater resources, but in actuality, you need to look a little bit further, because in some of these cases, because of water quality considerations, because of other environmental considerations, because of potential for mitigation, future mitigation, you need to look at, when you're evaluating alternatives, and nobody has really looked at the long-term framework, what's the bigger picture relative to how you're going to meet your needs over the long term.

A lot of these are very—things we're talking about seem to be down the road, but they're relatively short term, and you're going to make large capital improvements, potentially. If they're not in keeping with the bigger picture, those are going to be stranded costs, too, meaning costs that you incurred that you probably otherwise did not, and it may not be complementing the long-term solutions.

People are not looking at the long-term solutions of how you make more, better, and effective use of your supplies, and what's the likelihood of future mitigation relative to reducing yields. In some cases, that may be acceptable. It may be acceptable to use them for a period of time, and then you would move on to something else later on. But the opportunities for something else are becoming less and less, and because the costs are so high, you need to really have this framework and really do a full-blown evaluation of alternatives to establish what's your game plan, what's your strategy for the long term, not just tomorrow, not just in the next ten years, but what is your strategy and how can you then build in keeping with that? Some of that may appear to be off the wall or very high price may in actuality be the lowest cost alternative into the future, and unless you do those types of analysis, which I have not seen done, you're being very shortsighted. Like even with the Bay-Delta. You're really looking at something for an immediate fix to environmental concerns, and you're looking only at water supply from the point of view what's a water supply available as opposed to what does it mean

Long range planning is required to have realistic future expectations

relative to the state's economy and the general well being of the state.

So there's some bigger issues and bigger pictures that are not necessarily being considered, and I think it will be to our detriment. Just like they say of the surplus water, while something may sound good, there's also downsides to doing things, and we have not necessarily fully evaluated those. What you're really doing now is, you're looking for something that's drought resistant, not subject to future mitigation, reduction to future mitigation, something very dependable, and some of these that we're talking about don't necessarily fit that bill.

The same thing with water quality. Water quality, relative to a water agency, is not something that they normally consider in their costs, because they don't pay, other than for disinfection, water softening, etcetera. The consumer is the one that pays in terms of, if you're using a poor quality water, your water heaters go out, your plumbing has problems, etcetera, or you have to use more water. That the consumer is paying directly, and generally water agencies ignore that cost. But what's your customer? Your customer is the user and the taxpayer, so consequently those costs need to be considered in the total cost of the supply. If you avoid those, and people are buying bottled waters or doing other things to compensate for quality, that's not really being total reflective. In other words, the water community itself is only looking at *its* cost, not necessarily the cost of its ultimate customer, which is the ratepayer and the taxpayer.

Water agencies do not normally consider water quality issues

Storey: Why aren't people doing long-range planning, tending to do only short-range planning?

Underwood: We have gotten ourselves into the situation where we're almost management by crisis. Because of the impasses that would normally come out of decisionmaking, we're being preoccupied with day-to-day crisis and very short-term crisis as opposed to putting our resources—and that's demanding and fully utilizing all of the available resources. I hate to say it, but it's eating up the resources available to the water agencies to do day-to-day and short-

"We have gotten ourselves into the situation where we're almost management by crisis. . . ."

term crisis management and issues as opposed to long-range.

You take a look at most of the entities. While they're trying to do—Metropolitan is now trying to come up with looking at their fifty-year outlook. The problem is, all of these others are eating them alive relative to their governance, relative to issues, relative to their demands within their own, in the internal conflicts and controversies internally. They're preoccupied with day-to-day and very short term, and to their detriment.

This is where you come in with leadership. There's a lack of leadership to potentially do those things. Even the delta is looking at some very near-term. The Bay-Delta, or what they refer to as the CalFed Process, was to allow things—the only reason that they came to agreement is because there was going to be an impasse and there was going to be substantial reductions or changes in operations. So they agreed to work together to solve something and put everything aside for a couple years to allow that process to happen. Again, that's dealing with something very near term, not necessarily long term, and how all of this fits together.

Like I said, the biggest problem with this is, you're making investments without fully recognizing what your future investments may be, and they may not be in keeping, and consequently that's not going to be to the ratepayer's or the taxpayer's benefit, really.

"... the biggest problem . . . is, you're making investments without fully recognizing what your future investments may be . . ."

Storey: One of the things that seems to have reared its head as a result of the Bay-Delta studies is the Peripheral Canal. What do you think about the Peripheral Canal's prospects, as it were, now?

Underwood: The chances of using the word Peripheral Canal are not very good in terms of anything happening relative to that name, but *in concept*, being able to move waters through the delta more effectively, whether it's using surplus waters, whether it's to manage the delta in a better means.

Being able to move water through the delta more effectively would be a good project

Most of those, if you look at the Bay-Delta alternatives, *are* to accomplish that. They are to provide for more effective use of water in the delta, but also provide waters to the contractors in that process. So I think it is occurring.

Storey: It'll happen?

Underwood: Yeah.

Storey: One way or another. I understand there are whole sections of the canal just sitting there waiting to be filled.

Underwood: There were some parts, because I think historically, when they were doing some things with the levee systems, they were using borrowing pits that would generally have been in alignment with the Peripheral Canal, so there will be something. There will be improvements to the delta plumbing, whether you call it Peripheral Canal, and because people are getting hung up over the use of words. In the long run, there'll still have to be some kind of improvements.

Peripheral Canal

Like I said, the Bay-Delta process, it bought time for people, but no matter how you look at it, there will be parties that won't be happy with the outcome, and they potentially can effectuate litigation. If you look at those coalitions, and if you're working cooperatively together, why do you need to form coalitions? Coalitions tell you that people are staking out positions for negotiations, and again it's them versus us. I'm not sure that that's the proper way to bring resolve. It provides a forum for people to discuss [issues], but there's no decisions being made yet, and when those decisions have been made, *if they hold*, then the process obviously has been very successful and maybe there'll be some advancement on some of these matters.

There *will* be advancement, but I think they're also recognizing now—and we could have come up with this conclusion initially, that there will be less water available to the delta unless something else is done, meaning that the contractors, whoever is using waters out of the

Contractors for Bay-Delta water will likely end up with less than what they had

delta, will have something less than what they had before. Going in, I don't think that's what those entities were looking for—*not less*. Maybe staying status quo, but not less. So I think it's still to be seen. It needs resolve. Again, I think in some of that case why it didn't get resolved before was, in some cases lack of leadership, lack of courage on some people's parts to try to move ahead.

We are now, because of this decisionmaking process, we've also become a society that is process-oriented as opposed to substance-oriented, meaning we develop processes to allow parties to continue to work together to resolve issues. But if you look at it, most of these keep going on and on and on. I'll give you a couple points. Even the conversation between Imperial and Metropolitan, I think the initial work was done in the late seventies and maybe early eighties. There has been some progress made, but that discussion—what year are we now? We're in 1998, and that's still going on. When I graduated from college—

Storey: In?

Underwood: In 1966. I was recruited to come to California to deal with some of the issues that are still going on. So I guess from the sense that I'm trying to pay for my daughter's education through college, I guess that's good news. But the bad news is, some of those issues are the same issues that existed thirty years ago, and they're still not resolved. So some of this stuff will continue to go on.

It will take, like I said, depending on what happens out of the Bay-Delta, maybe there'll be some resolve. But in many cases what we've done is, we are being overwhelmed with processes, with no light at the end of the tunnel. We're also hooked ourselves up into consensus building to the extent that we don't do anything unless all parties have a say. Some people said—and I probably agree to this—that consensus making generally shows a lack of leadership, and I *think* in some cases, that's the case.

Some argue consensus building shows lack of leadership

Even in my time at the Bureau, I saw in some cases where you went through the public participation process, not so much to bring resolve, but to put off issues that you had to deal with, and it becomes a way of not being accountable, but still allowing you to continue to hold your position, but you're not necessarily being accountable to fully complying with meeting your responsibilities. It's an easy way out either to involve the public process or to operate under the cover that you're using the public process or consensus building, but only if that leads to resolve an issue. In some of these cases, it never was intended to do that. It's intended to avoid a conflict of immediate nature.

Some use public participation as a way to put off decisionmaking

The problem is, when you do that, and it's not done for the right purposes, people become more polarized as to what their positions are and are less likely to be able to work cooperatively, because they have had to posture themselves and polarize themselves even more. When you don't have a process that's going to lead to an effective decision, generally you're going to be worse off at the end of the period of time than you were initially.

When decisionmaking is drug out the parties tend to polarize

I see so many weaknesses. Again, some of that is weaknesses of leadership, and it's very easy. I mean, even I've been involved in things where you've made decisions and you say, "Well, we'll consider this and we'll consider that," and it was primarily maybe to head off some immediate litigation, without really a sound plan as to how you're going to resolve it. You think, "Well, we can always do that tomorrow," or "Maybe it will go away or it won't be during my watch," or something to that nature. Public service and for good public policy, that's not a very effective way to operate.

In fact, that was some of the things when I was Commissioner. How I was trying to change the business culture within the Bureau related to that, how to be more accountable, how to be more responsive to your customers, how to evolve to a place where historically your interests were advanced by Congressional leaders to an era where Congressional people were being a problem as

opposed to being a constructive partner in the process. It meant that you had to make a substantial amount of changes in the way you do business in your orientation of your organization and the culture of your organization to be more responsive. A lot of my efforts was trying to be more responsive to the customers and what their needs were, and to have courage to take hard positions sometimes if it was necessary and to show leadership and direction.

Storey: You mentioned when we spoke previously that you recognized Reclamation needed to be changed from a construction agency to a water resource management agency. What were the things that were telling you that needed to be done?

Reclamation needs to change from development to water management

Underwood: A couple things. One is that I—and a lot of people have said that the era of dam building is gone. I would not go that far. I would say that physical facilities still will be necessary, whether you're talking about the delta, whether you're talking about the Colorado, whether you're talking about facilities for storage of surplus waters. I'm not convinced that that role . . .

My point was that Reclamation had a charge to provide for the development of the West and to initiate some economies and to try to provide for the sustaining of those economies, and that was done through primarily project development, because of the West, the nature of water is not uniform during the year, so consequently you had to capture the snow melt and then allow it to be used for that year, and maybe the next year and maybe the next year, to provide for a sustained yield. Almost up to my tenure—and there were still projects. The largest share, look at the construction budget, or the budget of the Bureau. Even during my tenure, three-quarters of it was probably for construction. So even though you say that had changed at that time, you were still finishing up projects or had projects in the works and under construction.

The part that became more challenging, though—it's a natural evolution. Once you build those facilities, then you need to manage them, not

It was a natural evolution from water development to water management

necessarily even to the original project purposes, but to get greater added value out of those facilities. And how do you resolve some of these competing needs, and in some cases they didn't have to be additive. The same water could be used ten times, for ten different purposes, versus having blocks of water set aside for those ten purposes, which would add up to having a substantial amount of water being needed.

You particularly need to get additional values out of projects

But if you could run water through the system, where you could have in-stream uses being met, at the same time making economic uses and having more effective use of those waters, meaning that you're actually dealing with less as opposed to just adding blocks of water, because there were less opportunities to add blocks of water. You have this asset now that you have. Now how to make the most-effective use of those assets. You've been an agency that has been building assets. Now was the opportunity to manage those assets, and how do you get the most out of those assets and how do you provide, not necessarily trade-offs. In many cases, people said, "You've got to have this or the other." Well, in some cases you can have both, if, in fact, you're creative in how you manage those systems.

It's a natural evolution to building assets to then caretaking for those assets, meaning that you make sure that they're upgraded and potentially replaced with time, and that was a very important aspect, because some of these things *will* be need to be replaced or upgraded. You can see it through like even the generating stations, the power. Like Hoover power, the uprating of those, the generators. Hoover ended up having a large-scale powerplant, were equivalent to a large-scale powerplant. That's an asset. You modernized it, upgraded based on more recent technology, and you got greater use out of it, without necessarily having to build another facility, in-place facility. So it really came from a time of building assets to managing assets and making sure that they're in good working order and passed on to generations. But more importantly, you were trying to manage those assets.

Now, the complicating factor was that the Bureau, most all of its water rights were required under state law, so you can't just manage them to meet necessarily Federal purposes. They needed to be integrated with what state's needs are. And the other part was to help the Bureau, if, in fact, you're managing resources, because they're shared resources. How do you change from a client base, or what you would normally consider a customer, which is the project beneficiary and your Congressional sponsor, to working with state entities and respecting state law and state goals and objectives, and managing also with, or integrating with, that Federal goals, purposes, projects.

So your whole partnership of who'd be doing business with changes from being reliance onto the project beneficiaries and the Congress to more reliance and more cooperative [work] with state agencies, the Environmental Protection Agency, the other Federal agencies, and the users and environmental interests. In other words, how do you take all of these and effectively work with them, and respecting their rights and interests, and come up with utilizing those assets to accomplish those goals, in addition to what the Federal goals are, because you're not the dominant entity. While you may be the dominant entity relative to assets, you're not the dominant entity within the state as to how they manage their resources.

In many cases, while I was talking about a change, it's a natural change that needs to occur. The problem was, the Bureau was not necessarily equipped to do that. They were a very oriented business culture to project beneficiaries, and the projects, the Bureau didn't necessarily have to fight for. If you look at historically, it was the Congressional support for those projects which is what got their approval. They didn't necessarily *have* to compete in a hostile Congressional environment, where you've got competing uses, and the Congress, because the issues have been forced in the Congress, they're trying to sort out how to manage these assets for you, but they were not being considered under those realms.

It is key to understand that Reclamation water must be managed in accord with state laws

"While you may be the dominant entity relative to assets, you're not the dominant entity within the state as to how they manage their resources. . . ."

Historically, Reclamation's projects came from Congressional support

Those were the changes that had to occur. One is that you're going to have the interference of Congress or the courts because you're not managing those assets in keeping with more or greater uses. The other part is, your whole business culture changes. Many of the Reclamation, I remember the biggest thing that you were facing in many cases is that it's very hard for these people who had project offices *in* the areas where there were projects, and here's your project beneficiaries, whether they were farmers or urban areas, etcetera, and to be able to tell them that they needed to change how we operated these projects was very hard for these people, because they thought that they were to *fight* the fish and wildlife interests, the environmental concerns. They were to be the lightning rod that hammered on the desk, "Over my dead body," so to speak, as opposed to, if you look at some of these projects, they had other uses, whether it was recreation, fish and wildlife interests, and part of that project was allocated to those purposes and funds were being generated for those purposes.

It is hard for Reclamation managers living in project areas to tell beneficiaries there have to be changes

Many project uses were not as integrated in projects as they should have been

But basically they were not as integrated into the project as they should be, and consequently were very vulnerable to litigation, because they say that these did not have equal status or were not being considered properly in the process. Historically, the Reclamation staff or personnel were to fight for the economic interests for the project beneficiaries, which were basically the principal parts. Some of the other uses initially were seen as ways of deferring some of the costs provided for projects without necessarily giving due consideration to those uses. Suddenly now you're into a position where they did have to be more fully integrated. So it was a completely different outlook.

The other part, that I think was important to Reclamation, was that they were not necessarily held in high esteem in Congress and other places, so consequently they're not going to necessarily fare well in the budgeting process, because there were other priorities that were occurring and competing for the dollars. Consequently, because of that, it was in Reclamation's interest to more

Reclamation is not now well positioned in terms of funding

closely define where they needed to be in the future; also to change some of their cultural practices and to be more competitive and cost effective in terms of how they did business.

That's why we undertook, what I undertook was strategic planning efforts. It was a vehicle to help bring that about and also to elevate how we valued the employees within Reclamation. So if you saw some of the efforts that I did, the human resources were held as a line-item function, not necessarily a support function. In other words, the human resources aspects—the training, the working environment, meaningful jobs, meaningful work, became important. The other part was how to realign the entities. First of all, if you're going to realign, where are you going to realign it *to*? You're going to manage, but what were you going to manage?

That's where you saw some of the efforts of that management plan, or that strategic planning process, was to define the framework under which you would carry out various types of activities, whether it was in-stream uses. A lot of them were to have offshoots, which I would see more as a state-of-the-art manual as to how you get to where you needed to be in some of these areas and what was the parameters and what were some of the innovative ways to do that. But you needed the agency to develop it itself, not to have some other entity, whether you have consultants come in and tell you how. You had to have ownership. You had to have beliefs. You had to believe in the organization, and you had to believe in the mission and where we were headed. You had to believe in those efforts.

To do that in a large organization, whether it's private or public, is a major undertaking, and I thought we accomplished a considerable amount in the relatively short period that I had, meaning that you had like four years to do this, or less than four years in my case, to accomplish a lot of this. I think we put a lot of things that, my understanding, are still in place. Some of them are gone.

The strategic planning process

The problem that I see in some cases is, people think the Strategic Plan, you do one and then you do another one in so many years. It's a state of mind. It's the way you do business. And it's still not being viewed quite that way. If you think you have to develop another one, that doesn't mean you can't change the emphasis. Unless the thing was really seriously flawed in the beginning, that shouldn't be the case. You have the framework to which you work in. Any administration then can come in and decide what emphasis it wants to give to what aspects of the Bureau's business.

Many in Reclamation did not understand the Strategic Plan and how to use it

I think that in many cases, some of the other things I was talking about was, if, in fact, you needed to reduce your reliance on appropriations, and some of these were through some of these partnerships, whether they be like the uprating of the generators. If you, in fact, had an entity who was interested in paying for the uprating, which would give additional capacity, and that may be the cheapest capacity they would get in terms of developing another energy source, they would have an interest in paying for it. Those were ways to reduce the reliance on appropriations so you could do your missions and you could do your asset management. In other words, having some of the private sector and other places make an investment in those assets to get greater added values out of those assets.

Alternative ways of funding projects

If you look at what has gone on since the time we started that, many of those things, the downsizing of the government, the development of strategic plans, more effective use of money and cultural changes, we actually were on the leading edge of that, and I think it helped Reclamation, subsequent to my leaving, to posture themselves in a better position than they otherwise would have been over other agencies who were not forced into doing some of those.

In my case, like I said, it's taking a leadership role as opposed to being a reactionary, and that's what the Bureau was. They had not evolved to where they needed to go. Consequently, they were being a reactionary to the

Reclamation was reacting to the courts and Congress rather than providing leadership

courts, they were being a reactionary to the Congress, they were being a reactionary to various types of interests, primarily because they weren't providing a leadership role and they hadn't really defined their purpose and how they were going to change their business practices. I enjoyed my tenure. I think we accomplished a lot, and hopefully some of that is bearing fruit for people.

Storey: What kinds of adjustments did you have to make when you went to Washington? Suddenly a different political atmosphere, a different way of doing business. How did that affect you and Reclamation?

Underwood: That's an interesting observation, because there is a lot of changes that come to one's life when you do this. First of all, you have to make a decision, are you going to relocate in Washington, meaning your family and stuff, because that obviously affects your style. In my particular case, somebody told me that, I think, the average tenure of a presidential appointee was eighteen months. My daughter was getting ready to go into high school. I elected *not* to bring my family to Washington and keep them here, and that obviously puts a strain in terms of just family life in the sense that you're not witnessing things that you would like to witness in terms of a family. On the other hand, my family got some benefits in the sense that they could visit Washington from probably a little bit different perspective than the average person, so there was some learning and some educational value to my daughter and to my wife, etcetera.

Decisions you have to make when you take a job like this

That's from a family point of view. From a financial point of view, you're not necessarily going to be overpaid, compared to what you could potentially make. You have to go to Washington for the right reasons. I'm a strong believer in the process of having people come in and provide for a short duration some leadership for an organization. In other words, the appointment process or the changing of people, I think, if you go there for the right reason, is a very effective process. Let me just give you why.

END OF SIDE 1, TAPE 2. February 17, 1998.

BEGINNING OF SIDE 2, TAPE 2. February 17, 1998.

Underwood: You're doing it because it's the right thing to do. You've got to be motivated that it's the right thing to do. You're not going to necessarily get the accolades of being in the trenches and going through as opposed to being high profile and trying to grandstand various activities.

My concern was, and if you look at all of my efforts was directed at trying to help the agency evolve. There's other postures you could take. I think we had to get our own house in order, and then we could go deal with Congress and others. So in some cases, you did not necessarily do externally maybe not as much as what I would like to have done, that would have evolved once you could go up and tell people where you were and where you wanted to go. You needed to get you house in order before you did that.

I expected to be there two terms, potentially at least. My thought was that, if the President was re-elected at that time, that I would stay for at least a couple more years. It primarily would give me that time frame that I talked about before that you brought about effective change. But more importantly, if you get your house in order, then you can go talk to people and get their support. If you don't have your house in order, all they're going to do is complain to you about what you're not doing as opposed to what you're doing. So there was a lot of trust and credibility you had to build, and how do you measure people. You measure by how they walk and how they talk, and we needed to make sure that people understood how we walked and talked, and then you could do a lot of the other activity.

The other things that I probably underestimated in terms of how you would change is, there's probably more people in Washington to prevent you from doing things than there are people in Washington to help you get things done, even if your motives are pure, completely pure in the sense of public service, and a lot of the reason is because you're changing what that other person,

". . . there's probably more people in Washington to prevent you from doing things than there are people in Washington to help you get things done. . ."

you may be affecting something, the other person's role and responsibility, and consequently they will take exception to that, because they're there for the long term, you're there for four or five years.

Interesting, somebody made an observation that—and probably it's true. The longer you stay there, probably the weaker or the less effective you may be, because people learn your weaknesses. When you come in, and you're a political appointee, you come in with a certain amount of strength. Nobody knows if your brother is the President or your sister-in-law is the White House Chief of Staff or whatever it happens to be. Consequently, for people that are in the process, you can probably be more effective if you take a strong rein in the beginning. You can probably demand more. With time, they'll recognize you're not as well connected, or you may be better connected, and people will evolve around that, because basically they're trying to either maintain status quo or bring about change that may be not consistent with what you're trying to do.

And especially if you come in with an agency who was not viewed well necessarily. Not to its own people. It's just that it had not evolved, and there was a lot of baggage that came with the Bureau, and some of that was just inherent because you're doing things. If you don't do anything, you don't have baggage, you don't have anything. But if you're doing something, you're always going to have baggage. Certain types of that baggage came with an entity, and you had to overcome some of that.

So there were probably more negative forces at play in the sense that you may not have the strong support, even within [Department of the] Interior or with OMB, the Office of Management and Budget, never mind the Congressional committees, who wanted to open up all of the historic projects and re-evaluate them and look at how they're being operated and change them to what they would believe is the more appropriate process. So here you have an opposing party, relative to Congress. You had an Administration which even in Interior may not necessarily be

"The longer you stay there, probably the weaker or the less effective you may be, because people learn your weaknesses. . . ."

Reclamation was not strongly supported in Interior or OMB

favorably inclined. You're not going to be the highest priority, budgetary, within Interior. You have even the Administration, the Office of Budget and Management,¹¹ which also may be challenging you, and other Federal agencies which may be challenging you.

I knew that going in. That was not a big surprise to me in that regard. Probably I underestimated the ability [of] people to distract from your agenda, and it may be that they were doing it for very personal gains and reasons. Like I said, there was more people there, probably, to prevent you from doing things than there are to help you. Now, that's not all that bad. If I came and I had the wrong *purpose*, those good check and balances keeps me from doing evil things, too. In other words, if I came for personal agendas, as opposed to public service, there would obviously be people that would stop me potentially from accomplishing it. Now, it's easier if you've got the Administration, obviously, on your side. They believe in what you're trying to do. Your own department believes it and the Congress believes you. Obviously, then you're in a more favorable area.

The interesting part that I thought bore some fruits as to what we had done, in the sense that we worked within the organization and tried to build strength and have ownership and changing the organization, is that even when President [George H. W.] Bush, in terms of the campaign against President [Bill] Clinton, or at that time candidate Clinton, they were making references. People asked some questions, "What's your water policy for the future?" It was gratifying that the Administration pointed to the Bureau's Strategic Plan as to their water policy. Out of all the other entities, whether it was the Corps [of Engineers] or others, in terms of looking at an advanced direction and future direction for water, the Bureau's efforts, the efforts that we had dealt with for those three or four years, were the things being touted as achievements. To me personally, that was gratifying.

During the presidential campaign in 1992, the Administration pointed to the Strategic Plan as their water policy

Things that came to me in terms of gratification were just seeing the changes in people within the Bureau, seeing their attitude and being positive about their work, knowing that they're doing meaningful things, and the contributions. Once we tried to provide the leadership and you watched the changes that were occurring and people using their own initiative as opposed to being directed down, but you're empowering people with the right direction to be doing the right things. Little tugs on my shoulder or the grabbing of my arm by some employees in the field which thanked me for doing some of the things, were probably the most meaningful things to me. It was not going to the White House that was more meaningful. It was the individual who probably normally would not have the courage to go up and to talk to somebody who may be a presidential appointee, but coming up and thanking them for giving them meaningful work and to try to better the conditions for them, and those are the things that I think were more gratifying to me.

Gratified by support from the rank and file of Reclamation

I think the relationships—I probably, too, underestimated, the amount of time that it took to nurture relationships. In my case, I had to nurture relationships with other Federal entities. We had what we considered natural enemies. With the Bureau, it was Fish and Wildlife Services, the Bureau of Indian Affairs, the Bureau of Land Management, the Environmental Protection Agency. In all of those cases, we renewed a different relationship with them. We were looking at doing things cooperatively together, putting our management together.

Established new relationships with other bureaus and agencies

The Fish and Wildlife Service gave me an award for my work—I've forgotten what it was called—relative to Fish and Wildlife, and I don't think you've ever seen another Commissioner receive an award from the Fish and Wildlife Service. It was because they recognized that we valued their input and their interests, and we were trying to effectively integrate those into water management, or the management of our assets.

I remember we did some work relative to drought. We did some drought relief. During that

Drought relief work

period of time was one of the most stressful times because of the drought going on in the West. But in terms of funds that we got to manage the drought, we asked the Fish and Wildlife Service, "What are your budget priorities?" Because I knew at that time that you could potentially make changes in the system to provide for economic uses, but there were very limited opportunities to provide things for fish and wildlife. If I could meet fish and wildlife needs, it gave me more operational flexibility to operate projects during drought.

We spent the vast majority of our drought money, which Congress initially thought we were probably doing it for our traditional uses, I think we were greatly amazed to see that we were—and we had asked the Fish and Wildlife to prioritize projects and activities. In other words, I think we built a substantial amount of trust and credibility with them, whether it was the Fish and Wildlife Service, whether it was the Bureau of Indian Affairs. I established a Native American office, which reported directly to me because of the high profile of Indian water rights settlements. We did a lot of work in terms of training our people to be more sensitive to Native Americans, and we had training sessions, which I went and spoke to. In a sense, again, trying to understand their business culture or their cultures and ours so that we could effectively help meet the needs of the BIA and help fulfill the Secretary of Interior's responsibilities.

Native American Affairs Office

We put the Environmental Protection Agency, their regional directors and our regional directors, to work together more favorably. All of these, we were building relationships that were changed business practices than what we had done in the past, whether it was at OMB, whether it was internally within the department, whether it was with states. One of the first things, I went around and I met almost with every governor of every state, showing respect for state's rights relative to water management and looking for what they thought the priorities would be, so trying to look at the scope of our customers and our business practices with other people and changing those business practices in a more meaningful and a

**Working with the
Environmental Protection
Agency**

positive sense. It took a lot of time. *Very beneficial*, but probably I didn't recognize I was going to have to build as many. I mean, even the National Academy of Science, I went and met with them. I had seminars, where I would have some of their committees and just all-day-long sessions about where we were going and why we were going. We never dealt with them before. So it was a *wide* variety, which were very demanding of my time.

Met with most western governors

Met with the National Academy of Science

The other part was, I knew that it was very important during this period of uncertainty that as many of the Bureau employees see me personally, that I would have an opportunity to talk with them. So if you watch my travels, we had, whatever it was, 10,000 people. I probably almost physically saw maybe almost every one of those 10,000 people, because I knew it was important at that time to hear what we said and to believe in what we were doing. So very demanding on my time during that period of time. I probably underestimated what it would take to do all of these. Some of these, I did not fully have appreciation for some of the business relationships, even though I knew that there was some hostile relationships with many entities, and they were considered natural enemies. We turned that around, and I think it led to the process like the CalFed process. It never would have happened if we had not built the trust and credibility.

Met with as many Reclamation employees as possible

CalFed process

In addition to that, you've got to remember I was there during the period of one of the worst droughts in the history of the West, and if you look at the litigation that came down, when we drastically changed some of the operations and some of the considerations, I don't think there was any suits, or at least if they filed suits, they were never advanced, because we were being responsive, because we were doing the right thing, because we were involving other people. These are not things that are going to make headlines.

Drought affects Reclamation

I remember we used to invite on an ongoing basis like the Wall Street Journal, the Washington Post, the New York Times, all these people to come and talk with me so we would get

Invited newspaper reporters in on a regular basis

some trust and credibility with them. They said, "These are great stories, but they don't sell newspapers," because they were looking for the scandals or other things, as opposed to these great positive stories that happened, things in the evolution that was going on. And like I said, all of this, because you're building relationships and you're trying to build a new base and a new outlook for an organization. Not only that, restructure the organization at the same time and potentially provide for its future direction, and maintaining all these relationships, but not only retaining the positive relationships, but creating new relationships and new attitudes. Even if I had my family there, they may not have seen me because the demand on my time would have been such that I wouldn't have had that opportunity to spend with them.

Newspapers tended to look for the scandals rather than the positive stories

Financially, it will be costly. People don't recognize that public service, especially in terms of appointment, you're not really given a retirement system. You really have to fend for yourself during that period of time. Once you're terminated, meaning either a change of administration, you resign, you pay for your way home. You didn't necessarily elect to do that. You incur the cost of moving, and the cost of maintaining two households, if, in fact, you elect to do so, obviously put a financial burden on you. In my case, if you leave before a change in administration and change jobs, it's probably easier to be accommodated than if you wait to the termination of administration or the change in administration.

Financially, taking a political appointment is a costly decision

In my case, there was a change in party, relative to the President. While these things are great experiences, you become damaged goods to some degree in the sense that if, in fact, there's a change in Administration and change in party, then your opportunities, your marketability is diminished somewhat. In my case, I elected to even impose a higher standard by removing myself from anything that I was involved in the Bureau. If you start thinking about that, you start narrowing what your marketability is substantially, but I thought it was the right thing to do. Even though

When the administration changes you become damaged goods

it would require some additional personal hardship, I still believed it was the right thing to do.

In my case, I decided to do things in the private sector, and it held satisfaction in the sense that people valued what you could do. They hired me to help ~~them~~ give them direction. Most of the work I've done since then has been in strategic thinking and planning and direction and relationships, building relationships with entities, constructive relationships, not necessarily hostile relationships, and people value that. So to me, it's personally gratifying in the sense that those were the right things to do for the Bureau and they were the right things to do outside the Bureau, and it just reinforces your beliefs and doing the right thing.

Storey: Being a consultant, how do you help build those positive relationships? Is it because you know people or setting up processes or what?

Underwood: That helps. In the sense that, obviously if you're well known and you call and you say you'd like to have lunch with somebody, they'll probably not hang up on you. They'll probably go to lunch with you. From that point of view, it opens doors. I can have doors opened that maybe other people would have a harder time, potentially, if you were just coming in cold.

I am able to open some doors for my clients

But that gets you the first five minutes. What it is is that if, in fact, you're trying to deal with somebody, you need to build the trust and credibility with them, and you can only do that by the ways that you interreact with them and respect what they have to do and their responsibilities. It's not just to go in there and get something for your client and leave their organization in a disarray. Even though you got what you wanted, you need to try to be a constructive part of the process. You need it, if it's a water agency, you need to establish relationships with the board. Well, first of all, anything that you're doing, you have to define where the decision is made. Are the decisions made by a chief operating officer, are they made by the board of directors, etcetera? Wherever the decisions are made, you need to establish a relationship, obviously. If you're not having it

with the decisionmakers, then you're not going to get favorable consideration. So you need to establish relationships, constructive relationships, with the executive management, with the board of directors, in fact, if they're a board of directors.

You have to establish a working relationship with the decisionmakers in an organization

More importantly, too, is that all of this work that comes up to a board of directors and general managers are generally cultivated within the organization, and you need to show respect for the people that are actually doing the work and developing it. And then you show where you constructively interface with them to be able to help them get their job done, and at the same time try to satisfy your needs, and again, not being selfish, that you're doing it with due consideration to other needs that they've got to meet and you're doing it in a constructive manner and you're showing them ways that they could potentially do things without being harmful to them, and, in fact, may even help them. So you need to establish those type of relationships at all levels within the organization that you're interfacing with, showing due respect, building trust and credibility, and dealing with them on a very straight manner.

Sometimes you may have to take some very hard positions with them or trying to have them understand your point of view, but you can do that, still, in a professional manner. You can do it with courtesy, you can do it with due respect, and I think that pays in the long run. You could come in and politically override an organization and get something favorable for yourself. But guess what? When you go to that door the next time, what are they going to do? They're going to remember what you did before and how you obtained your decisionmaking. That doesn't mean that at some future time, where you have disagreements, that you wouldn't use the political process, but you have to understand what part and functions in a relationship. It's not just the business dealings, but how you deal with them on a professional level, how you deal with them from public relations.

You have all of these tools for you. You can do some public education, public awareness of your issues, and that brings about changes within

organizations. So not only do you deal with the organizations, but even politically, you will look and you will keep people apprised of what you're doing. You're not necessarily to bring political force. You're looking at the sphere of influence, not only where the decision is made, but what the sphere of influence, so that you need to make sure that your interests that you're trying to advance—first of all, there has to be a just cause. I won't work for people that I don't believe in their cause. If I don't think it's the right thing to be doing, I won't do it. I mean, that's just part of my own ethics, and fortunately I can make a living and maintaining that kind of standard. I will only take on things that I believe in and believe are just.

Takes on only just causes he believes in

I will not necessarily take on—I've been asked sometimes, in some of these controversies, to become a hired gun, and I refused to do that. I said, "If you collectively, of all the parties, collectively want me to help, I will help. But I will not work for one particular entity versus the other entities." What it is, it's just a matter of who's got the highest priced guns to do combat as opposed to resolve issues, and I just won't do that. It's not in my character to do. I've always been a problem solver and trying to be a creative thinker as opposed to a combatant. It's not what I believe in, and it's not what I would be willing to do.

Storey: You mentioned going to the White House earlier. What kinds of interrelationships are there between the Commissioner, the Secretary of the Interior, the Assistant Secretary, the President, and so on? Is there anything, or how does it work?

Underwood: It changes. You interplay with the White House, and you can say a lot of times it's not directly and not necessarily sitting in some Cabinet-level discussions. Your interplay may be with the Office of Management and Budget, where you have the director and associate directors appointed by the President, and obviously they're trying to reflect what the President's views and priorities are. But the other part is that you have establish[ed] a relationship with them in terms of where you're trying to get, and they have to have some belief. And you can help shape—I mean,

you're asked to provide input to public policies regarding [issues in] whatever your area of expertise [is].

The interfaces that I had personally were with the Office of Management and Budget, and especially on controversial items. There was strategic planning or strategic sessions held with some of the Interior people and other organizations, not directly with the President, but with people who advised the President.

You also have the opportunity to do social occasions. I always put my work over those social events. In fact, many times I would give my tickets away to White House functions to other people because I was going to be on a trip. I thought that was more important in my particular case. Now, whether that always holds true. Under normal circumstances, it would be in your interest to attend some of those things because it would bring greater credibility back to the organization that you represent. But on the other hand, when you've got demands on the organization, that I thought had more important matters to do than those functions.

We had some controversial things, like because of the drought and things that we were dealing with, that you dealt directly with some of the closest advisers to the President. I don't know how many people know this or don't know this, I guess after I'd been there about a year and a half, I was asked from the White House if I would be interested in becoming the Assistant Secretary of the Army, and I met with [John] Sununu at those times. This was before Sununu resigned from being the Chief of Staff. It looked at one point in time—I was not interested, necessarily, in becoming Assistant Secretary for Army for Civil Works, because I came there to do the Bureau. But it was a similar type of functions, and I let the White House know, I said, "If the President wants me to do this, and I think I'm capable of doing it, then I'd be willing. But I'm more than happy in doing the position that I was."

You interface with other Interior officials and with the Office of Management and Budget

Often worked rather than attending social events

Asked whether he would be interested in becoming the Assistant Secretary of the Army for Civil Works

There was a lot of meetings that I was going over to the Pentagon, where I was getting briefings. I didn't think there was much chance of that happening, but then I had a substantial amount of support within the White House from certain people. There was one time, because of all the briefings and stuff, I really thought it was going to happen, not that I would necessarily have wanted that to happen at that time. But then there was another candidate that they were considering, and they elected, to my credit, I think, or to my benefit, they elected to have the other person, because I was just in the mix of a lot of these changes at that particular time. From a different point of view, as opposed to just working relationships with the White House, I had made trips to the White House at that time to talk about assuming that position, and like I said, I was not necessarily seeking that, and I'm glad that it basically didn't occur.

But those were some of the relationships. It was mainly high-profile issues. I did things with the White House, like with the Vice-President,¹² when we were doing things with People With Disabilities. We did a lot of things with trying to make our facilities more accessible, and we were doing partnerships with a lot of people, and the Vice-President was heading some of those efforts. We had done a substantial amount of accomplishments, so I met with the Vice-President to go over some of those issues at that time.

Most of my interface, though, were more with some of the strategic people closest to the President in terms of advisers as opposed to meeting privately with the President or anything. So basically the relationship more on controversial matters than some personal issues, and then some of the other functions that we were trying to accomplish, meaning relative to People With Disabilities, etcetera. I mean, you always went for briefings, like on budgets and other types of activities. All the presidential people are going to go through those types of sessions with some of the close advisers to the President and some of the Cabinet-level people.

Storey: What about the President?

Underwood: Not on a one-on-one situation. It was more in a gathering as opposed to a group of people. Not necessarily large groups, but it was medium-sized groups. It was not on a one-on-one situation.

Storey: So if he met you in the hall now?

Underwood: Oh, I doubt very much, of all the people—I have the same problem. I met an awful lot of people when I was in Washington. People see me now and they still remember, and you're looking at them and you say, "Oh, God." You really feel sorry, because you may even had meaningful conversations. But it's just so many people. When I traveled sometimes, I'd be in a different city morning, noon, and night, and I even got to the point that I was stashing shirts at various places, because I'd come in so late that I couldn't get my laundry done. And then I was on the road a long period of time that I would just rotate my shirts at different places, just because I was doing so much traveling. So consequently, you would meet, in one day you may meet tremendous amounts of people, and to try to remember all these people, unless you were rolling up sleeves and dealing with people on a one-on-one basis for a substantial period of time, it's going to be hard to remember people like that.

But you do. I mean, like I said, you got into sessions and stuff, in group sessions on issues. When you came down to dealing with the issues, generally, if it was a sensitive issue, you would deal with somebody's closest advisers, because they're formulating the policy for the President at that time. So it's not necessarily you're going to be sitting there with the President, saying, "Mr. President, you should do this or that." You're dealing with some of the people that are *next to* him. You're one removed in many cases. And that's not uncommon. Other than Cabinet levels, you're not going to have an opportunity to strategize with the President, necessarily. He's going to have his closest advisers when it comes down to making those types of strategies. Generally, you're like one person removed. Then in group settings, where you're talking about things in general, that you would be part of an audience

Mostly you deal with staff near the President

with the President, that would be a selected group of people.

Storey: Well, let's step down a step. What about relationships with the Secretary of the Interior?

Underwood: The Secretary was an interesting person. He used to hold meetings with his Assistant Secretaries, and then he would have meetings with the bureaus, the eight bureaus. If I recall correctly, I think there were eight bureau heads. Even the Secretary would probably admit that those may be the more substantive discussions, because you're dealing directly with the people on an ongoing basis. And we used to meet every week. We'd meet in general sessions, and then we would meet with just the eight bureau heads and the Secretary, his Chief of Staff, his legal counsel, and every week we'd go over issues. I would meet with him or travel with him on fairly frequent occasions.

Relationships with the Secretary of the Interior

Storey: Who was the Secretary then?

Underwood: Lujan.

Storey: Manuel Lujan.

Underwood: Right.

Storey: What was he like as the Secretary of the Interior?

Underwood: Let me tell you the positive things that I got from the Secretary. The Secretary was a very personable person. He took a *great* interest, *personal* interest in people, especially people that he thought were enduring certain types of hardships. Anybody that needed a helping hand, he was probably a very soft touch for, to his benefit and to his detriment in some cases.

Manuel Lujan

I probably learned, in terms of valuing people and dealing with people, I probably learned a considerable amount because of his style, taking a personal interest in people and watching the positive reactions that come out of that. He also did one thing that I recognized was a good thing to do, and I used it, too. One time we met with all of the—I'm not sure that every one of them—

END OF SIDE 2, TAPE 2. February 17, 1998.
 BEGINNING OF SIDE 1, TAPE 3. February 17, 1998.

Storey: [This is tape 3 of an interview] by Brit Storey, with Dennis B. Underwood, on February 17, 1998.

Underwood: Most of the tribal chiefs in the United States, and the Secretary was there. I was one of the few bureau heads, because I had established this Native American office and we were dealing with things relative to water rights negotiations, etcetera, and to have the interface with them. And I was one of the few that was with him during those occasions.

Accompanying Secretary Lujan to meetings with Native Americans

I remember one place we went, and I think it was the first time we met. I don't remember the issue right now, but there was some animosity towards the Secretary, and people were trying to confront the Secretary, potentially, on this. This was a gathering where it was to build relationships, but to hear input from them. We were briefed ahead of time that there was these forces at play and who potentially some of the parties were, and then we were going to go out and make our entrance and to address the groups.

I remember the Secretary came out, and I was walking with him. He immediately went over to somebody, and I didn't know who the person was. Well, it turns out this was the biggest activist that was spearheading some of these efforts. He went right up to the person and said, "Hi, how are you?" He may even have introduced him. He may not even have known the person. He said, "I heard that you're against such and such. Let me have an understanding why you're that way."

How Secretary Lujan dealt with a hostile situation

In other words, he immediately, his biggest enemy, he immediately went right to them and won them over, in my mind won them over, to the extent that it was a very productive [meeting]. It was not distracting. There was not any kind of demonstration or anything like that. But here's a guy, who people had a difference of opinion, he met them face on and listened to them, and sincerely listened to them. He was a very sincere person, and I think won them over from his personal style.

In some of my dealings with some groups, like I had a breakfast one time with all the environmental community and just myself. Here were supposedly the biggest opposition to the Bureau, and I let them have at me whatever they wanted to say to me, and asked them questions and stuff, too. I recognized that that was an effective way to building a relationship, that you would go to their turf. You didn't invite them over to your place. You went to where they were the strongest and you asked them, "What are your concerns? What are your interests? Here's what I'm doing." So from that point of view, the personal relationship, and some of that I think the Secretary probably got from being a Congressional person, a Congressman. I admired those kind of qualities.

There were some things that were frustrations at some times in the sense that the Secretary may not be as substantive on some issues as you would like him to be, but then on the other hand, how could he possibly be substantive on everything that was within your domain. But sometimes when we were negotiating or talking about differences between bureaus, my philosophy is that we do the right thing. No matter who it is, we need to do the right thing. So you look at the merits of the issue and you decide on the merits of the issue as to what's the right thing to do.

I remember a couple conversations which was challenging to you, because then you had to present your case a little better. The Secretary would say, "Well, jeez, I sided with you before on two issues, and I haven't sided with these. So maybe it's time I should side with them on this issue." It was more out of fairness that he was looking at it, not necessarily the substance of the merits of the issue. He had sided with me twice, so he needed to equal that out. He needed to side with them at certain times.

So it became more of a challenge, "Mr. Secretary, we just can't keep score as to how many times that you've sided with me versus how many times that you sided with the other person. We need to decide this on the merits of the issue,"

because it meant that you had to explain why you needed to do things more.

I remember times when I was sitting with the Secretary, and he would have his closest advisers. They were telling him to do something and advising him to do something that I was in opposition to, and I would raise my opposition and explain why, and the Secretary, in most cases, after listening to me sided with me, even with his closest advisers. So I think he was open-minded.

One of the things the Secretary used to say to me—and I don't know, he probably said it to everybody. But he said, "You bring a lot of professionalism to your job. You're there for the right reasons," and that kind of stuff. He made that comment to me more than once, and that had a lot of meaning to me, because he recognized that I was not trying to personally gain from something and that I would not undertake ways of getting to the Secretary from outside or external forces. In other words, I would deal with the issues straight up, and I think he respected that.

I used to travel with him, and we would go to places and he would be questioned on issues. The news media probably abused him to some degree, because they would ask him detailed questions on things that either the Secretary should have said, "I'll get back to you," or "You should talk to somebody else." The Secretary believed that—and probably some of this is from the Congressional part. His feelings on the issues, he would relate his feelings. Without necessarily knowing all the facts, he would just relate his feelings. Sometimes they may be inconsistent with some policies. He was a genuine person from that point of view, and I think some people abused him for that. He was being asked, and he responded at a person who was sincere, "Well, this is my feelings on that." But if you knew the Secretary, he'd be willing to hear your arguments, and he may change, based on the arguments. Whereas people were trying to, I think they were trying to abuse him, or to embarrass him in some cases.

Usually, if I was traveling with him, I would step in at those times. When somebody was asking something and I knew it was a setup, I would help answer the questions for the Secretary. I think he was appreciative of that type of things, too. I was not trying to upstage him or embarrass him, that I was just trying to be helpful to him in those cases, and it was not necessarily for those reasons.

He generally listened to your input. Probably his weaknesses is that he did not necessarily have a strong relationship with the White House, and for that matter, I don't know who within Interior during that duration had a strong relationship, which meant that your battles, you had to fight a lot of your battles yourself, which is not all that bad. I mean, under other circumstances, you've seen Secretaries which may have a higher profile within the President, and obviously he would seek their counsel a little bit more in this particular case.

The Secretary, if the President asked that people reduce their budgets, he came back and he said, "Okay, everybody's going to reduce their budgets." And I remember talking to OMB, and he said, "You think EPA [Environmental Protection Agency] comes in under budget? They don't come in under budget." That put us at a disadvantage in some cases, because the Secretary took the advice or the strategy of the President at face value. If the President said he wanted people to hold down costs or to do certain things, he would do it to the tee, with no exceptions, where other Cabinet levels didn't necessarily play that game the same way.

Since he did it from the true sense, he disadvantaged himself sometimes, from that point of view, in the sense that if it came time to making decisions as to priorities and stuff, you already postured yourself at a lower level than maybe some of the other people. I remember in OMB, like I said, they made the comment, "Do you think the Environmental Protection Agency (or I don't remember a couple of the agencies' names) come in under budget? They don't come in under budget." They don't necessarily come with the

guidance that was given by the President, whereas the Secretary took it as being an order from the leader and chief operating entity for the United States and took it, really, at face value, whereas a lot of the other people did not.

It disadvantaged some of the entities in the sense that, where do you get your strengths to get something done? Either you get it through the Congressional arena or you can get it through the White House or you can get it through various parts of the Administration. All of those become important to you in terms of trying to accomplish things, and because it was not necessarily a strong relationship probably disadvantaged us to some degree.

But I think on the overall merits, the guy was a very personable person. He was a true politician in the sense that how do you weigh and make various types of decisions. But then on the other hand, was a very good listener, let you have an effective avenue to him to talk with him. If I wanted to talk to the Secretary, I was never denied access to the Secretary. On the other hand, I didn't abuse it, either. It was my job to manage my organization and to not embarrass the Secretary or to deal with controversies.

Part of my input to the Secretary was that he used to always refer to that he had nine competing barrels, and he always had to see how do I juggle these competing entities that are at cross-purposes. My reaction to that, when I remember we used to have some sessions with the Secretary, was that, I don't view it that way. I think you need to run Interior as a corporate structure, where they're complementary.

It doesn't mean that you're not going to have disagreements among the agencies, but you needed to look at it more of a corporate sense of fact. If you're going to try to get more for your dollar, as opposed to spending dollars fighting with each, how do you complement each other to obtain a common goal? That was my philosophy, and that was my philosophy of why I tried to make business relationships, improved business

relationships, with other entities within the department, and without exception, I can't think of an agency within Interior that we did not try to improve our relationships with them and try to work with them more cooperatively.

Some people view that as that you're giving up grounds for battles. I looked at it as being an effective way to accomplish something as opposed to non-accomplishment and just conflicts and controversy. It was not in the interest of the public or in the interest of the President or in the interest of the Secretary.

Storey: Who was the Assistant Secretary?

Underwood: [Frank] Bracken. That was the Under Secretary. I don't know how they've changed the name, whether it was the Assistant Secretary, Under Secretary. I'm trying to think of his first name right now.

Storey: I think there would have been one for Power and Science, Water and Science?

Underwood: For Assistant Secretary, between me and the Secretary, from a reporting structure, it was John Sayre, who was the Assistant Secretary for Water and Science, had the Bureau of Reclamation, had the U.S. Geological Survey, had the Bureau of Mines. Do we have anybody else? Probably going to think of somebody else right now, but those are the ones that come to mind right off. And that was John Sayre.

John Sayre as Assistant Secretary of the Interior for Water and Science

The Assistant Secretaries, it all depends on how they're used effectively. I think with the Secretary, while he kept relationships with the Assistant Secretaries, he had a very, very strong relationship with the bureau heads, because he knew that's where things were happening. In some cases, all it meant for me in some cases— John Sayre was Assistant Secretary. I had a very good relationship with John. I knew John before. He was from Colorado, was familiar with a lot of water issues. It was very helpful to me in the sense that he was an attorney, had a lot of institutional

knowledge about issues on some things that I did not necessarily have a lot of knowledge of.

But on the other hand, you had people that worked in the Assistant Secretary's office who was one more roadblock, one more barrier you had to go through all the time, and some days you would have arguments internally with the Assistant Secretary's office over issues of how you wanted to do things within their own staff. That's why I said, sometimes when you consider all of these people that are there to keep you from doing things or helping you get things done as opposed to getting things done.

In some cases, I think there were people in the Assistant Secretary's office, when I was there, who had differences of opinion as to what the bureau should be, as to what I was trying to accomplish. I think in the long term, they recognized the value of what we were trying to accomplish. In the short term, at least initially, they were maybe, I would consider, anti-Bureau to a degree. They didn't necessarily believe in water projects and all this kind of stuff. I don't think they were from the West. They were either from the Hill, or not necessarily people from the western United States.

John, being a great person, but in terms of having relationships with the White House or strong Congressional relationships, were probably not any stronger than what mine were, so there was not necessarily an assistance you would get there.

John was very supportive of things that I was trying to accomplish. I used to meet with John every morning, early morning. We used to sit and talk about issues, things that I was trying to accomplish. Sometimes I didn't tell John *everything* that I was trying to do, because until we had the issue well mapped out, you'd have more helping hands than what you needed. In some cases, you needed to do your own homework, and I felt that that was always my responsibility; instead of involving John at various areas, that I needed to evolve the issue to a certain point before I had a chance to talk with John, just throwing

Met early every morning with John Sayre

something on the table and saying, "John, what should we do about this?" I would try to understand the issue, try to then define what were our courses of action and what course of action we should follow.

Some people, for whatever reason, like to just tell everybody what they're doing. I was not of that mind. Sometimes, like I said, you end up with more helping hands. What you need is, you need to do your own homework first before you just threw things on the table. So consequently, John sometimes would find out indirectly about things that I was doing, but generally he was very supportive of me.

The problem was that John did not have a strong relationship with the Secretary, so it's not like John could—in fact, some of his staff had a stronger relationship than John did, and he knew that. Sometimes John's staff was not necessarily consistent with what John was trying to accomplish, because these people were advisers, potentially, to the Secretary. That also provided for checks and balances in case we were doing something dumb.

There have been some very talented people, some people that I would consider not necessarily extremely helpful that other times were very objective and were of help. The problem is, they potentially could always provide for interference to you when you're trying to map out what should be done in considering all things, where they would have a mind-set, whether it was whatever social engineering objective that they had in mind. Here you're trying to take a bigger picture as to how to accomplish things, and sometimes just thumping on an issue is not the way to effectively deal with the matter.

If we were ever proposing potential expenditures or funds, or it looked like we were trying to give the appearance that we were trying to increase what we were dealing with, you may run into some opposition, because most of the Secretary's staff, people who had worked with him on the Hill and stuff, were very fiscally

conservative and did not believe in big government. I don't necessarily either, but on the other hand, maybe a couple of them believed that no government was better than any government, I guess. And you had to deal with that. You had to deal with those matters.

While you're trying to do all of these wonderful things, you've got these other people that you have to contend with, and they're all personalities. The longer you stay there, the more those personalities come into play and the more attention you would have to pay to them. Sometimes I could not spend all that time just doing that, because we would never get anything done. So you'd have to make personal sacrifices. What you believed was where you were going to be most effective, because you just didn't have the time to do everything, for everything to please everybody, and my job was not necessarily to please people. My job was to get something done and to do what I thought was in the best interest of the country and the best interest of the President, the best interest of the Secretary.

Storey: As you were working on changing Reclamation, you were making some appointments. One of the appointments was a guy named Don Glaser, I think.

Don Glaser

Underwood: Yes.

Storey: Why would Don Glaser be picked? He isn't an engineer. He wasn't a Regional Director.

Underwood: One of the things I found is, in any kind of an organization, they will have people that have strong beliefs that are very similar to yours. Then you will have people whose thought process is, that they will say yes to you while they don't necessarily have the same goals in mind. They're just there to, "Yeah, you're right. That's what we should do," whether they believe it or not.

And then you have other people who will bring a certain amount of objectivity to issues and make you look at different types of dimensions that you otherwise maybe would not necessarily be

Brought objectivity and new dimensions to issues

looking at, and Don was maybe in that category. Don was a very quick study on issues. He had quite a bit of experience on some of the controversial matters within Interior. He also probably had a different view as to maybe the traditional thinking of the Bureau relative to solving some of these issues and getting some of the other added values, etcetera. I valued his input because he would potentially disagree with me, and he would bring arguments to me that I may otherwise not hear. When I did a decision, it gave me better input. I would have a more complete input.

Don had his strengths and Don had his weaknesses. Don also had a willingness to spend time in Washington. Not everybody wanted to spend time in Washington. And he dealt with people. He gained their confidence fairly quickly. He could be your alter ego. If you're gone, he could potentially act in your interests. But like I said, everybody has their strengths and weaknesses, and Don had some, too. That was one of the reasons, that I had somebody that I could hear maybe different ideas than I would have otherwise heard. He established some good working relationships with OMB, and some of the people we had for OMB at that time, one person in particular, who I think came from EPA, was not favorable to the Bureau in particular. Don established a good relationship with him, so that was helpful. He also helped with some of the relationships within the department, so I wouldn't have to necessarily be watching my backside or watching all the sides around me all the time, because I didn't care to and I don't pay attention to that. He paid attention to that for me. So from that point of view, he brought a different dimension that I wouldn't get from a traditional Reclamation viewpoint.

He also had some good analytical skills, looking at issues and setting out a course. Implementation is probably not Don's strong points, but then I didn't use him in that capacity, either. I used him in a different capacity. I used him where I thought his strengths were.

Don Glaser was willing to spend time in Washington, D.C.

The same thing with the other people. I remember, I think it was almost my first meeting with the executive management of the Bureau, and we were talking about affirmative action. I looked in the room, and other than Larry Hancock, here we're talking about all this stuff about affirmative action and equal opportunities and stuff, and we had one black person and there's no other minority interest reflected in the executive management, no women. If you look in the mirror, they're all the same, almost. It just struck me that, here we're spending all this time talking about affirmative action, but were we really living within it, not necessarily were you going to promote people in any kind of quotas or anything, but making sure that you gave due consideration to diversity within the executive management. Again, they bring in different viewpoints, too, and if you look at some of my changes, Larry ended up being Deputy Commissioner. I also elevated some other black people within the Bureau. I had the first woman Assistant Commissioner, and there was a lot of other, in the field, other types of appointments. And these were well-qualified people. By no means were these people given jobs just because they had a minority status. They were there because they were very talented individuals and brought added dimensions to the Bureau. So I think if you look at some of the appointments.

The other parts were, in some cases they changed people, rotated some people, because they had these strong historic relationships, and if you were trying to change a business culture, it would be easier and relationships would be easier to bring a new person in and start from scratch than a person that was already there and had these long established suddenly to change his ways, so to speak. But on the other hand, like Larry was long time in Sacramento, and I brought him back to Washington. He added a lot of dimensions to me at that time, because there were a lot of California issues.

But on the other hand, it gave Roger Patterson, who was over in the Billings area, who had extensive relationships with environmental concerns, and you were going to deal with the Bay-

Doubts about Reclamation's implementation of affirmative action

Made Larry Hancock deputy commissioner

Appointed Reclamation's first woman assistant commissioner

Moved Roger Patterson to Sacramento where Bay-Delta and other issues needed attention

Delta issues and stuff, and he had trust and credibility established, came in with credentials, and was very good about making relationships with those type of entities, and I knew that was going to be needed in the long term. I also tried to take personal considerations. Roger had some daughters who were going to go into high school soon, and he wanted to have them all in one place for high school. So if I was going to make the change, it was a good time to make changes.

Careerwise, you tried to look at what the strength of the Bureau was. You tried to look for, if, in fact, you're valuing diversity, but then you're not reflecting it in your executive management. You've got to walk your talk, so to speak. We made some changes that I think were good in those regards. Even my Native [American] affairs, I can't think of his name [Joseph (Joe) L. Miller] right now, but he was a black person, too. Like I said, I didn't purposely go out to necessarily appoint them, but I gave them due consideration when I saw people and gave them opportunities if they were well-qualified. I looked at some rotation.

There were some changes going on because there was a philosophy for the Bureau to move—oh, I forgot what it was called at that time, but the concept prior to the Bush Administration, which was under the Reagan Administration. Some of the concepts were that there would be a very small force in Washington, D.C., and that most of the operations would be out of Denver, and the Chief Operating Officer was going to be the Deputy in Denver, etcetera.

I nullified that process, because I didn't think that was appropriate. That left us with no staff in Washington to effectively deal with matters and relationships with Interior, with the Congress, etcetera. You have to look at where the decisions are made and the decisions made by the authorizing committees and the budget committees and the relationships within the Secretary's office and with OMB and others, and to move yourself out to Denver just was not—you need to have that central authority over some of the activities that

Reorganization in 1988 aimed at moving most staff to Denver and running operations from there

Stopped the running of operations from Denver since that wasn't where decisions had to be made

were occurring. I took back the operating entity back with the Commissioner's office. Some people were probably not too happy at that particular time about that. A lot of people went from Washington to Denver, with the understanding that Denver was going to be the central focus of all the Bureau's operations.

The problem becomes with that, too, if you do that—my concept was that if, in fact, you're trying to deal with the needs of your customers or the beneficiaries, that the emphasis should be in the regions more than in Denver. Denver should be a support group to the regions, because that where you interfaced and that's where you understood what the customer's needs were, were on the field, and you needed to support those people. Along with it, you gave them guidance as to what they should be doing, etcetera. But that, in my mind, was where the emphasis should be. That was a dramatic change, and people had moved and relocated themselves not consistent with that philosophy. In my mind, I'm still convinced that it was the right thing to do.

At that time, too, a certain point there was a stronger Assistant Secretary than a Commissioner, I think. There was an Assistant Secretary for Water and Science that probably almost ran the Bureau at one time, more than maybe the Commissioner.

Storey: This is Sayre?

Underwood: No, that was when Jim Zigler was there under—I'm trying to think. Duvall was the Commissioner.

Jim Zigler as assistant secretary

Storey: Dale Duvall.

Underwood: And Duvall, not to be critical of Duvall, but Duvall was not, I think he was, by training, maybe an accountant. It was not in keeping with what you normally think of in terms of the Bureau's traditional expertise, like in engineering, etcetera. Jim had dealt with water, Jim Zigler, more than probably what Duvall had. So I think in those particular cases, you saw Jim—and Jim served on the National—I forget these organizations. I don't

Dale Duvall

deal with them on a day-to-day basis anymore.
The NWRA.

Storey: National Water Resources Association.

Underwood: Yeah. Jim was like on the board of directors, so he was more acquainted with water issues. He had relationships, more than what Duvall had. That's not to be critical of Duvall. It's just that Jim came inherently with those relationships, so consequently I think Jim provided more direction as to the Bureau than maybe—and John let me run the Bureau, as long as I didn't get him in trouble or other people in trouble.

But I think I had probably a stronger relationship of running the Bureau than maybe like under Duvall, but primarily just because of the relationship between the Assistant Secretary and myself, and because of our backgrounds. I mean, I had *run* agencies. John was an attorney. I had *run* water agencies and things like that and had different types of skills and background. All my experience at that time was water experience, whereas Duvall had a disadvantage in that regard. And there was a lot of controversy going on at that time. So Jim, in some cases, maybe was a little more effective, and people looked to Jim, I think, for some leadership in that direction, too.

Storey: Well, Larry I can understand, since he would have been on your management meetings. How did you find Don Glaser?

Underwood: Don was there when I got there. Don was sent back to Washington to be a caretaker to the Commissioner. You've got to remember that when the President came in in, was it, January of '89? Is that right?

Storey: Let's see.

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Underwood: We built a relationship and understood the value of Don and what he could help me with, so I asked him to stay. But we went through a selection

process. Other people had opportunities, too, if they wanted to. When we started in Washington, a lot of people didn't necessarily want to go back there. Knowing that we needed closer ties to the regions, I started this, it was like a liaison office, where people would come back and do a tenure from the regions. They would have their own people. I wouldn't pick them. They could pick whoever they wanted, as long as they at least met a certain level, with the understanding that we would try to place them equal to or better than where they were when they went back, whatever their duration was. But more importantly, it provided a person in Washington that the region had a lot of confidence in.

Started regional liaison positions in Washington, D.C.

Regional liaisons were promised placement back in the organization when their tour ended

That became very effective. When we initially started, we were looking for like volunteers. Then there was a lot of people that recognized the value of it, and not only that, we lived up to our end of the bargain. What we tried to do was place these people very well. After they made a lot of these personal sacrifices, some people that left, most of the people that came back out, as long as they did a good job, were placed in a better position than when they came in. In other words, we were honoring those sacrifices and honoring our commitment to those people. Like I said, it was with the understanding, when you're sending people in, you have to understand that they have to be eligible potentially to do some higher level work when they went back.

Regional liaisons tended to be placed into better jobs than what they left to come to D.C.

The other good part was, when they went back, they had contacts that they could work within, because they understood what happened and how it happened in Washington, and were very helpful to us with that kind of training. So those were some of the things that tried to help establish the relationship and establish a stronger Washington office was to have those types of people. And tried to do the same thing with Denver. We weren't quite as successful in some of the Denver things, because Denver at that time, some of these parts of the Denver office were still trying to reorganize. I don't know if I remember all of the acronyms, but the water resources management group.

Storey: Assistant Commissioner for Resources Management.

Underwood: In fact, I ended up doing an appointment there. But then again, I let the process—I let anybody apply. It happened to be a person outside that came in. The guy was very skilled in terms of background and stuff. But I let the process evolve up to the people and let them go through the selection. I would be in terms of the final decisionmaking and stuff, but let the process take care of it to let the people within the Bureau, showing confidence in them that they would, you know, knowing what we had to accomplish and what skills we needed was to help in the selection process.

Storey: I think one of the positions you had to fill was the Director of the Central Arizona Project, is that right?

Underwood: That's correct. In fact, what I did at that time, Dennis Schroeder was under Webber. I'm trying to think of his first name.

Dennis Schroeder and the Central Arizona Project

Storey: Darrell Webber.

Underwood: Darrell Webber. But there was a lot of inbreeding going on, meaning that people that were in Denver were there for a long time and didn't necessarily have a lot of field experience. They were doing things in relationship to the field, and that part of it was, Dennis potentially would be considered to—it was ideally looking at, Dennis would take over Darrell's position, because that's where he was like next in command.

Darrell Webber

But in terms of where we had some changes, Dennis had certain types of skills and I thought it would be good for him, just for his own growth, to take over the Central Arizona Project, and he agreed to do so. In fact, at one time I was thinking about moving him a different place. He didn't want to be moved because he enjoyed it. I mean, he enjoyed the—you weren't so far removed. He could see things happening. In other words, when he was in Denver he would do things that would be in support of like the Central Arizona

Project, etcetera, and the design and all that kind of stuff, but he never got to deal directly with the people involved. I think he had some growth there, and he enjoyed that. He enjoyed that. In fact, like I said, one time I was shifting some people around. I was thinking about bringing him back, and he said, "No, I enjoy it. I would prefer not to go back," which was interesting, because he enjoyed that relationship. But that also gave me some other opportunities to develop some other people.

Dennis Schroeder chose to stay at the Central Arizona Project

One of the things we also had, we had the executive management, and then they had—I've forgotten what they called themselves. I don't remember. It was a name; it was an acronym. I dissolved that because it was perception and not necessarily factual, but it was being perceived as good old boys' club, where they made judgment on people, and I resented even the idea that that was happening, even on a perception basis. It was the permanent—

Storey: Permanent Management Committee, PMC.

Underwood: Something like that. PMC or something like that. And what does that really mean? Everybody thought that everybody, all of this stuff was being conspired against in terms of people and stuff. I just thought that was the wrong kind of message that I wanted to send people.

I've forgotten what I changed it to, EMC or something, Executive Management Committee or something, as opposed to Permanent, or something like that. I can't remember. But they went into an acronym right off, and I didn't want it to be an acronym. It was just executive management, and executive management have to meet periodically, as opposed to a ruling governing body that ruled on people's future and stuff like that. I didn't want that to be the perception; I wanted it to be that it was just a meeting of executive management. In fact, they had—what was it? I get mixed up with the state system. I'm trying to think what the name of the people that have a certain type of status. I don't know if it's exempt.

Storey: Senior Executive Service [SES]?

Underwood: Senior Executive Service. I said, "Well, God, we have all of these people who were supposedly interchangeable. Why aren't *they* sitting in here?" I would have enlarged to, not a tremendous amount of people. But that was hard for the executive management, because they didn't want to involve these other people. I said, "Well, if there are people, the Senior Executive Service (SES, that was it), if the whole concept is that these people are interchangeable and should be developed, then they should be sitting here." That didn't go over all that big with some of the executive management at that time, but I said, "How can I interchange these people if we don't ask for their input?"

I used to bring this issue up from time to time, but we had other things to deal with and I didn't want to die over this issue. But there was a need to have more effective relationship with the Senior Executive Service, if, in fact, they were truly—and they weren't. In concept, they were not. They were not truly equal in terms of rotating, because they had not been developed that way. But the concept was, that I tried to do, because they used to say, if you wanted to get into this level, that you had to do this and this and this. And a lot of people did this and this and this, and it never came to pass, never got those opportunities.

So I said we can't have the executive—it was what they called the executive service training or something, where you had to fulfill so much time here, so much time there. And they weren't promoting on that basis. If you look at half the people that were getting promoted to SES, they didn't even complete the program. So it had no *meaning*, really. So I said, "If we're going to do this, we need to abide by—first of all, any of the people that come in have to be eligible to potentially go to Senior Executive Service." So a lot of that was to change these things.

This, again, was the business culture that here, supposedly on paper, you're having people that would have to have a certain type of requirements, and in actuality you weren't living up

Expanded executive meetings to all SES staff

Concerned about training and how the SES staff worked in Reclamation

to that. So it was to change some of those. In fact, if you're asking people to make personal sacrifices, or if these were prerequisites, they had to understand what they were. So consequently, I tried to involve the Senior Executive Service a little bit more. I probably could have done better, but given everything else that was going on and what we were trying to accomplish. We had people, too, in some of those positions which were very narrow focused and were not as interchangeable as what they should be, if, in fact, that was what the concept would be.

Storey: But you did expand the group, I believe.

Underwood: One of the things I did was, I found out we almost had the lowest level of Senior Executive Service, because it had a better pay status and if you were asking for more from people. I did a substantial increase, or we accomplished a substantial increase, because there is a certain level of decision and responsibility. If you look at USGS, if you look at the Bureau of Mines, or you look at any other agency within Interior, our people had a *much* higher level of responsibility than a lot of their people who had SES status. I said, "Okay, if, in fact, we're trying to do the most for our people and reward them, then if this is the level of decisionmaking over here, we should have quite a few people within the SES."

So I did make some changes. We made some, because primarily it allowed for people to seek higher levels, and to be able to reward them for having greater responsibilities. Here these other people were getting higher pay and greater opportunities, with a *lot* less responsibility and a *lot* less accountability than what our people were. I didn't think that was fair, so I tried to make a substantial amount of effort to increase the number of SES that we had, just primarily because—to reward the people for the level of responsibility they had. Now, if they elected that was something less, then either they should give us more or reduce the number in the other agencies. Since they didn't want to reduce in the other agencies, then it was my interest to potentially have our people be recognized for the level of responsibilities that they

Sought to increase the number and pay of SESers at Reclamation

had and try to get them to be paid accordingly, and give them greater opportunities to go to other agencies, not just the Bureau. Once you're at that level, you're supposed to be interchangeable even within bureaus and stuff.

One of the things that I also recognized, we had a lot of people that were all going to walk out in a certain period of time. It didn't take me long to figure that out. The vast majority of our people were all going to leave within a certain period of time. I've forgotten the turnover. We projected what the turnover would be, and a tremendous potential, tremendous change. But you need to get people in positions where they could get experience to potentially inherit those positions, and by using SES, it got us to move certain people around or get them exposure, to better position ourselves to be ready to make the large amount of turnover that was going to occur within the Bureau.

They just didn't have these people involved in things, and they were all going to walk out roughly the same time. I've forgotten the numbers now, but they were a very, very high percentage of people who were eligible to retire, and we were not prepared to provide for good continuity because we hadn't given these other people opportunities to fit in so that they would be successful. You want to reward people and give them the positions, but if you disadvantage them in the sense that you're not preparing them for them and they're almost doomed to fail just because they didn't have the exposure or the experience, then that was our mistake, not theirs. So I wanted to try to correct that, too, at that time, and it was a way of doing it with the SES positions.

Storey: Well, we've talked about Don Glaser and Larry [Todd]. You mentioned Roger [Patterson]. Any other people stick out in your mind?

Underwood: Joe Hall, obviously, because he was the Deputy. To his credit, Joe viewed his position as being, I think it was called Chief Operating Officer or something. He even had this business card initially. I told Joe from the beginning that I was

Concerned about the continuity of executive leadership at Reclamation

Joe D. Hall

going to bring the power back to the Commissioner's office and that we were going to make a more effective organization in Washington, because that's where a lot of the decisions were being made. I explained it to him. It wasn't for my personal gain, necessarily, although it obviously disadvantaged me if I didn't have adequate staff and stuff.

To Joe's credit, that was very difficult for Joe, because it was diminishing his role and function, but he never griped or whined about it. I know some of it hurt him, because he thought it was personal. But I think because Joe is the person he is, but also I think because Joe recognized that I wasn't doing it for my personal gain, that it was more acceptable to him.

I gave Joe the opportunity to come back to Washington to be the Deputy. Joe didn't want to come back, and that's when I made Larry Hancock become the chief Deputy—in other words, my alter ego. I rotated Don out of Washington at a certain point, and it was helpful for Don at that time, too, to do so. But Larry rotated in, and he became the chief Deputy.

I had two deputies, one in Denver and one in Washington, but the chief Deputy was the one in Washington. I gave Joe the opportunity to come to Washington, and he didn't want to do that. So he understood that. If you look at that as opposed to reporting to Denver, the regions reporting to Denver, there was a lot of reporting going back to Washington. A lot of that eroded and diminished his role, and I think that was hard for him to some degree.

And my style is a little bit different than Joe's. Joe likes to make people feel good about themselves, to help motivate people. I was probably very hard on my executive management. Sometimes we'd come into meetings. I rated my executive management, but I asked them to rate me. It wasn't an official capacity. I had Joe and somebody else go around and say, "Okay, tell me what I'm doing right or wrong, from your viewpoint." It was primarily so that I'd get

Offered Joe Hall the opportunity to be Deputy Commissioner in Washington, D.C.

"I was probably very hard on my executive management. . ."

feedback. Things that you perceive that you're doing right may not be coming across the way that you want them.

One of the things was, I remember when I did this and I asked Joe, and he said, "Well, you're always hammering on us."

They used to bring some really important issues that were on a piece of document, and you have all these signatures, 35,000 signatures on this document. I said, "How the heck could these people, if they read this, they wouldn't have signed it." So I would hold this up, I'd hold this document up and I said, "How many know about this?" And generally they didn't. And I said, "I don't want you signing—

Storey: They just initialed it.

Underwood: That's right. So I said, "No more of this." And I would do that, I would bring issues up like that.

Like in their budgets. They would always have their staff. I said, "You come to the budget sessions, I don't want any staff. I want to hear from you, your priorities. I want you to know your budgets."

So I was probably a little harder on trying to be more accountable. I mean, even like grievances. We had a backlog of grievances and stuff like that, and I wanted them to take a personal interest and do certain things. I made it in their performance standards and stuff to do that, held them more accountable, and I don't think they'd ever been held, maybe hadn't been held that accountable in some cases to that. It's not that I wanted to interfere with their business. I just wanted them to know their organization, especially since we were going to make changes, and I needed to have them disciples of that change. They had to have ownership in that change, not necessarily just they were doing it because I was there. I wanted them to believe in it and to make sure that they understood what we were trying to accomplish.

Worked hard on trying to be accountable

Those are some of the things that Joe indicated to me at that time—that it seemed like I was negative.

But it's just my style. I would be harder on them than I would be anybody else, because you need to hold them accountable. This is where things were happening. So usually in the first part of the meeting, I would just hammer on them on various things that had happened, that they knew that they were neglecting and not doing and not fulfilling their responsibilities. They just seemed like, "Oh, my God, here we go to another meeting, and he's going to hammer on us for the first half an hour or something like that."

But my style is that I will do things like that to bring attention to it. But that's over and done. I expect you to do it, and then we move on to something else. And I didn't necessarily try to smooth things over and make you feel good when you left. You knew what your responsibilities were, and you needed to do this. I didn't necessarily want to say, "Okay, now everybody hug before we leave." I mean, that's an exaggeration, but that's more Joe's style. So from that point of view, we were substantially different. And that was hard for Joe to deal with, because in some cases we weren't facing reality. We'd sit in a room and we were talking about all these wonderful things going on, when it wasn't wonderful. Things *weren't* going well in certain areas. I would point that out and maybe hammer on the areas that I thought what we should be doing and what I expected out of people.

Storey: Do you remember any of those areas?

Underwood: Well, one was like even on the SES, enlarging the EMC, doing away with the PMC. Here's all these institutional things that you're just cutting down. And having people come in and make presentations to us, especially when we did the Strategic Plan. We had a session that was a *long, drawn-out*, probably one of the most tortuous sessions in the beginning when we started the strategic planning effort. I don't know how many days it was, three or four days in a room in

Was hard on senior staff

Joe Hall had to make adjustments

Enlarging the Executive Management Committee (EMC)

Introducing the EMC to the strategic planning effort

Virginia. I think it was Virginia. I guess it was at that time.

I was trying to have them—meaning the executive management—have ownership in this process. But they had to have ownership in the organization and they had to understand where the organization was going to go. Before we made priorities or directed efforts, we had to determine what we were going to do. What we were as an agency, what were we going to be? All they wanted to do was list priorities. All they wanted to do was to, "We need to establish priorities."

I said, "Priorities to do what?"

And then you would see lights come on, and gradually people—and I wanted them to write and be part of it. I didn't want to just write it myself. I wanted them to be part of it. Even the Mission Statement. I don't think the Bureau, I don't know if they had a Mission Statement before, and it's still standing, the Mission Statement. I mean, even very basic things. And they didn't want to do any of this stuff. You know, we need to deal with priorities because we're getting beat on the head by Congress and stuff, and you had no rhyme or reason of why you should be doing it. What kind of criteria would you establish for the priorities? So when they would try to do this, I would pound on the table and we would get back to the drawing. No, no, no, folks. It's not going to be that way.

So that was very difficult for them in that regard. Some of those episodes were very hard for them. But gradually, you get guys like John Keys and others. They would see what you were trying to do, and I wasn't trying to do their jobs. I wanted *them* to do their jobs, and lights would come on.

Another area where I was trying to—people weren't sure that we were actually doing different things, because they'd see the budget, "Are we really doing different things? Even though we say we're doing different things, are we really doing different things?"

We had an annual report. I guess the Bureau had an annual report, and it's more, again, played up to your project beneficiaries and things like that. I said, "Okay, we need to show people what we've accomplished in the future framework we're trying to establish." I said I wanted an accomplish[ments] report, not necessarily an annual report, which just made people feel good, but to show what you were doing and you tailored it to the sections of the elements of your Strategic Plan so that then they could see that, "Oh, yeah, this is what I'm doing. I'm doing this stuff in this area, I'm doing stuff in that area."

I went to all of the regional directors and said, "I want you to give me your accomplishments for this past year. We're going to do an accomplishments report."

I got a piece of paper, one single piece of paper. You've got to remember now, our budget, when we consider reimbursable and stuff like that, was one and a half billion dollars. I held this up—and they had taken two weeks to do this, and they had it all consolidated on this sheet of paper. And that was it. That was what we were getting. I said, "Look at this document. This is worth a billion and a half dollars a year. Do you believe it? This is what you're accomplishing?"

They had a hard time equating what accomplishments were, because accomplishments, to the Bureau at that time, was appropriations, how much percentage of your appropriations is spent, not necessarily was it spent wisely, but what was the percentage. They measured it based on the percentage of the appropriations that you were spending, not necessarily what you were getting for your money. I mean, you'd be better off spending maybe only two dollars as opposed to three million dollars if, in fact, it was the best way to get something done, not necessarily that you had to go out and spend the three million dollars. Even simple things like identifying accomplishments was very difficult for them and rewriting and stuff like this.

Restructured Reclamation's annual report to show accomplishments

"They had a hard time equating what accomplishments were, because . . .at that time . . . They measured it based on the percentage of the appropriations that you were spending . . ."

So these were the things you would, I'd say, "Look at this piece of paper. Would you pay a billion and a half dollars for this?" and embarrass people. Everybody is saying, 'We don't understand it.' How can people within our own organization understand what we're doing if this is what they're getting for a billion and a half dollars?" So things like that maybe were difficult.

When we did budgets, everybody was trying to protect their own domain and didn't have a corporate sense. If we're doing a budget, we needed to do a corporate budget, and the priorities needed to weigh out. It wasn't so much to preserve a region. It was to have a corporate sense to us. So I set up a budget committee composed of the SES people or budget people, and they were some regional directors and some people from Washington.

Storey: This is the BRC, the Budget Review Committee?

Underwood: Yeah. That was not in existence at that time, and, boy, I remember I got a couple people and it was like, "Oh, my God, I'm going to have to do this?"

They went around and met with all—first of all, they had a better corporate sense, because all those people on that committee understood what was going on in the Bureau. Lo and behold, next year everybody wanted to volunteer to do it. The first time, I had a very difficult time to get anybody to be on this committee, because they were going, "Oh, Jesus."

But then they recognized the value of it. They were holding their own [people] to be accountable. That wasn't me doing it. This is what they formulated before it came to me, and it was their own [people] that was going around and evaluating each other. I don't know if it's still in existence. I'm assuming.

Storey: Absolutely. You can't find anybody who doesn't like the BRC now, when you ask about, "Well, what about the old program committee meetings?"

"Oh, no. This is the way to do it."

"When we did budgets, everybody was trying to protect their own domain and didn't have a corporate sense. . . ."

Set up the Budget Review Committee (BRC)

The first year it was hard to get people to serve on the BRC

"Lo and behold, next year everybody wanted to volunteer to do it [BRC]. . . ."

Underwood: Because you had ownership. This was the way to have a corporate sense, to provide a corporate budget. I remember the first sessions, my God, they would have somebody come in and talk to me, and it was a staff of a hundred or something like that, and they had no rhyme or reason to things. I didn't want to sit and go through all those details. All I wanted to do was say, "Here's our framework. What are you doing in these areas?"

The BRC helped develop a corporate sense

We did a budget letter. The Department did a budget letter, but we did a call letter even in advance of that. In other words, trying to tell them where we were going to give some emphasis, where we were going to give special considerations, so they could plan for it and put it in their budgets and then advance the best budget forward and then have the group go around. So those were the types of things, the sense of changing the cultural practices within your organization and having ownership.

Reclamation did a call letter for the budget, in advance of the Department's budget letter

Like I said, the first one, when I asked for volunteers, no hands occurred. I think I ended up appointing people to be on the Budget Review Committee. After that, I had a hard time keeping people off it. They wanted to serve more than one year. But they recognized the value of going around. To me, we should have had all of the SES people, at least some time within a short—I was trying to figure out how do I get all of these people through this process within the period of time that I was there, and we did get quite a few different people through that process. But that was to have a better corporate sense.

Felt all SESers should serve on the BRC

There was a certain amount of things going on in the Bureau that the regional directors had to fend for themselves. They had to create their own kingdom, because they weren't necessarily getting support from Washington and the Congress was after them, and for them to even deal with their people. They were very protective and almost setting up little kingdoms as opposed to a corporate sense, and this was a way to not necessarily interfere with them, but let the Bureau develop its own internal budget. As long as you gave them

directions and priorities, let them weed through this.

If you did it all yourself and you left, then the thing falls apart. If they have ownership and it has merit, it will last way beyond my existence within the Bureau, and that's what I was looking for. I was looking for things that were going to go beyond—I mean, even if you—too, it was personally gratifying. It was even Dan Beard and stuff that kept the same Strategic Plan, and it's my understanding they went through another one now recently. To tell you the truth, I haven't really read it. My problem with whatever they were doing was, either ours was seriously flawed or you didn't keep up the Strategic Plan. It has to be a way of life, and it should have been something that you could make changes within that framework, unless that framework was seriously frayed. And if the framework was seriously frayed, then it needed to be overhauled. People say, well, you've got sour grapes and complaining. I don't look back at sour grapes. I had my tenure. I tried to do the best I did. Now there's somebody else, and it's up to them to do their job.

But my thought in all of these cases was, how do you have these, first of all, do positive things, but have them endure beyond the time that you're there. A lot of it was to incite a corporate structure, more of a corporate and a more businesslike manner for the Bureau. So I'm glad that a lot of things have stayed on beyond my term. Again, these are things that, you know, they never make headlines in papers. I don't know if anybody remembers where it was started or when it started and why it was started. It doesn't make any difference to me.

Storey: Hey, that's my job. [Laughter] While you were there, and wanting to make all of these changes, we still had our traditional constituents. What did you see as their role in all of this, and has it changed over the years, and is it changing now? What's going on there?

Underwood: I made reference to it in the beginning that we had these natural enemies, supposedly, of the

Thoughts on strategic plan developed under Eluid Martinez as Commissioner

". . . my thought in all of these cases was, how do you . . . do positive things, but have them endure beyond the time that you're there. . . ."

A lot of work was aimed at creating a corporate structure

Developing relationships with Reclamation's "natural enemies"

Bureau—Fish and Wildlife interests, etcetera—and our project beneficiaries expected us to be the bad guys and to do combat with these people and to *die* before you would give into anything. This is a slight exaggeration, but it's not all that exaggerated.

Suddenly you see that we're inviting the enemy into our camp, and we're paying attention to these other uses. I'll use an example. This had to do with, I think, McPhee Dam in Colorado. It was a project. McPhee Dam, I think that was the one.

Storey: Oh, Dolores [Project]?

Underwood: Maybe it was Dolores. Yeah, possibly. It could have been. They had Trout Unlimited—well, let's put it this way. The project included recreation and included fish and wildlife downstream. The project really basically was supposed to have had an operating criteria or something established, some kind of long operating criteria. It never was really established.

McPhee Dam tailwaters on the Dolores Project, Colorado, and fishing issues

This was during the drought—[tape interruption]. I use this is an example, and I regret that I don't actually remember it. It may have been the Dolores Project. I can't remember.

Storey: The town of McPhee is under the dam, and it may be that the lake is called McPhee, I'm not sure.

Underwood: Possibly. It could be. But what happened was, the project was identified. The project purpose was fish and wildlife downstream, recreation. It was during the drought. There was a drawdown. Like all the Bureau's projects, most of them have developed really good fisheries, cold-water fisheries, and generally they're trout fisheries below dams.

The biggest problem with that is that you need a certain amount of water to keep the temperature so the fish will live, because trout are temperature-sensitive, etcetera, more than other type species. It was to the point where fish were dying downstream, because they were just being baked, basically, because there was just not enough

flow, and to maintain that fishery was going to require some additional releases.

If you look at the reservoir, that *would* have increased the risk to the farmers and to other uses, but not an unreasonable risk. We could have said, "Hell, no." It probably would have ended up in the court, and probably the court would have mandated some kind of releases, *because* the project had a defined purpose of fish and wildlife.

END OF SIDE 2, TAPE 3. FEBRUARY 17, 1998.

BEGINNING OF SIDE 1, TAPE 4. FEBRUARY 17, 1998.

Storey: [This is tape 4 of an interview by Brit] Storey, with Dennis B. Underwood, on February 17, 1998.

Underwood: And probably would have been sued over that we didn't give due consideration to other uses, that it was strictly for fish and wildlife purposes—I mean, for economic purposes.

I advanced some additional releases go out for the preservation of the fish. It wasn't necessarily to make for the best strategy, but I wouldn't *lose* fish out of the process. In other words, I would not destroy the fishery. Whereas the other, if I did nothing, it would have destroyed the fishery. We would have lost the fishery.

I remember the board of directors of some water agencies called me on the phone and started screaming at me, "What are you doing? You're not protecting our interests. These people don't have any right to this water," etcetera.

I told them I disagreed with them, and I said, "You have to look at the—and this was at night. Out there it would have been about maybe like eight or nine o'clock. Back in Washington, it would have been six or something, because it was in Colorado. They had their board of directors meeting, and they were just trying to hammer on me. I said, "I really appreciate your input, but let me explain to you why I did certain things."

I explained to them they had project purposes. I said, "I looked and we appraised what

it would do, what risk it would lead to your uses, and basically it was relatively minimal risk. We were supposed to establish operating criteria. It's never been established as a project purpose. If, in fact, you lose the fishery, you're going to be taken to court, and the court may mandate certain types of releases, more so than what would be maybe an appropriate compromise between the two."

I eventually went out and spent time, walked along the dam, met with the people. We even had a barbecue, and I even fished in front of them, but it was the understanding of what—I wanted to hear what they had to say, but they had to understand that we were actually protecting their interests. If, in fact, I had done nothing, and we lost the fishery, I would be doing them a greater disservice, because the courts or others would have mandated probably something that *wouldn't* have been in their interest. And here I was trying to be appropriate, without increasing the risk to them. So from that point of view, you're looking at the constituents, and this is an example.

And the Trout Unlimited. I mean, they called me. The person who was heading the cause was amazed. Even the Denver paper, I think, wrote some positive things. This is unheard of, that we gave protection to a fishery. I remember Don Glaser was there and others, and he said, "God, I don't believe you were just taking such a beating when you had an easier route that you could have taken."

I said, "But that easier route would have led to not really protecting them. I'm actually giving better protection to their rights and interests by doing what I'm doing than if I had not done that."

And there were other types of occurrences that I took on a cause. In fact, there's one still going on—I'm never going to remember this now. Again, it's in Colorado, and it was a powerplant. It goes through the Black Canyon.

Storey: Uncompahgre Project? Morrow Point?

Underwood: There's a powerplant that they were going to do. They were going to run some waters. They had their water rights, and they were going to run it through their system to the other side. I wish I could remember the powerplant. I just saw the guy recently, too. In fact, the powerplant still hasn't been picked up. But this is where there's endangered species downstream. There's some wilderness areas. And these people have some senior rights, and there were people who were trying to do diversions outside the system.

These people responded to a National Objective of Energy Independence, when they had their embargo in the seventies, and they undertook looking to running waters through their system, through their agricultural irrigation system, but actually going back to another river system eventually. But they would get power generation, and they were just giving off certain type of flows.

They had senior rights, and the Park Service had the—I guess it was Black Canyon [of the Gunnison National Monument]. I just can't remember right now. But anyhow, they were filing for some additional water rights, and they were trying to get water rights for the downstream park. Here in this case, clearly—and the Solicitor's Office was handling the lawsuit between the two agencies. There was a field solicitor, and I asked them what their opinion was. They said, "Park Service will lose in court."

Black Canyon of the Gunnison

But on the other hand, I knew that there was ways, potentially, of compromising, which may not necessarily be the same type of a powerplant. But then I saw the benefits of the powerplant, and there were some detriments to the other streams. They needed to be addressed, and they had not addressed that. Our people gave me the recommendation we go ahead with the project, at least initially, and we would have got sued. It wasn't going to be fair to these people. You've got to remember, this is in the late eighties, early nineties, and they undertook something almost ten or fifteen years ago and made investments in this project. And I *believed* that there was a balance that could be struck.

What I was trying to do in most of these cases, whether endangered species or these other uses, how can we accommodate them without diminishing the economic roles, and to use these as an example. So sometimes I would pick up causes that were extremely difficult, and we could have potentially just deferred this, etcetera. I did tell them that I was going to defer the decision and we were going to do some additional work, which we did. In the meantime, some of the Congressional people were going to introduce bills that would have tried to stop us, and all this kind of good stuff. So all of these forces were at play.

I undertook this cause, and we came up. We gave the Park Service—I remember the Park Service was headed by—I don't remember—Jim. He's a good guy, too. In fact, I just saw him on TV recently. He was from Indiana. I can't think of his name right now. [James M. Ridenour]

Storey: I should know his name. He was the Preservation Officer in Indiana.

Underwood: Yeah.

Storey: Before he went there.

Underwood: I had the Solicitor come in, and I met with Jim and I told them what we would do. We would try to replicate some natural hydrographs and we'd do certain things to preserve and enhance the Park Service, the monument. I think it was a natural monument, etcetera. We would do these certain things. I said, "Trust me. This is better than you ever would have ended up in court if you sued. If don't believe me, ask the Solicitors Office."

He said, "He's right. You're getting something that you would never get." Because the state would take it up, too. They would take up the issue because of the priorities for water rights.

Not only that, we were potentially solving a problem where people were trying to do some diversions out of the stream, because we were tying up flows, which was more in interest with what the area was. In addition to that, you allow

for the power project. It wouldn't necessarily be quite as big, but still was economically feasible to potentially go ahead. They still had to do some environmental work that they hadn't done before.

Congress was going to do something, and they never expected what we had come up with as a solution. They didn't have anything to do. They had this plan that they were going to thump us and throw this piece of legislation on, but what we did was, we undertook, not necessarily to preserve our normal interests. We tried to look at the region as a whole, what was going to be done over the long term, see if we could come up with some innovative ways of doing things, and get people to work together out of the process. And they had no legs to stand on. They had no reason to do anything with the legislation, because we took it away from them. But more importantly, it wasn't necessarily that we were trying to trump those. It was the idea that you were working—and it was in their interest. We were trying to help a traditional constituent, but on the other hand, enhance the values through that river system, what it provided for.

I remember Don, like I said, he said, "I don't know why you're doing this. You're just going to get thumped and hammered on for whatever you're doing."

I said, "Don, because it's the *right thing* to do. We need to do this. This is being responsive. This is being a role of a manager of resources. You don't just forget these people because it's such a difficult task. You don't decide to undertake things or not undertake just because of the degree of difficulty." Again, this is not something you're going to get standing ovations out of, but it's the *right thing* to be doing, and it sets the model for our staff to what should be done.

It's the same thing that happened with the Animas-La Plata Project, when we were looking at natural hydrographs. I'm sorry that that has not—I mean, whether you believe in the project, I believed in the obligation and the commitment we made to the Native Americans, and also it solved

By working with the National Park Service on the Black Canyon, Reclamation avoided the Congress passing legislation

Don Glaser didn't understand why Reclamation didn't take the easy way out on some issues

Animas-La Plata Project

this bigger issue in terms of water rights, which have been back in courts forever and would have been devastating to the overall area.

I remember we got—and this is what the traditional people wanted, just to thump all over the Fish and Wildlife interests, and we thought we could take them to court and win all these battles. I'm telling these people, "You're not going to win the way that you're trying to play the game."

Dealing with fish and wildlife issues by avoiding going to court

The Fish and Wildlife Service initially came out with a jeopardy opinion, no reasonable and prudent alternatives, and the Secretary, because it also dealt with New Mexico and Colorado, the Secretary obviously had much interest, coming from New Mexico, knowing the longstanding water feuds and the commitment to Native Americans, etcetera. I remember, I said, "Okay." They had discovered some squaw fish and a few other endangered species. I said, "Okay, these things exist," and probably have come up out of Glen Canyon because of the high flows in the eighties, the early eighties, where they had some big flows. Consequently, that's what these endangered species do. Generally they go upstream, migrate upstream, during the spring flows, when you've got a lot of flooding and stuff, and then they promulgate in the back waters, in the warm waters, etcetera. Because they had done a survey before and hadn't found any, and all of a sudden they had done some recently and found them. Well, if you look at it, you can see there was this natural occurrence of a hydrograph, where you're having like heavy spring runoff, etcetera.

So I said, "Is there a way to replicate the spring runoff, but not to the extent that it would normally occur, but to have these little spikes that would allow for a reasonable and prudent alternative for the species?"

So we did all kinds of operational studies. At the time, the Secretary was thinking, "Well, what are my alternatives?" You can apply for an exemption. You can go like what they call the "god squad," where the Secretary can say, "Well,

there's a bigger interest." Or you can get an exemption from Congress.

I thought almost every one of these was doomed to fail, that it would not accomplish what they wanted to do. So I had our people look at these modeling and see if we could do natural hydrographs, and lo and behold, we came up with—in fact, it's used even for like the Glen Canyon and some of these others. The whole concept is the same concept, where you're trying to replicate on a *much* smaller scale the natural hydrographs, without wasting a lot of water, but still providing for the preservation of the species. And lo and behold, we had a jeopardy opinion with a reasonable and prudent alternative, and allowed for progress to continue to be made on that project.

Again, our normal traditional people just told the Secretary, "Go to the god squad, our traditional people. Just thump all over this. Have the Secretary override everybody and get this exemption." I didn't think that was possible, so behind the scenes we were doing all of these studies. We already had developed a relationship with the Fish and Wildlife Service. I had met with the Assistant Secretary for Parks, Fish and Wildlife, and we had a strong relationship. And then that extended down to John Turner's office, who was the Director of Fish and Wildlife Service, and also a guy by the name of—the Chief Counsel, which I don't remember right now. It's a good guy.

Working with the Fish and Wildlife Service

Storey: Welcome to the club.

Underwood: He's working for a law firm now in Washington. God, I wish I could remember his name.

Even when the Assistant Secretary, who was Connie Herman at that time, the Fish and Wildlife Service was telling him, "Don't trust the Commissioner. He's dangerous. He's not to be trusted." We established this relationship and talked about what things we could do together, and gradually we built that and we built some trust and credibility within the Fish and Wildlife Service, to the extent that I used to go and meet with their executive management and tell them what we were

Connie Herman, Assistant Secretary for Parks, Fish, and Wildlife

doing and why we were doing and stuff. I think that led to some recognition on their part of some of my efforts. But it was through that trust and credibility that led to a jeopardy opinion with a reasonable and prudent alternative. If we had not done our homework before and had not had that relationship, building that trust and credibility, they never would have accepted our concepts.

We did the same thing with Sacramento with the National Marine Fisheries. I think they control, in the particular case of the delta, because they're close to the ocean, because of the salmon issues and stuff, and we were doing things, and the same thing there. We were doing innovative ways of dealing with things. But it was through that trust and credibility that allowed us to get a jeopardy opinion with reasonable and prudent alternatives without drastically changing during these critical dry periods. Like I said, to my knowledge I don't recall that we ever had *any* lawsuits that were upheld or anything through all of these, and we made substantial *changes* to the normalization of projects, but we were being reasonable, and we were being innovative, and I think that's the way the courts and other people viewed it. But again, normally we were being pressed, in many cases, by our traditional interests to thump over people and just try to run over them, either in court or in the [political arena]—and I just told people, "You're not going to win, and it's not in your interest," and I think it paid in the long run. I'm not sure if all those parties agree with everything we did, but like I said, there was no lawsuits out of that process.

I'm sorry in some cases, like in the case of the Animas-La Plata, because I think there's this other—my concern with the Animas-La Plata is that we got an Indian water rights settlement and we made some obligations. Regardless of the two states decided how they wanted to use their waters, if it could be done in an environmentally friendly way and they'd get added values and stuff out of it. I see nothing wrong with the project, if, in fact, because of the potential for litigation over the water rights issues all over again, and because you've made commitments to the Native

Developed working relationship with the National Marine Fisheries Service

" . . . pressed . . . by our traditional interests to thump over people and just try to run over them, either in court or in the [political arena]. . ."

Animas-La Plata Project

Indian water rights settlement issues and the Animas-La Plata Project

Americans, and if you didn't fulfill that commitment, how could you, with a straight face, enter into other negotiations when you didn't fulfill ones that you already had.

I thought there was a lot at risk relative to trust and credibility with the Native Americans about fulfilling obligations when you have an act that's passed by the Congress, signed by the President, to resolve issues, and then you don't *honor* those obligations. I thought that that would undermine any of our water rights settlements that we were trying to work with and not living up to our responsibilities. There was more to that than just building a dam, so to speak. It was added values and benefits that could be gotten. Whether you completely agreed, all the parties agreed, and then there was the matter of trying to do it in an environmentally and economically sound manner.

Storey: Yeah. The Utes are really frustrated about Animas-La Plata.

Underwood: Like I said, I spent a considerable amount of time, primarily in the concept, trying to advance the concept of jeopardy opinion with reasonable and prudent alternatives to deal with native species that were contrary to water projects, because they'd obviously change the water temperature and flows. It was, how do you get that added value, because it wasn't just going to be there. It could be applied in many other places.

Storey: What about other Indian water rights settlements?

Underwood: I remember when the Secretary—and my understanding is Secretary [Bruce] Babbitt continued on the process. In fact, I think there was some recognition that the Indian water rights settlement process was really a strong achievement of Secretary Lujan, the process. That continued on, and I know that even the Bureau's role, I think, even got enhanced a bit in that regard, too.

**Indian water rights settlements
under Manuel Lujan**

I remember the Secretary one time, we were sitting in a meeting with the Secretary, Under Secretary, and other people, and they were bragging that they had twenty negotiations

ongoing, and I said, "Your worst nightmare is if you solve all of them." Everybody looks at me, and I said, "Where is the money going to come from?" because all of these had tremendous amount of money. I said, "Your worst nightmare is that you're successful in all of them," because we had not planned to how we were going to finance these things. There was no efforts to deal with the White House or other people of how we'd do it. I said, "That is your worst nightmare, that you're successful."

I think it brought reality back, so that people started looking at ways—and I think there was even some legislation introduced now, a budget line item. I don't know how effective it could be. But it brought some reality back to people, because these were *large* Federal commitments, generally, extremely large Federal commitments. You multiply twenty times whatever some of the most recent settlements, and the money is just unbelievable as to what you're going to talk about. It would eat up the Interior's budget if you funded that. I said, "You need to have a financial plan to be able to pay for these things."

There was a lot of Indian water rights settlements going on in Arizona at that time. My biggest concern with that was that some of the entities in Arizona, which would be traditional Bureau supporters, my concern was that some of these people had rights to the Central Arizona Project which they never intended to use, or it wasn't practical or economically feasible to potentially use. They were going to have to obligate *something* to the Indian water rights settlements. They were going to have to give *something* to the Indian water rights settlements. Most of these people, they were leveraging these rights as their contribution to the Indian water rights settlements, which, in fact, all it did is, they were never going to use them anyhow and it was just going to cost the Federal Government. It was ways for them to get things that I thought we could not afford to do, not on a continuing basis.

"Your worst nightmare is if you solve all of them. . . . Where is the money going to come from? . . ."

Department of the Interior began to budget for Indian water rights settlements

Concerned that water users in Arizona established rights to the Central Arizona Project they would never use but which would become Indian water rights settlements and cost the Federal Government considerable sums of money

Some of those cases in Arizona was not to allow—because once you put it in an act, you can get away with all kinds of things, and I didn't think it was in the interest—they needed to resolve without necessarily—all it was was, the solution was for the Federal Government to pick up all these tabs, basically. Not only were you providing for the infrastructure for the Indians, but even these other pieces that normally people were giving away, they weren't giving anything that they really intended to use, and it was at the expense of the Federal Government. I just didn't think that that was appropriate, and we probably brought a little bit more focus to that because there was a few Indian water rights settlements that went through during that time.

The hardest part was, in some cases where we had a Native American office, was that in many of these cases, the Indian tribes wanted us to help them in their settlements, and that was inappropriate, in my mind, to use the Bureau to—because basically, if you were going to have an Indian water rights settlement, somebody had to give up something. It was not like there was something out there that was uncommitted or unallocated. You were going to have to diminish somebody else's rights and interests, and I didn't think that was a proper role for us. That should be litigated on the merits and not necessarily have us—because it would put us in the middle of doing things. Now, that didn't mean that we couldn't help them develop whatever rights and interests that they had quantified through any kind of settlement, but for us to levee war against non-Indian parties would be an inappropriate role for the Bureau.

That was a hard line, because they would say, "Okay, you're saying you want to do something for us. Then help us in this litigation." That was not what our intent was. It was to help them find and respect their sovereignty, but also help them in helping themselves, or at least that's what I viewed the role as.

At that time, there were a lot of settlements going on. This was when the gaming issue was going on, too, on reservations. Initially, I was not

Indian water rights settlements on the Central Arizona Project (CAP)

The solution to the issues in CAP was for the Federal Government to pick up the tab

Some tribes wanted Reclamation assistance in reaching settlements and that seemed inappropriate

very supportive of gaming, because I didn't think it gave them—meaning the Native Americans—a way of changing their life and to be more self-reliant. It would just generate money, but not necessarily create jobs or to create a better environment or quality environment. While they had more money, but it wouldn't necessarily give them what I considered a proper role or a way of accomplishing what they needed.

I changed my mind subsequent to that to a degree, because I spent a lot of time—I went to a lot of Indian reservations and bestowed upon some Native Americans Reclamation's highest honor in terms of recognition of civilian work, civilian efforts in terms of meeting water needs, and I think it was the first time the Bureau's ever done that. It was very emotional. We had kind of an office ceremony, but I don't think there was a dry eye. It even got to me. I had made this presentation. These were two tribal members who had dedicated their life to providing drinking water. It was the Ogalalla Sioux, I believe, if I recall correctly. I remember visiting their reservation, and their water came from, they had fifty-gallon drums, steel drums outside, and a pickup came around every week and filled that drum. That was how they got their drinking water and their bathing, etcetera. I mean, some really, almost like Third World conditions on the reservation.

Awards to Indians for work in water development

We were trying to look at a project which would benefit them and also the non-Indians at that time, and these people had dedicated their lives to and made a lot of personal sacrifices, so I gave them some recognition. I remember they related a story relative to the great overall keeper and stuff. It became very emotional, let's put it that way. I don't think there was a dry eye in the house. It even got to me, and I had no—the only intention I wanted to do was to honor these people, the same way we honored other citizens that had dedicated their lives to improving the quality of life and providing for water supplies, which we had done to other non-Indians before.

Again, a lot of this was with the recognition that we were trying to build trust and credibility,

and it didn't come easy. But out of that process, I probably recognized that trying to get appropriations of stuff was very difficult, and gaming was a way to achieve other means. I just hope it's done in the concept of providing for a better quality of life, but a meaningful life and meaningful work and that kind of stuff for future generations of the tribes.

I thought that the better effort was to develop for the water project and provide for economic well being, but probably the quickest way to get to there, because of appropriation process and stuff in some of these cases, was to allow Indian gaming. So I've kind of changed my mind to a degree, as long as it's done for the right purposes and for them to develop and pursue their own sovereignty, etcetera, better well being, especially if you visit, like I said, some of these reservations, almost like Third World countries' living conditions. Now, some of them lived way out because they wanted to live way out, but still, there needs to be a better way of life in terms of providing basic essentials—you know, education, water, etcetera.

Storey: Tell me how politicians played into your life as Commissioner of Reclamation.

Underwood: They come from different folds. I guess in some cases you always had the authorizing budget committees, so you always had a relationship with the people. You have a lot of oversight committees, especially on projects and controversial issues, water contracts, project purposes. There was not for a lack of issues that were constantly being brought up, and they were always—I think at one time we had bills related to Reclamation. I testified on numerous occasions, but at one time I had fifty bills at once, I think, something in that neighborhood, and all on these very tight details for various projects.

There are many committees where we might have to testify, and at one point there were about fifty bills affecting Reclamation under consideration

One of the things you do with Congress, I found out early, and it's no different than anything else. You don't lie to people, obviously. If you don't know something, you admit you don't know it and you'll get the information back to them. But

on the other hand, you don't go up there not knowing anything and say, "I don't know, I don't know, and I'll get back to you." That's not being very responsive, either. You know what the hearing is.

I used to spend a *lot* of time personally studying issues before I went to testify to make sure I understood the issues and could answer questions to the extent that I could. Not only that, you had to develop a written position by the Administration and submit testimony. That testimony went through all the other cabinets, and everybody had a chance to essentially take wax. And if they had other things they were trying to achieve, they'd try to integrate within your testimony. The problem is, you end up being up until three or four o'clock in the morning and then have to testify a few hours later on a number of bills.

But one of the things I found, I had two committees, besides the budget committees, authorizing committees. Bill Bradley was the Chairman on the Senate side, and George Miller on the House side. So you have your work cut out for you. These two people are fairly bright and know their issues fairly well. But I found out a couple things. One is, with Bill Bradley, he also was the chairman of my confirmation hearing, and my confirmation hearing, I had three or four other people with me at that time. I was considered probably the least controversial of anybody, but the hearing turned out to be all directed at me. Primarily at that time, they were trying to leverage Central Valley water project contracts, the renewal of those contracts, so my confirmation got held up.

Out of that process, and the relationship with Congress at that time with that committee, halfway through the hearing I began to realize that, whether it was Bill Bradley or anybody else, they could ask a couple questions, but then they couldn't go too far beyond that, because they couldn't know every issue and all the finite details of every issue. So I found one thing in testifying that I could answer probably their second question when I answered the first question, and that left them with

Studied issues before going up on The Hill to testify

Reclamation also developed a written position

**Senator Bill Bradley
Congressman George Miller**

The Senate wanted to affect Central Valley Project contract renewals and delayed confirmation of Underwood as Commissioner

Understanding how to deal with congressional hearings

not too much to go with beyond that. That was helpful, once I understood that.

The other part was, I challenged the chairman at that time. I forgot. This was after about two or three hours. I was getting a little tired of it. It was just details on all these projects, that obviously I'm not going to know and I could give answers. But I said something— and this may have even held up my confirmation. I remember saying to the chairman, "You know, I've been answering questions, this sixty-minute drill and questions and answers on these little detailed things on various projects. I thought this hearing was about my qualifications to be Commissioner of Reclamation." In other words, I was challenging the chairman, which was not something you're supposed to do.

I remember seeing some of the committee staff people behind him going, "Oh, God." And Bradley, it upset him, really, because he didn't know what to do. I remember I see him flutter. He never expected me to fire back at him. You know, I'd just sit there and take this stuff going on and on. I remember he was rattling papers and stuff. He didn't know, really, what to say. And that probably led to some of my holdup of my confirmation, but I don't think so. I think it was out of this Central Valley issue, which they recognized they weren't going to get anywhere. I told the Administration, "You compromise me here, I may as well go home, because every time I come up to the Hill, I'm compromised. I would rather go home and not be confirmed than to be compromised."

But out of that process, and one of the things with Bill Bradley, we ended up having, I thought, a fairly good relationship. I think I got respect from him that I would fire back and challenge Congress. The other part was, Bill Bradley did not like to have people read testimony. If you've got a testimony for the record—

Challenged Senator Bradley during confirmation hearing

Believes the Central Valley Project contract renewals were behind the delay in his confirmation

END OF SIDE 1, TAPE 4. February 17, 1998
BEGINNING OF SIDE 2, TAPE 4. February 17, 1998.

Underwood: But on the other hand, these people, I said, "If I went there, I don't drink the water if I would go there," because it was that bad. That stuff was discolored and contained all kinds of stuff. And I told them, "While the Administration's position is that they should be 100 percent non-Federal funding, I said, I have a very difficult time with that," and I explained why and the merits and stuff. So I could say a lot of things.

A lot of times our testimony may be late because we were arguing all kinds of stuff, and a lot of it was OMB's fault and other people's fault. The Congressional people would say, whether it was a Republican or Democrat, "We know that it wasn't your fault."

I said, "No, sir, it is my fault, because if I can't effectively get the testimony on time, then it's my fault. It's not the Secretary's fault, it's not the President's fault. It's my fault that I'm not capable of getting the position in the papers."

In other words, you took fall[s] for a lot of people. You could very easily agree with them and say, "Yeah, it's OMB." I took a lot of crap out of OMB for that, and a couple of my staff members went over and told them, he said, "The Commissioner is taking a lot of flack for you guys. You better appreciate what the hell he's doing." Sometimes they'd just cause problems. They were just nuisance more than anything substantive.

With Bradley, I remember Bradley used to say after my testifying, generally would say— and he said it sincerely, and I don't think it was a come-on. He said, "You come here being well prepared. You're knowledgeable. You answer questions." And he crucified a few Assistant Secretaries. I won't mention their names, but there was a couple assistant secretaries who would not go up to testify.

Storey: Well, I heard John Sayre—

Underwood: Yes.

Issues around having written testimony for the Congress approved at OMB and elsewhere

There were some assistant secretaries who refused to testify before Congress

Storey: Went up so unprepared once that they wouldn't let him back.

Underwood: He didn't even want to go back. I remember when we even did budget hearings. He said, "Do I have to talk?" Here was a person, an older gentleman, who would put his arm around me and say, "Don't take it personally." I found myself being in a role reversal with John. I said, "Don't take this personally. This is their court. But you've got to go prepared."

I mean, I just did it on my own. I spent a lot of time studying issues. When I went to testify, I knew the issue, generally. If I didn't know it, it would be some minor details or something that I'd get blind-sided with that I didn't know about, whether it was—in the case when I did budgets, I went around and visited all the Congressional people before the time that I had to testify to know what their issues were ahead of time, give them the opportunity.

The other case with George Miller was a little different. George grandstanded a lot, and you had these groupies that followed George around, whoever they were. And you could tell. You'd walk in. All the cameras were set up, and it was a preview that George was going to give—obviously he had called them there because he wanted something on film. It's his kingdom, and he has a right to do it. I have qualms with that. But you know that you're going to take a beating that particular. It's in his kingdom. The only thing that I would do is try to keep him honest, remind him about various things, and you dealt with it just like any other issue. You're going to have to listen to his lectures, and once he gets done lecturing, the cameras are going to pack up and go, probably. But then you would have to deal with the real substantive parts of the issues. You didn't have a lot of people who were going to come to your aid on either side, whether it was on the Senate or the—well, the Senate I had people that would come to my aid if I needed it, but I don't think I ever required a lot of aid.

Testifying before George Miller's committee was different because he "grandstanded a lot"

"You didn't have a lot of people who were going to come to your aid on either side [of the Congress] . . ."

I viewed it that I was there to do a job. Actually, I wasn't intimidated by anybody. No matter who they were, it didn't necessarily intimidate me, because I had a job and I thought I was prepared and I was trying to do the best that I could, and what more can you ask? It didn't *bother me* to listen to George. You tried to bring, like I said, you tried to—difficult because you were trying to explain issues and stuff. He's got all these sound bytes that are *well prepared, well scripted*, and you're there trying to be reasonable and try to provide factual information. The groupies don't like that. The groupies want to see the bashing and the lecturing and the sound bytes and all the other good things. But you know that that's there.. You have to understand that that's going to occur. You go up and you do the best you can, and you give the basis for why you're doing things.

**Testifying before George
Miller's committee**

At times, I used to try to go over and to talk to George Miller, but generally he just told you what he was—it was just like listening to a lecture on something, whatever his causes were or whatever he believed in. If you'd tell him what you were trying to do, he wasn't really all that interested. I could spend a lot of time with George and probably not change any of his hearings or any of that, but it would be more meaningful if he saw what we were doing in a substantive manner. Whether he liked it or agreed with it completely, he would have a hard time taking issue with us trying to be reasonable in what we were doing, and that's the strategy I used.

Like I said, you've got the opposition in Congress. You weren't going to change a lot of the dynamics. You didn't necessarily have some heroes that would weigh in and counter some of the other people. Even some of our friends sometimes. I mean, [Senator] Jake [Edwin Jacob] Garn, with the Central Utah Project, bashed the Bureau because they wanted to complete the Central Utah Project. I let the Bureau take a rap for some of the stuff to a certain degree, because I knew what he was doing and what he was trying to accomplish, and I didn't mind taking a little heat because of that. But on the other hand, you didn't let him go too far out of the process. You tried not

to go too far. Nothing wrong with somebody wants to whip you a little bit. If you're there just to take a beating, that's one thing. But if you're there to be constructive out of the process—and I thought we were. We brought up issues dealing with the Central Utah Project that they needed to deal with, and in the long run, I guess, the right things happened.

In some cases, I had people that I could talk to that were going to be friendly, but they couldn't necessarily carry the load for you. They couldn't necessarily help you. You were there to carry your own load when you went on the House side, pretty much. There was people like, in Arizona—God, I just saw him recently, too. It's getting terrible. It's showing your age. The Congressman, Rhodes, Jay Rhodes, who was on the committee. The problem with Jay, sometimes he would ask you these leading questions. You didn't know where he was going, though.

Jay Rhodes

I didn't go up and conspire to have some kind of strategies to counter George or anybody else. I went up strictly to deal with matters and not playing games with people. You couldn't be accused of playing games with people. Sometimes what happened was, you would have a person, and you were trying to be helpful to them. They're trying to make a point, but you don't know where they're going. They've got these leading questions. You have no idea. You're sitting there trying to figure out, "Okay, where is he going with this thing?"

Jay was one that would do that to me sometimes, where it would be a legal point that maybe he was getting at, but I didn't know what the legal point that he was—I would help him get there if I understood how he was going to get there in terms of the steps. So once in a while you'd get blind-sided, but generally you knew, when you saw somebody come in, you're testifying and you saw somebody come in the room, here you're testifying and you're talking, but you're watching somebody come in, and you're thinking, "Okay, what is his issue?" because that's coming up next. Obviously, that's why he's there.

Generally you could identify, and you could almost, if you thought about the issues enough, you could pretty much tell what the questions were going to be. You wouldn't have to talk to the people. You'd know roughly what the questions were going to be and what their interests were, and you would have a response to them. And if you didn't know, you just told them you didn't know.

You'd like to nurture a stronger relationship with Congress. The problem became, in our case—first of all, you did a lot of oversight hearings. They weren't necessarily authorizing other things. It was trying to clean up things that happened in the past, and that's a harder row to hoe in some cases, too.

The other part was, even if we wanted to leverage something, you weren't sure that you were going to get the Administration's backing. So if you went up and negotiated something, you may not get the Administration's backing on it, because you're going to have to go through OMB and others, and if they don't like Reclamation to begin with. So you didn't have a lot of leverage. Now, if you had somebody that had—like remember before I was talking about White House impact. If you had good conduits to the White House that would support you. But if you didn't, then why would you go up there and waste your time negotiating on something you couldn't deliver on.

Dealing with the Congress was uncertain since you then might not be able to obtain Administration backing

My concern was, we could prove it better in the field, given the situation. My strategy was that we needed to walk our talk and set an example as to how we're doing business and how we treat people and how we treat issues was going to carry more weight for us in the long run, because it was just a very practical approach. You looked at it and you say, "Okay, who's going to help me fight all these wars that I'm going to have?"

Who you were going to find to negotiate in those days was like Dan Beard or others, and we would talk on stuff, but if you weren't assured that you could deliver, that's not going to help. Your credibility will go right down the toilet the first

time that you agree to something and you couldn't deliver on it. Then you're a non-player. You'd be better off showing what you're doing and making concrete advances in those areas than you would be to try to negotiate something. And it would be very difficult. Some of these issues were going to be very difficult to negotiate anyhow. The chances of being able to deliver, even though it may be the best thing in the world, you would have a very difficult time.

Storey: What was your work schedule like and your travel schedule like when you were the Commissioner?

Underwood: I'm an early riser and a late person. Probably my hours, I'd be in the office usually—I'd be waiting for the garage to open, generally, to get in. It would be like six o'clock, five-thirty, six o'clock. The reason being is that I could do a lot of stuff without having a lot of interruptions. And a lot of times I worked very late hours. I'd generally stay seven-, eight o'clock, many times ten-, eleven o'clock at night, sometimes three- or four o'clock in the morning, depending on what's going on. So it was very long hours when I was usually there.

The problem became in the evenings when I was trying to do things, the West Coast is still lagging behind us. So if it's nine o'clock there and you're doing things, it's only six o'clock. And people found out that I would be there late, so then they would start calling late and it would interrupt trying to be able to go through things, because you would deal with people all day long, and then you needed to read matters and to deal with issues and stuff in the quiet time. But people found out my work habits. The same thing with the staff. Generally the staff, when I first got there, I think it was probably came on time or didn't come on time, but a lot of people developed my same work habits. I mean, they would come there early. It got so towards the end, a vast majority of the people were coming in early. And I don't think they were there to impress me. I think in many cases we gave them some meaningful things to do, and they enjoyed doing it.

Work schedule while Commissioner was early to work and late to go home

One issue that added to long hours was the time difference for the West Coast

"It got so towards the end, a vast majority of the people were coming in early. . . . we gave them some meaningful things to do . . ."

I remember a guy who was really very, when I went back there, was very distasteful of how the Bureau had treated him. He didn't want to go to Denver and stuff and was demoralized. A very talented person. In fact, I'll mention his name. It was Dick Porter. Very smart guy. He just put in whatever the hours it was, and that was it. I remember he came to have more meaningful work, as opposed to just passing paper. I remember he was going to go on vacation, and he made his wife sit outside for three or four hours while he finished up something he didn't want to leave, because he enjoyed what he was doing. He was trying to be accountable and responsible, and he stayed on. When I first went, I think he was talking about leaving or retiring early, and because he was doing meaningful work, his whole work attitude changed. He was there early in the mornings, and making your wife wait on vacation while you finished up something just wasn't normal practice.

Some of that you set by example. I didn't want people to come in, I didn't expect people to put the hours in that I did. I knew I was going to be there a short time. I wanted to accomplish a lot of stuff, so it meant that I just needed to have long hours. The same thing when I traveled. To make a trip out and then to go back, you've got to remember that you're four, five, six hours, seven hours flying each way. You lose a lot of time if you make just single-purpose trips. So sometimes I would go for like two weeks at a time or a week at a time, and I would just travel as many places I could go. Like I said, a different city in the morning, a different city at noon, a different city at night, long hours. People said that I traveled, they estimated 70 percent of my time. I would argue about that, but when I thought about it and you look at all my travels and stuff, it probably was close to that.

Travel schedule was quite busy

We would go out and we'd go to these water users conferences, and if I can recall correctly what we set up, and I remember in one case, we would just have these, I think we gave, I forget, maybe ten minutes to people. They could dedicate time, but it had to be they defined their issues ahead of time so we knew what it was, so

Meeting with people at water users conferences

we could try to do it meaningful. You say, what good is ten minutes? Well, people would come a couple hundred miles, drive a couple hundred miles, not to attend the conference, just to meet with you for ten minutes. I was amazed.

We would start at like seven o'clock in the morning and go to like eight or nine at night, and just ten minutes each one. In fact, we had like rooms set up side by side, where I would just walk back and forth to the rooms, so the other party is coming in. While we're talking and finishing up with one party, we'd walk over and pick up that issue. I would have the Regional Directors, whoever it was, there, too. But it was defined purposes and issues. It wasn't just come in and say, "Jeez, how are you doing?" and stuff like that. I've forgotten how many we went through. It was like eighty and ninety, I forget, in a couple days. It was like a marathon, where we went through stuff like that.

It was my only time to have one-on-one without people traveling all the way back to Washington to be apprised of issues and have them have an opportunity to talk to me. But that doesn't mean that I wanted them to go around the Regional Directors or anything, because they were there. They were there *with* me, but it was on matters that they thought was important, and we would have some meaningful discussion. But that means you had books and stuff. You'd have to prep for all these marathon sessions. But it would be long days, long hours.

I enjoyed it. Like I said, I don't require a lot of sleep. My eating habits are absolutely terrible. I can go without meals or eat meals. People would talk about rest room breaks, and I would go all day long without taking breaks. They'd say, "Oh, my God, I don't know what size kidneys you have," because they would just fold. Even in some of the executive meetings we would go long hours, and some people would get just too hungry and stuff. I realize you're just wearing people down. But I'm a type of person, I don't require a lot of sleep. Probably maybe more now, I don't know.

Meetings would sometimes be long with no bathroom breaks or meal breaks

I remember we used to work on planes. Sometimes we would come back to Washington, we'd work all the way. We'd take night flights so I wouldn't waste time, and we'd work all the way back. I remember John Sayre was traveling with us one time, and John was trying to get some sleep. We were walking up and down the corridor, people were walking up and down the corridors, and we were going through papers. And I don't know, this was maybe three or four, five o'clock in the morning, whatever it was, and all night long we were doing this. I won't say what John said, but I never heard John use curse words in my life, and I remember John waking up at one point and looking at me and he said, "You are blankety-blank crazy," and I've never heard John say those words before. He said, "You're out of your mind." But it was the only way we could deal with some of the things that we were dealing with at that time. Time was critical in many of these cases.

Sometimes worked with staff on the plane

Storey: When you say "we," who was we?

Underwood: Oh, Don Glaser—whatever was traveling with me at that time. I did not take a big [entourage]. I was always with the mind that I did not like to have—I wanted the people who came to see me I wanted to outnumber me and whoever we were, because it wasn't a matter of intimidation. So generally I did not fly with a lot of people, but Glaser traveled with me and usually maybe some other people. If, in fact, we were going to some water conferences, maybe some other people out of Washington, and we would deal with issues. A lot of it was just going through paperwork and all that kind of stuff during those times.

My fax bill sometimes when I'd go into a hotel would be two or three hundred dollars, because they were charging by the page, and I would have all these faxes waiting for me to go through, documents and stuff like this. Sometimes I think people thought—there was a detriment to it, because sometimes I would be very critical of letters. We used to see a lot of correspondence where somebody would write a letter and ask a question, and we wouldn't answer the question. You'd read the question and you'd read our answer,

and we were non-responsive. I just kept returning that kind of stuff, and I said, "I want you to respond to the question." I thought we owed it to the people to respond to the question, not just a bureaucratic response.

In some cases, people took the attitude, "Well, God, he's going to change some stuff. Just give him anything, because he's going to change it." The problem was, you're trying to set an example as to what they *should be* doing, not necessarily that you want to rewrite it. And the other part was, you get the reputation that you consumed large volumes of reading material and stuff, and they think you read everything. Then when you meet people, they think you read everything that they, if they had a paper or something they wrote to you, they think you're going to remember and you read everything. Obviously I couldn't *possibly* read everything, but I did spend a lot of time reading a lot of materials and stuff. I was looking more that we were being responsive to inquiries and not just going through the motions and not just canned responses to things, and making sure that people, when they're signing off on the signature, that they were aware of what the responsiveness would be.

I probably got a reputation for reading a lot of stuff, and I did. Not as much as what they thought I did, I don't think, but long hours. I knew that they knew that we would do these endurance tests, whether it was meeting with people or just the travel schedule was very demanding. I used to have this legal-size briefcase. It was like a tree stump. The damn thing, I remember it weighed at one time like seventy pounds or something, just chock-full of papers, because I'm reading and I'm getting all these faxes and stuff. I remember they put it on the scale, because it was a small thing. The damn thing weighed, I think, seventy pounds. I remember people would say, "Let me help you with your bags," and I would usually carry my own bags. But once in a while somebody would get to it, and it would almost pull their arm out of their socket, because they expected the briefcase not to be that heavy. They'd pick that thing up, and they'd go, "Oh, my God."

Wanted to ensure that replies were responsive

Read a lot of material and carried it with him

Storey: A box of paper.

Underwood: That's what it is. It was like a tree stump. It was just condensed paper, and it weighed sixty or seventy pounds. People would go to pick it up, and they'd think it was going to weigh ten pounds or something like that, and just about yank their arm out. You get notorious for doing things like that. People would see you, and they'd know you're coming. I would always carry it on, because I don't like to wait for baggage. So I would always carry on my luggage on the planes and stuff so I could not be held up for time and making flights and stuff.

So, you know, a lot of long hours, probably more than what was required in some cases. But some of it was, you just wanted to try to do so much, and you're trying to pay attention to a lot of details. I remember somebody said something to me one time. We had like a managers' conference, and I was supposed to make remarks at the end. What I did was—and I did this the night before. I remember we were talking about programs, and these were all Project Managers, etcetera, and I went through and talked about each region and the various things that were going on and the projects, and naming people and stuff.

John Keys, I remember, said something to me. He said, "That was terrific, because they *know* that you understand their issues and matters, and you remembered people and you remembered the issues that they were dealing with." I went through almost every region, and it was just ad-lib. It was just things that I was recalling.

I thought it was more meaningful that I was trying to relate to them what they had accomplished and was kind of praising them for some of the things, with no notes or no paper, that you were just calling off projects and certain things and aspects of it and people, and how meaningful that they had done and some of their accomplishments that deserve credit and that kind of stuff. John said, "You're right on point, because people could identify with what you were saying. They *knew* that you understood what they were

dealing with." To me, I thought that was important that they understood that you did take an interest in what they were doing and that there was meaningful work and that you recognized their good efforts or their hard efforts.

Storey: The Secretary of the Interior—that is, Reclamation in parens [parentheses]—is the watermaster for the Colorado River. What did that mean to you when you were at the Colorado River Board of California as Executive Secretary and then Director?

Underwood: It meant problems. [Laughter] The Secretary of Interior—and this is interesting, because a lot of people don't understand this. The Federal Government has no rights, really, to water and power. The rights were actually appropriated to the states. The water was all appropriated to the states. Consequently, the Secretary had a watermaster responsibilities, but it was confined by what is referred to as the Law of the River, which includes then that he could do certain things, and he had very broad powers and responsibilities, but there were restrictions, and those restrictions were the Law of the River, which kept him within his right framework.

The Secretary has inherent conflicts, being the watermaster. One is, he has national obligations to fulfill. Not only is he protecting the rights and interests of the states and to help the states in their development, use of water, and governing the operations of the river and conformance with that. But he also had obligations which potentially were in conflict with the states' use of water—meaning he had Federal responsibilities he had to fulfill. In addition to that, he had trust responsibilities to tribes, which potentially would be in conflict with non-Indian right-holders.

While he had broad responsibilities, there was some limits, and my concern before, and it still is to this day, is that, by default, those powers and those responsibilities do not get broadened for lack of action by a particular state, or that the state would be dictated by the Secretary as to how they

Issues around the Secretary of the Interior being the watermaster of the Colorado River

"The Secretary has inherent conflicts being the watermaster...."

". . . he also had obligations which potentially were in conflict with the states' use of water—meaning he had Federal responsibilities . . ."

should use water within the state, and where and how it should be used. That, to me, is the state's determination. Whether it's used *beneficially* is the Secretary's responsibility, and it's in conformance with contracts and the *apportionments*, but that he should not expand, because then he's in conflict with his role as the watermaster, and take on what should be states' responsibilities.

The same thing is that he should fulfill his *own* responsibilities, meaning effective operations of the river and all of the other requirements provided by the documents, provided for in the Law of the River, and that those are fulfilled. In many cases, those have gone unfulfilled. I found it very convenient, when I was in Washington, to hear people talk about the law, and you'd be accused of not complying with the law, but they selectively decide what laws you should obey and what laws you shouldn't obey. If it's in their interest, they say you should abide by the law. If they think the law is inconsistent with their goals, they say it's antiquated and those requirements should not be complied with, because it needs to be rewritten and redone.

That, I think, is unacceptable, in my mind. But there was a lot of people within Washington that would say that, and a lot of that goes with some of the Federal responsibility's role to the Colorado. They'd say, "Well, that was done back in the sixties," or "that was back in the fifties, and that's not in keeping with the times," etcetera. Well, it just isn't in keeping with what their objectives or what they think their interests are, because in most cases, it is.

If you *really* spend time looking at the Law of the River and the Secretary's responsibilities, etcetera, that *came* through, a lot of the negotiations came through commitments by people, and that they've relied on those type of commitments to take a certain course of action. Just because you don't believe that that commitment should be honored now, it's the same as any other law in the books. It is the law, and you should not necessarily ignore it. If you think it is not appropriate, then you should change the

How water should be used within a state is an issue for the state

Whether water is used beneficially is the Secretary's responsibility

The Secretary needs to fulfill his responsibilities related to the law

People in D.C. selectively want you to comply with the law to the advantage of their particular positions

law. Most of these people just wanted to ignore it, because they wouldn't necessarily undertake it because they knew they wouldn't be successful. So they would have you selectively enforce certain laws which they feel is in their interest.

In many cases, we had things, like with the Yuma desalting plant, with the Secretary's responsibilities relative to augmentation of the river, and all this kind of good stuff, he needs to be taking certain actions to meet those responsibilities. Similarly, there is provisions within Federal statutes and rules and regulations whereby the Corps and the Secretary are supposed to coordinate their operation of tributary and mainstream projects, to the betterment of all of the uses of the river and all that kind of stuff. That, in effect, gives the Secretary some responsibilities for more effective management, and I would rather see the Secretary dwelling on those than interfering with state matters. Like I said, monitoring contracts, reasonable beneficial use, test to make sure that they're using it reasonably beneficially. But there is other responsibilities, Federal responsibilities, that the Secretary should be doing in honoring all states' interests that become very basic. Some of those are forgotten.

When I was with the board, we used to try to remind the Secretary and others of what those responsibilities were and tried to make some advances. In terms of augmenting the river, the concept historically was that the yield of the CAP was going to be based on unused apportionments of the Upper Basin states, until such time as they developed their apportionments, and then the yield would be firmed up through augmentation of the river. The chances of the river being augmented—they were at that time looking at other basins—probably not very good. But then if that's the case—

". . . the concept historically was that the yield of the CAP was going to be based on unused apportionments of the Upper Basin States . . . and then the yield would be firmed up through augmentation of the river. . . ."

Storey: Other basins being the Columbia River.

Underwood: Right, by and large. If you considered the salmon and endangered species issues and for other reasons, that was never going to be probably very viable. Maybe historically it was looking at it from

the broader picture, and they were doing all these transfers and stuff like that, probably being considered as being, honestly being considered as potentially a reasonable alternative.

You may have things where you could potentially do some desalting along the California coast. In exchange, California would back off on some of its water. So you potentially could enlarge Wyoming's use. In fact, if they were paying for some desalting, I mean conceptually you could do some augmentations of the river through those type of means and still have some practical approaches, potentially. But more importantly, it would be like Arizona and others, where they make more effective use and coordination of their ground and surface waters, along with their Colorado water. If, in fact, the Secretary was looking at how to potentially effect his role relative to augmentation, it would be in those areas, whereby just to coordinate operations of the facilities you could potentially enhance the amount of waters that are available to a state and help shore up the CAP.

The other things, in terms of vegetative management and precipitation management should be explored, and some of those are Federal responsibilities. As long as they meet the needs of the states and then the environmental considerations, etcetera, he has basic responsibilities in those areas. But I get very concerned, in the case of California, that California, under its four-four plan, is offering up these drafts to the other states, and subsequently California is—

END OF SIDE 2, TAPE 4.

BEGINNING OF SIDE 1, TAPE 5.

Storey: [This is tape 5 of an interview] with Dennis B. Underwood, on February 17, 1998.

Underwood: I think that's very dangerous in the sense of—this is relative to the other states, California being subservient to the other states, relative to development of its basic four-point-four plan. I think the other states, their interest is that California stays within its four-four. All they want

Concerns about the relationship of California to the other basin states in development of their 4.4 million acre feet plan

is a commitment from California that they stay within the four-four. For California to offer a plan and look for the concurrence of the other states, I think is inappropriate. You become subordinate, and I think what happens is, you have other states dictating. You're setting a precedent of other states interfering with the other state's development of its resources, and I think there's some real danger in that area.

On the other hand, they should accept nothing *less* than California being able to stay within its four-four. Whatever issues it has internally is none of the other states' business, and I don't think they want it to be their business. California has taken the approach that they have to be informed about their issues with the Salton Sea. I don't think they care about the Salton Sea. Utah's got the great Salt Lake that they have to contend with, too. I don't see California taking an interest in that. That is an internal matter within California, and they should keep it internal. Like I said, I'm concerned that states' sovereignty relative to its use of their appropriations should be within the state. The Secretary should be enforcing reasonable beneficial use and fulfillment of contracts, etcetera, but it's to the states to set up, and should not necessarily be subject to the approval of the other states, *other* than that they will be committed to serving within their four-four, or their basic apportionments, whatever state it is.

The other part is, like I said, the enlargement of the Secretary's responsibility. By default, if an agency is not doing something or a state is not doing something, that the Secretary then decides how the water should be used within each state, and I think that's inappropriate. That's beyond the responsibilities—an enlargement on the roles of the Secretary, and I think that leads to some very dangerous—first of all, it's interfering with state matters.

In a sense, you also have to remember that he also has to fulfill Federal obligations, and he's competing to fulfill those Federal obligations, and in some cases competing for the use of certain waters to meet those obligations, which then puts

"You're setting a precedent of other states interfering with the other state's development of its resources . . ."

On the other hand the other basin states should accept nothing less than California staying within the 4.4 million acre feet allotment

Concerned about infringement of state sovereignty by both the Federal Government and other states

in competition with the states, which I think is inappropriate, how you can determine what be used in a state when in a sense you're competing for that state for water, too. And the other part is the inherent potential for Indian and non-Indian water rights. So while he has broad responsibilities and authorities, they should be confined to, there is certain bounds that they need to be confined to certain bounds, and not, by default, be enlarged, and I get concerned. Some of the things that are going on presently, I get concerned about.

The other part is the rules and regulations. They're establishing various types of rules and regulations relative to uses within the river, and there is some clarification that needs to be done as to if a state under-uses or over-uses apportionment, how do you resolve those issues, all that kind of good stuff. There is need for clarification in that regard. The problem becomes in the rules and regulations, people then have used them to advance other issues in some cases, whether it's the marketing of water and all that, and I think that's totally inappropriate.

The other part is, I get concerned about rules and regulations which may be confining as to the flexibility of operations. They should be to enhance, not necessarily be in conflict with greater operational flexibility. The problem being is, if you set rules and regulations in place and then you want to subsequently change those, you may have to go through environmental compliance and public participation. Rules and regulations, they're to help to give the flexibility to interpret laws. In this particular case, it may be inflexible in the sense that it may take five years to go through the process of environmental compliance and public participation, and consequently I would not be in favor of rules and regulations that would be so confining and reduce flexibility to meet needs. I just don't think it's in the sense of good resource management.

Storey: Well, before the Colorado River Board, you were at the Department of Water Resources, I believe

helping on the development of the California Aqueduct.

Underwood: That and the California Water Plan. It was a continuation of the California Water Plan. The state does updates of what they consider the big picture relative to meeting needs within the state, and then what the demands are going to be and what kind of strategies you're going to employ to meet those needs. I spent a lot of time doing those type of efforts.

State large scale planning for water issues

The other parts were efforts relative to agencies, trying to solve water management problems within agencies and developing management plans, dealing with things with like reclamation and conservation and all the alternatives to meeting their needs.

Storey: Is that reclamation with a small R or big R?

Underwood: Small.

Storey: Small R?

Underwood: Yeah, water reuse.

Storey: Tell me about how it related to Reclamation with a big R. In other words, the Bureau of Reclamation.

Underwood: When I was with the Department of Water Resources, not a heck of a lot, because most of it dealt with—and I was dealing in southern California. The Central Valley Project is outside the scope of southern California. The only real big Bureau project would have been the Colorado River, but it was a Metropolitan Aqueducts and Operations. You had small Reclamation loans and the Bureau doing planning studies for local agencies, but not a lot of connection with the Bureau during that time.

My familiarity was more with the systems within California, like the L.A. Aqueduct, the Colorado River Aqueduct, the State Water Project, groundwater management, a lot of the groundwater modeling activities and wastewater reclamation,

and then doing alternative water supply studies and management plans for local entities in support of developing of the bigger picture for California's plans.

Storey: The State Water Project didn't relate much to Reclamation?

Underwood: Meaning the big R, meaning Bureau of Reclamation?

Storey: Yeah, the big R.

Underwood: Not necessarily, other than there was an intertie between service areas in the Central Valley and with the Colorado. But the interface with the State Water Project, even on the state whole, was not that large at that time. Now, because of obviously it's a shared resource that they're pulling out of, whether it's the Bay-Delta or, in some of the cases, of the Colorado, where you're going back and trying to potentially look at different ways of dealing with the Colorado.

But you've got to remember, during those times California was *not* restricted in its use of Colorado River water. Potentially it was going to have to be in the future, but they had already laid plans to deal with that. And at that time, the Central Valley Project, some projects were still being completed. It operated as a separate entity, relative basically to the State Water Project. This was before some of the real clashes with how to meet the needs in the Bay-Delta. But back in the sixties and seventies, other than the coordinated operations that would go on, it was more on the coordinated operations.

The project was viewed as being essential, obviously, the Central Valley Project, to meet California's needs and supplied a substantial amount of water, but in terms of my interplay with the Bureau, it was more on local planning activities, the small project offices. If you look at the Bureau, there's not a lot of projects in southern California. There's a few in San Diego that were done by the Bureau, but not a lot, really. Those were done in advance, really, of—I mean, the state

and the various cities and the Metropolitan Water District did a lot of those.

Dealing with the Colorado River, though, in some cases, because the Bureau was doing studies and assisting some of the entities of the desert water agencies, so there was some interplay there.

Storey: What else should we talk about? What is it that I *should* have asked you?

Underwood: Oh, gosh. I have to try to remember, since it was a couple years ago, what we talked about before. I think the essential parts we've pretty much covered, what my concept was of where the Bureau needed to go and some of the vehicles that we used to get there.

I think some of the emphasis—and I think a lot of this still holds true—relative to valuing employees, some of the human resources aspects—and I think we talked about this before. You can do all kinds of wonderful plans, but if you're not providing for meaningful work and quality environments, working environments, and being respectful to and empowering people— and I don't mean empowering meaning that you don't fulfill your responsibilities, you just pass it off and delegate it down. I mean in terms of giving them directions and then letting them use their initiative and creativity to achieving those goals and objectives.

The idea of elevating human resources to a line-item function, I think, was very critical, especially at the time when the Bureau was going through a lot of uncertainties and potentially a lot of problems relative to human resources and the value, and how you value people, etcetera, making sure that they understood that we were only going to be successful if they were successful. And some of that came from the Secretary, some of it came from my own personal experience.

Wherever you work, you always look at people, and they're either role models and you say, "Yeah, man, I would like to do that. If I'm in that

Valuing employees was an important objective while Commissioner

position, I would want to adopt the way that he deals with people." On the other hand, you'll find people who say, "My God, if I ever have that opportunity, I would *never* treat people that way." So you learn both ways, the negative and the positive, and you try to put them into real-life experiences.

I think we did a lot of efforts in that. We spent a lot of time, and it does, it takes a real strong commitment to do that. In other words, we were talking about before like the SES or other types of programs. You just don't create them. You really have to make sure that they are workable, that people are going to make sacrifices, and you need to fulfill your part of the responsibility and bargain.

The other part is to make sure that it's not who you know, it's what you do, that gets you promoted. You know, some people, they look and see, if it's not based on merits, then they try to figure, well, do you have to align yourself with certain groups? You want to dispel that. You want to be able to make sure that it's based on merits and what your accomplishments are.

It is important to assure promotions are based on merit

Those are some things I'm not sure we talked about this time. Last time I think we talked about why I selected the various vehicles to help bring about change in an effective way. Gosh, I don't know, we've covered a bunch.

Storey: Okay. Well, anything you want to add gratuitously, then?

Underwood: Give me a minute to reflect here a little bit. Other than like I said, I think, in the beginning, I said this time that I believe in the process—in other words, the involvement of political types in the process. It can be very healthy if the people are there for the right reasons.

I remember I was amazed at when I went through my interviews with the White House and with the Secretary. I already had a good job, so it wasn't like you had to sell yourself about what you were going to do or that you would cater to their

wishes. I was very straightforward to say what I thought that I brought to the table and what potentially I could do in helping the President or helping the country, etcetera, and to my amazement, and to the credit of the President, that made an impression, obviously, because they selected me to do it.

So it wasn't a matter of who I knew. Obviously it doesn't hurt, because obviously there was a lot of endorsements, people did endorsements for me. But I did not have to promote myself in that regard. I just told them professionally what I would try to accomplish, both for the White House and with the Secretary, and they never told me that I had to do this or that. It was left to me to determine what was in the best interest and advance those policies and principles and programs that I thought were the right courses to take. With all due respect, I think I was pleased with where they left it. I was not ever asked to do things for political purposes. I could do things because it was the right thing to do, and they never interfered with that process. They always had some people, that we talked about, internally that you had to overcome, but from the Administration's point of view, they never interfered politically with anything, and I think that's a real credit to the Administration and to the process.

The White House never interfered politically with Reclamation's work

The other part is just the dedication. I remember working on weekends, and I would come in. You had to sign in for the Bureau or the Interior Department, and I was amazed at how many political people worked Saturdays and Sundays, week after week. You know you're going to be there for a short period of time, and the dedication and the time and energy that people brought to the process makes me think that it is a sound process. I think people have to recognize that there is a certain amount of personal sacrifices that go on, but it's no different than other personal sacrifices that you make in life, too.

The political appointees were a dedicated group

Storey: Well, let me ask you, then, if you're willing for the information on these tapes and the resulting transcripts to be used by researchers.

Underwood: Sure. I have no problem with that.

Storey: Great. Thank you. I appreciate your time.

END OF SIDE 1, TAPE 5. February 17, 1998.
END OF INTERVIEWS.

Endnotes

1. Note that 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.

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.

2. This document appeared in June of 1992. *Reclamation's Strategic Plan: A Long-Term Framework for Water Resources Management, Development and Protection*.

3. The term Bay-Delta as used throughout refers to the San Francisco Bay/San Joaquin River and Sacramento River delta.

4. The Central Arizona Project (CAP) was authorized in the Colorado River Basin Projects Act of September 30, 1968, P.L. 90-537, 82 Stat. 885.

5. The Colorado River Basin Salinity Control Act of June 24, 1974, P. L. 93-320, 88 Stat. 266.

6. The Colorado River Floodway Protection Act of October 8, 1986, P. L. 99-450; 100 Stat. 1129, 43 U.S.C. §1600.

7. Also often referred to as "low-value" crops.

8. Referring to California's official Colorado River allotment of 4.4 million acre feet per year.

9. Referring to MWD's Colorado River Aqueduct from Lake Havasu behind Parker Dam to the Los Angeles area.

10. Referring to the aqueduct to Los Angeles from the Owens Valley/Mono Lake area.

11. Referring here to OMB, the Office of Management and Budget.

12. J. Danforth (Dan) Quayle.