

Federal officials eyeing ARA plan closely

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— USBR's Larry Boll

By Emily Darby
Auburn Journal Staff

A round-robin of government meetings last week proved, if nothing else, that the unconstructed Auburn Dam is not only keeping its head above water but has found a strong current of interest.

While Sacramento officials sitting in decision-making positions continue the "wait and see" game, the federal negotiating team for the U.S. Department of Interior has returned to Northern California for more answers.

After getting acquainted with the American River Authority earlier this month, the four-member federal team again met with the local agency Thursday afternoon to talk numbers.

The ARA, a joint Placer-El Dorado county agency formed to support the Auburn Dam, of-

tered the Interior Department and its Bureau of Reclamation a \$700 million bond proposal that would fund the power and water supply portion of a \$1.4 billion multipurpose dam.

ARA General Manager Ed Schnabel, who is also manager for the Placer County Water Agency, said Friday that the federal team maintained a strong interest in the bond proposal and sought further information about its mechanics.

"I think they mainly wanted to meet the ARA's financial advisor," said Schnabel. "They asked questions about how we would sell the bonds, the pay-back schedule and specific terms."

The ARA has hired financial consultant Jim Mayer of the San Francisco firm Rauscher, Peirce and Refsnes to handle the bond, said Schnabel.

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Bob Dorr, ARA member and spear-header of the bond proposal, said Wednesday during a meeting with Rep. Norm Shumway, R-Stockton, that the ARA needed a consultant to ensure correct procedures and the "best deal possible" with the bond's financial underwriter.

Dorr also said that financial big fish Paine Webber and Dean Witter Reynolds Inc. have nibbled hungrily at the ARA offer.

Larry Boll of the USBR office in Folsom said the Interior Department also views ARA's proposal as legitimate.

The federal negotiating team will return in late February and plans to make a decision by May, said Boll.

"I guarantee the department wouldn't send anyone out here unless it was interested," said Boll Friday. "But the negotiating team is still making contacts and finding out what concerns people in the lower American River area have."

Boll said Sacramento officials still question whether the ARA proposal will work and if it does, how soon they will receive flood protection and at what costs.

When an Oroville earthquake stopped construction in 1975 of the now 24-year-old project and the federal government pulled back total financing, Sacramentans ob-

jected to additional costs and sought only an immediate answer to flood problems.

Storms in 1986 that nearly caused disastrous flooding in Sacramento also added pressure on officials there to resolve flood control problems.

The result has been a continued debate over a dry, flood control only dam versus a wet, multipurpose structure.

The U.S. Army Corps of Engineers estimated that it would complete its flood control study by fall of 1990, said Corps spokeswoman Pat Fuller.

She added that the Corps will conduct a series of public forums to educate citizens about problems and solutions and will solicit their environmental concerns to complete its Environmental Impact Study.

Merrit Rice, project manager for the Corps said a dry dam would probably cost about \$322 million excluding the already spent \$300 million for the Auburn Dam.

Boll estimated that the ARA's bond proposal would require a \$136 million share from Sacramento city and county combined.

While Shumway implied to Dorr that Sacramento Mayor Ann Rudin accepted the logic of a multipurpose dam, Dorr described Rep. Vic Fazio, D-Sacramento, as a reasonable man who no longer adamantly opposes a wet, multipurpose dam.

"He (Fazio) seems open to the idea, but he wants the people of Sacramento to tell him what they want," said Dorr to Shumway Wednesday.

Shumway commended Dorr for "breaking ground" with the Sacramento congressman and for accomplishing more locally than what's been done in Washington D.C.

Fazio introduced a bill two years ago that would authorize the construction of a dry dam and plans to reintroduce his bill in the near future, said Fazio's district director Andy Grow Friday.

Although Grow did not say when the dry dam bill would again reach the floor of Congress, he said Fazio has not changed his position regarding the dam.

"He (Fazio) has never been for nor against the dam," said Grow. "He's had the same questions he's always had, but it seems that the ARA may be providing some of the answers now."

Rudin was unavailable for comment Friday.

Other discussions held on the Auburn Dam last week included a meeting between Shumway and Sacramento developers Wednesday afternoon, between the federal negotiating team and the Sacramento Task Force on Flood Control Thursday afternoon, and a session with Shumway and Rep. Robert Matsui, D-Sacramento, Friday morning.

Auburn Dam decision won't be soon, US says

By Laura Mecoy
and Michael Doyle
Bee Washington Bureau

WASHINGTON — Bureau of Reclamation officials said Wednesday they need at least a year to make a formal decision about whether the federal government wants to complete Auburn Dam.

Bureau officials said discussions with the American River Authority (ARA) about its proposal to finance the water and power aspects of a multipurpose dam at Auburn are in the early stages and formal decisions about how to proceed are probably a year or more away.

Some ARA members had hoped

for a decision this spring, but bureau officials said President Bush still has several major appointments to make at the agency and they don't know what position those new appointees will take on the Auburn Dam issue.

"Our role is to try to meet not just with the American River Authority, but with all the groups," Reclamation Commissioner Dale Duvall said.

William Klostermeyer, assistant commissioner, said the bureau's negotiating team is "first trying to find out if it's a viable proposal. We hope we would not get too far ahead" of the U.S. Army Corps of Engineers.

The corps is scheduled to com-

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plete a feasibility study of flood control for the Sacramento area by September 1990. That study will examine a "dry dam" at Auburn that would hold back water only to prevent flooding.

The ARA wants a full-scale dam to provide power and create a lake. It has offered to put up \$700 million in bonds to pay for the water and power aspects of a multipurpose dam.

Roy Ruhkala, who serves on the ARA, said the board had hoped for a decision from the bureau this spring.

"It kind of is a little bit disappointing," he said, "but no one has his heart set on anything."

El Dorado County Supervisor Robert Dorr, who also serves on the ARA, said he still expects an agreement with the bureau by spring.

"Our hope is that we will be able to show them that our proposal is feasible and ready to go, and that will push the flood-control people (favoring the dry dam) into further action," he said.

Rep. Vic Fazio, who has sponsored

legislation to build a dry dam, said he asked about the bureau plans during the congressional hearing Wednesday because he's "afraid there is an impression that we are on the verge of something, and we are still a long way from home."

"Let's let everybody calm down, get the sharp pencils out and get to work on the alternatives," the West Sacramento Democrat said. "I am trying to get a balance here. The project still has a lot of major hurdles to go over."

Rep. Robert Matsui, who also supports a dry dam, said that regardless of when the Bureau of Reclamation makes its decision, Sacramento must examine the dry dam and the multipurpose dam proposals at the same time.

"It would be irresponsible to take on the ARA proposal before we have the final feasibility report (from the corps)," the Sacramento Democrat said. "The community cannot make an informed and responsible decision without having both."

ARA to take dam plans to Washington

Seek support for \$700 million funding proposal

By Gus Thomson
Auburn Journal Staff

The American River Authority (ARA) is taking its Auburn Dam financing proposal to Washington, D.C., late this month.

Board members Ross Riolo and Bob Dorr will be joined by Ed Schnabel, authority administrator, and Jim Mayer, vice-president of a San Francisco banking firm Rauscher Pierce Reffnes, Inc.

Riolo, ARA chairman, said the object of the April 26-28 visit is simple.

"To get the dam built," he said.

More specifically, the four will pitch the authority's plan to float a \$700 million bond issue to finance construction of a

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Ross Riolo

\$1.1 billion dam. Most of the talking will be to Department of the Interior Office of Budget and Management officials.

Cost for the trip to the nation's capital is an estimated \$5,000-\$6,000, said Schnabel.

ARA and Interior Department representatives have held discussions on the \$700 million bond issue. The ARA is using income from water and power sales as a

carrot it's hoping the government department will grab in return for a federal guarantee on the bonds.

The El Dorado-Placer county authority proposed the bond financing idea in September in an attempt to budge a budget-conscious federal government into backing the long-delayed project on the north fork of the American River.

Riolo said the flight to Washington isn't taking place because of any breakdown in discussions with interior department officials.

Instead, the ARA wants to bend the ears of as many top level officials in Washington as it can.

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"Talks are going good," said Riolo. "The task force (negotiators) are back there now telling them what they know. It's a good

time to go back."

Mayer will accompany the three-man ARA team to give federal officials an impartial assessment of the merits of the bond issue, said Riolo.

Rauscher Pierce Reffness Inc. conducted a preliminary review

that indicated the bond issue was a feasible method of financing the dam.

Mayer said that while he can't predict what the market will be like in the 1990s, there is a big demand for the securities this year.

Auburn Dam puzzle starting to come together

Principal players enlist allies in high-stakes fight

By **ROD BOYCE**

In the glacial pace of Auburn Dam politics, supporters and opponents have suddenly elevated their activity to a frenetic burst of tit-for-tat.

The controversial dam's backers have upped the pace — and the ante — while opponents are starting to mobilize, perhaps belatedly, but with equal passion.

This new rush of white water energy has included trips to Washington D.C., visits here by a former Reagan administration bigwig, a new billion-dollar plan, and a devastating financial analysis revealed Friday that punches a wide hole in the most promising offer to restart Auburn.

Perhaps at no other time in the dam's rebirth has the issue been as polarized, as rapid-fire, as political, and as reliant on public relations.

"If you look at the history of Auburn, there's been tremendous explosions of activity," said Bea Cooley, director of the American River Coalition, the new anti-dam umbrella organization indicative of the fight's shift to a new phase.

"And this is another one of those periods," she said.

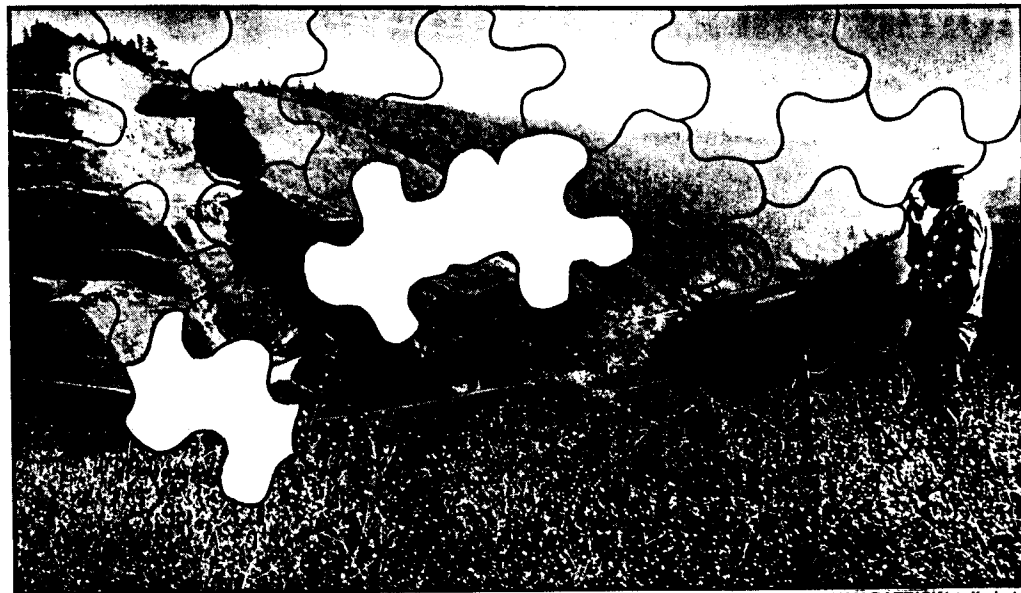
So somewhere between now and mid- to late-1990, when the last pieces of the Auburn puzzle arrive from the Army Corps of Engineers and Congress, the public should figure out what's being heaped on it.

Doing that will be tough, however, especially as Auburn Dam becomes the loud, probably nasty, national battle that most of those involved say it's going to be.

Times have gotten tougher for major waterworks projects, and Auburn is the last unfinished dam of the once-unchallenged water industry. A sharp rise in the public's environmental consciousness over the past 20 years has compounded the industry's difficulty.

And the new coalition's arrival signals more troubling times ahead for the giant dam, since the new group is already armed with 16 local, state and national groups.

The coalition could become even more high-powered if the Sierra Club and National Wildlife Federation (NWF) come aboard. Both organizations, with extensive



ANN DERY/staff artist

BRYAN PATRICK/staff photo

AUBURN DAM site presents moonscape appearance since construction was halted for lack of funds. The American River project is 35 miles northeast of Sacramento.

Washington D.C. lobbying capabilities and their national resources and bank accounts, will likely take a stand next month.

National Sierra Club leaders are set to decide their Auburn position on Saturday. NWF officials visit Sacramento the week of May 9. Most are veterans — "old hands," Cooley said — of earlier California water wars.

"It's definitely for the resources, we do everything on a shoestring budget," Cooley said of the local anti-Auburn effort. "Now the PR we have is all the national magazines" of the environmental movement.

On the other side, but on the local level, the pro-dam American River Authority (ARA) may be joined by a still-forming subgroup. Dam supporters got a big head start in the publicity department Jan. 1, 1987 by hiring the Sacramento public relations firm of Roy Heatly/Associates.

The ARA, a semi-governmental body of El Dorado and Placer counties, has proposed a \$700 million bond offer to pay half the cost of a full-scale Auburn Dam. The offer is now one of the two largest funding proposals.

The public relations job became more difficult Friday, when dam supporters were thrown into a tailspin by the U.S. Bureau of Reclamation. The Bureau, in analyzing the ARA offer, said irrigation water from Auburn would cost nearly 11 times more than previously thought. Water for cities and industries would cost just over five times more.

That casts doubt on the ability of the ARA to find customers for the giant dam's water.

Potential buyers of Auburn's water would come from among contractors of the federal Central Valley Project, which Auburn would be integrated into. The Bureau of Reclamation, which issued Friday's damaging financial report, runs the CVP.

Those customers, through their Central Valley Project Water Association, were conducting their own analysis when the increased prices estimates came out.

But, the ARA lineup continues.

The ARA, coupled with the fund-raising resources of the private Auburn Dam Council, already has 21 businesses and associations that have agreed to monthly financial pledges through 1990.

On the list are Stanford Ranch and Winncrest Homes, two leading area home sellers; and Charles Collings, president of Raley's Supermarkets. Of the 21, eight wanted to go unnamed, but they include some of the capital's larger contractors and construction equipment companies and at least one individual developer.

The Labor and Business Alliance of the Capitol Area, whose executive officers and directors run much of the local building and trades industries, recently made Auburn Dam

its top 1989 priority. Last year, the group was behind Sacramento's successful transit tax.

Building on that financial support, which helped pay for the April 10-11 dam tour and speaking appearances by former Reagan Interior Secretary Donald Hodel, is the possible unification of at least nine Sacramento and Placer county water districts.

The group, which could be representing nearly 200,000 customers, has begun talking about collectively supporting the dam shortly after Sacramento County supervisors rejected an offer to join the ARA. The new group could wield more clout than the county could have done had it joined, said Jim English, general manager of San Juan Suburban Water District.

David Kennedy, director of California's Department of Water Resources, told a group last month that he agreed Auburn was headed for national-issue status.

"And those things are not resolved easily," he said.

The lineup jelling coincides with the escalated activity, leaving the new alliances to sort out the implications of both bond proposals.

Studies by the Corps and some action by Congress, both aimed at providing flood protection for California's capital, will likely be the first of the final actions on the \$1.4 billion multipurpose dam.

The Corps studies, which some say will back a smaller dam instead of the huge 2.3 million acre-foot reservoir, would likely be followed by a project authorization bill in Congress. Rep. Vic Fazio, D-West Sacramento, will probably carry the legislation.

Fazio, along with Democratic Rep. Robert Matsui of Sacramento, said he will soon reintroduce legislation to build an expandable "dry" dam.

Three ARA members met Thursday and Friday with the special Department of Interior task force in Washington, just as their offer was being gutted back home. They also met with Fazio and the Office of Management and Budget.

Other than discussing the ARA's own financing offer, the team was expected to discuss the latest twist in the near 30-year-old dam effort — a \$1.2 billion bond proposal made two weeks ago by state Sen. Ruben Ayala. Voters statewide could be asked to approve the measure in November 1990.

Both sides worry about the Ayala plan, which would make environmental protection of the Delta its top priority. ARA supporters fear, however, that an election loss on Ayala's measure could carry negative thoughts to their own offer.

Rod Boyce, a Sacramento Union reporter, covers water and other environmental issues.

Auburn Dam's protagonists

Lineups for and against Auburn Dam.

For the dam:

Association of California Water Agencies
Bishop Hawk
California Central Valleys Flood Control Association
California Rice Growers Assoc.
Charles Collings, president of Raley's Supermarkets
Latham Lumber
Placer County Board of Realtors
Roseville Telephone Co.
Sacramento Builders Exchange
Stanford Ranch
Tenco Tractor
Winncrest Homes
Wise Insurance

Canvay

Against the dam:

Wilderness Society, San Francisco
Audubon Society, Sacramento
Environmental Defense Fund
Defenders of Wildlife
Western River Guides Association
American River Rec. Assoc.
Environmental Council of Sac.
Planning and Conservation League
Save the American River Assoc.
Protect the American River Cyns
Sacramento Valley Institute
Friends of the River
Pacific Coast Federation of Fishermen's Associations Inc.