



United States Department of the Interior

OFFICE OF THE DEPUTY SECRETARY
Washington, D.C. 20240

May 12, 1997

Dear CALFED Participants, CVP Stakeholders, and Interested Parties:

Over the past several weeks, the CALFED Management Team has made a concerted effort to resolve a range of issues surrounding the 1997 water year operations. We appreciate the substantial effort by all parties in this effort, and pledge to work with the State and stakeholders at all levels to refine the proposed operations plan as the water year progresses.

The purpose of this letter is two-fold. First, a part of the difficulty in defining 1997 water year operations is the continued absence of an accounting process for the Central Valley Project (CVP) yield dedicated to environmental purposes under the Central Valley Project Improvement Act (CVPIA). This letter restates Interior's commitment to resolving this issue in the immediate future. Second, we want to begin working with the State and stakeholders to identify a better long-term approach for resolving important issues that arise from water allocations and other water management processes in the Bay and Delta.

Implementing the CVPIA

The last few weeks have highlighted the difficulties in planning water project operations, for both consumptive and environmental purposes, without resolution of key issues involving the dedication and management of the CVP yield dedicated to environmental purposes under the CVPIA (the "(b)(2) water"). These difficulties affect not only the yearly allocation process, but the CALFED Bay Delta Program planning effort as well. The process for defining and managing the (b)(2) water is extremely complex, and the stakeholder workgroup established under the CVPIA Forum did not lead to a consensus position.

As I stated in testimony before Congress on April 17, Interior is committed to releasing a revised Administrative Proposal on the management of (b)(2) water by May 30th, and I have arranged for the personal and substantial involvement of top-level managers in both the Region and in Washington in developing this proposal. After releasing the revised Administrative Proposal, Interior will meet with stakeholders to explain the proposal and solicit comments. Interior plans to finalize the Administrative Proposal no later than June 20th. This final Administrative Proposal will serve as guidance for implementing the (b)(2) water requirements of the CVPIA until such time as final rules or regulations are developed and adopted.

To the extent that the policy decisions to be announced in the Administrative Proposal can be implemented during the remainder of the 1997 water year, Interior is committed to doing so. Interior acknowledges that, given the timing, this commitment may only be applicable to actions using additional (b)(2) water in the fall, and would not impact allocations already announced.

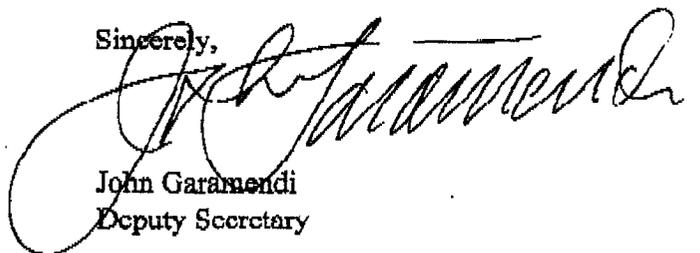
Process Issues

Finally, we believe that the recent controversy over 1997 project operations illustrates the need for an improved process for raising and resolving issues between the agencies and stakeholders. We are committed to meeting with the State and stakeholders in the immediate future to begin defining a better way of working collectively on these issues. At a minimum, we believe that any new process should address the following areas: annual operation plans, hydrological modeling efforts, and developing and implementing the long term water management plan under the CVPIA. As an initial step, Interior proposes the following:

- Interior will make its modeling data more timely and more readily available. Interior will make underlying modeling data available before any major decision, so as to solicit meaningful review in the modeling community. Interior will meet with representatives of the various stakeholder groups during the next month to determine how best to engage in a productive dialog regarding the modeling process.
- The Administrative Proposal on (b)(2) water will be incorporated in the first long term Water Management Plan, presently scheduled for release in the fall of 1997. Interior will establish a schedule of public meetings and other opportunities for public review and comment as this Water Management Plan is developed. Interior believes that policies announced on May 30 and that are to be finalized by June 20 should be sufficiently detailed to allow inclusion of the (b)(2) water dedication provision in the No Action Alternative under the CALFED Bay Delta Program planning effort.
- In the immediate future, Interior will meet with the stakeholder community to develop a more comprehensive process for addressing water management over the long-term.

In closing, it is important to note the tremendous progress that has been made to date through the CVPIA Administrative Process. Many of the difficult issues we faced two years ago are either resolved or are moving to resolution in the near future. However, the issues and related controversy arising during the 1997 water allocation process are further evidence of the need for a more comprehensive solution to California's water disputes. I encourage all responsible agencies and stakeholders to refocus their efforts on the CALFED Bay Delta Program, the long-term CVPIA implementation decisions, and the State Board's water rights decision, so that these programs can begin to move toward a more productive and sustainable balancing of the many interests in California water.

Sincerely,



John Garamendi
Deputy Secretary