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Date: 9/23/99

GOVERNOR GRAY DAVIS

September 22, 1999

The Honorable Bruce Babbitt
Secretary, U.S. Department of Interior
1849 C Street, NW
Washington, D.C. 20240

Dear Secretary Babbitt:

Thank you for coming to Sacramento a few weeks ago to discuss the CALFED Bay/Delta Program, along with other critical water issues affecting California.

As we discussed, I believe we have made crucial progress on the Colorado River agreement, and we have the opportunity to make crucial progress on CALFED with continued leadership at the highest levels. I very much appreciate your commitment to personally engage in this important process and I reiterate my pledge to do the same.

I am pleased to report that significant actions were taken in the final days of California's Legislative Session that will assist in moving forward both CALFED and California's 4.4 Plan for the Colorado River. First, I supported, and the Legislature approved, a \$1.97 billion water bond measure that will appear on the statewide ballot in March of 2000. In addition to funding important projects such as safe drinking water, wastewater treatment, flood protection, watershed restoration, groundwater storage, and water conservation and recycling, the bond will provide \$430 million to fund CALFED-related projects, such as fish screens, water quality projects, and water supply reliability projects.

I fully expect completion of the Colorado River Agreement in the next few weeks. However, in order to avoid any undue delay, the Legislature at my request approved legislation that establishes an October 15, 1999, deadline for the Metropolitan Water District of Southern California, the Imperial Irrigation District, and the Coachella Valley Water District to adopt a quantification agreement regarding their respective Colorado River entitlements. If an agreement is not reached by October 15, I, or my designee, will promulgate a quantification settlement by January 1, 2000.

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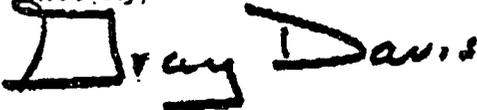
To maintain momentum on the CALFED Program, I propose a follow-up meeting before the end of the year. The meeting would focus on tracking our progress in developing a final plan by next spring, with special attention to the key issues we discussed on August 18. These include:

- Development of a framework for an Environmental Water Account (EWA) by the end of the year. As you know, the EWA based upon the concept that flexible management of water project operations could achieve fishery and ecosystem benefits more efficiently than a completely prescriptive regulatory approach.
- A framework for completion of the Integrated Storage Investigation (ISI) by the end of this year. The ISI, which must be finalized by early next year, will evaluate the potential for surface storage, groundwater storage, conjunctive use programs, and power facility reoperation to meet CALFED's water supply reliability goals. Together with expanded water use efficiency and water transfer programs, this integrated approach to assessing California's water storage needs is an essential component of CALFED's overall water management strategy.
- Actions to reduce the potential of repeating this year's conflict between water diversions and protection of Delta smelt and other listed species. These include a commitment that project operations and regulatory actions will be coordinated through the CALFED Program, and that conflicts will be elevated promptly to the state and federal leadership team before action is taken. The EWA and ISI programs should provide more flexibility to reduce future conflicts over annual water project operations.
- Actions to reduce conflicts when the federal Trinity River and "(b)(2)" provisions of the CVPIA are implemented. These include early implementation of projects to improve water supply reliability, including the South Delta Improvements Program, conjunctive use projects, and water transfers and water use efficiency programs, and coordination of their implementation with appropriate state agencies and CALFED.
- Reauthorization of the federal Bay-Delta Environmental Enhancement and Water Security Act in order to secure continued federal funding for the CALFED program.

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Thank you again for your time and attention to these issues. I look forward to working closely with you and the Clinton Administration to develop a comprehensive and balanced strategy to manage California's water resources.

Sincerely,



GRAY DAVIS

cc: The Honorable Dianne Feinstein, U.S. Senate
The Honorable Barbara Boxer, U.S. Senate
The Honorable George Miller, U.S. House of Representatives
The Honorable Grace Napolitano, U.S. House of Representatives
The Honorable Cal Dooley, U.S. House of Representatives
The Honorable Ken Caivert, U.S. House of Representatives
The Honorable Richard Pombo, U.S. House of Representatives
The Honorable George Radanovich, U.S. House of Representatives
The Honorable Elton Gallegly, U.S. House of Representatives
The Honorable John Doolittle, U.S. House of Representatives

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