



GOVERNOR GRAY DAVIS

November 6, 1999

W099001510

The Honorable Bruce Babbitt
Secretary of the Interior
1849 C Street, N.W.
Washington, D.C. 20240

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Dear Secretary Babbitt:

I am writing to express serious concern regarding the U.S. Department of Interior's policy for the implementation of the Central Valley Project Improvement Act (CVPIA) Section 3406 (b)(2) water supply. The implementation plan, announced this past week, sets forth Interior's accounting method for the dedication of 800,000 acre feet of Central Valley Project water for environmental purposes. As you know, the accounting methodology for determining how much water is to be provided for fisheries is the central issue in litigation now before the U.S. District Court in Fresno. Interior's decision to move forward with the 2000 plan using the disputed accounting method will have a serious detrimental impact on California water users in the coming year.

U.S. Fish and Wildlife Service and the Bureau of Reclamation have been working with California's Department of Water Resources and the Department of Fish & Game to develop an operating plan for 2000 which incorporates the Department of Interior's (b)(2) policy. My Administration is committed to continue working collaboratively toward a 2000 operations plan which meets both environmental and water user needs in a balanced way - consistent with the Court's decision in the (b)(2) case, and with federal and state law. However, I do not believe that the plan as presented on November 4 meets that test.

Preliminary results indicate that the implementation of Interior's plan would result in water supply delivery reductions of up to 55% to a major segment of California's agricultural economy - even if normal rainfall occurs. The plan would also result in a water supply reduction of 25% to Silicon Valley.

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Project	CVPI
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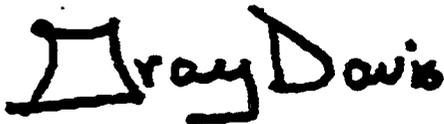
Imposing such severe reductions in water supply before resolution of the accounting issue, and without identifying discretionary measures that would substantially mitigate the impact, places a severe hardship on California water users and the State.

I understand that as a part of the 2000 operations plan, there is an effort to fast track the development of "tools" to minimize the impacts. However, these tools have not yet been fully developed, quantified, secured, or funded, nor will the tools under discussion come close to mitigating the estimated impacts.

The implementation of Interior's (b)(2) plan cannot be accomplished without a high degree of coordination, cooperation, and facilitation by the state. Unless and until adequate measures are developed to substantially mitigate the impacts of this plan, I cannot commit to facilitate the current 2000 operations plan as presented.

Mr. Secretary, in our discussion in August we agreed that there is enormous potential for an unprecedented state, federal and stakeholder collaborative effort through the CALFED process to develop and implement a vision that is both balanced and sustainable. In keeping with our agreement to resolve issues cooperatively, I have done my part by working hard to achieve passage of a needed water bond for the March, 2000 ballot, as well as successful resolution of the quantification agreement for the transfer of Colorado River water. I remain personally committed to working with you.

Sincerely,



GRAY DAVIS

cc: Senator Dianne Feinstein
Senator Barbara Boxer
Congressman Gary Condit
Congressman Cal Dooley
Secretary Mary Nichols
Director Tom Hannigan