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May 10, 1999

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

Dear Senator Feinstein:

Thank you for taking the time to meet with our CALFED funding coalition. It has taken us several months to work through our differences, but now we are unified and working hard to secure the \$95 million appropriation proposed by the President. I really appreciate your support and engagement.

While the focus of our trip was CALFED, there is another set of issues very much on my mind that I would like to share with you. CVP contractors and customers have a \$30 million problem with the Central Valley Project Improvement Act that is receiving almost no attention. The reason we have not yet been more aggressive about this issue is that we can't find a solution that doesn't also work against CALFED funding.

Problem #1: In the current year, \$16 million of the money collected from CVP customers for CVPIA implementation cannot be spent. This problem results from the Restoration Fund being cut by \$16 million in the Appropriations process. At the same time Congress directed that the money be collected (even though it was unspendable). The genesis of this problem can be found in how the CVPIA statutory language is interpreted by the Committees and Administration; making the Fund "score" and thus creating the incentive for the appropriators to cut the Fund.

You can understand what upsets us about this:

- a. Millions of dollars are extracted from the CVP community in the name of environmental improvement but end up in a reserve account in the U.S. Treasury -- possibly lost forever.

1521 "I" Street
Sacramento, CA 95814
916-448-1638
fax 916-446-1063

b. No other sector of the water community is paying for ecosystem improvement like the CVP is. That is an inequity. Then our money doesn't even go for CVP environmental improvement. That is injustice.

c. The last time the Department of the Interior went through a formal process (Garamendi) to "administratively" solve the problems with the CVPIA, this issue was prominently identified but then promptly ignored.

Interior now proposes that the scoring problem be fixed by the appropriations committees. We are concerned with such a band-aid approach, and we understand both the authorizing and appropriating committees share the same concerns.

Problem #2: The President's FY '00 Budget proposal cuts Energy and Water spending for CVPIA implementation by 50% -- to \$15 million from the FY '99 level of \$30 million. I absolutely cannot understand why we, the CVP customers, are the only ones publicly concerned with this.

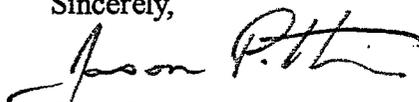
When taken together, the \$16 million cut from the Restoration Fund by Congress and the \$15 million that the Administration has proposed to cut from CVPIA implementation, will leave the Central Valley restoration effort \$31 million short. We could seek to restore these funds but, as you well know, our success would likely come at the expense of the CALFED funding.

The solution, we believe, lies with the Interior Department, which has the responsibility to be an aggressive advocate for full funding of CVPIA programs. We are uncertain why the Department has failed to carry out this responsibility.

I have sent a copy of this letter to Secretary Babbitt with a separate cover letter requesting that he work directly with us to avoid such problems in the 2001 funding cycle.

Thank you for considering our comments.

Sincerely,


Jason Peltier
Manager