

State Water Contractors

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July 30, 1998

Lester Snow, Executive Director
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

Dear Mr. Snow: *Lester*

We have reviewed CALFED's July 8, 1998 document entitled "DRAFT, Developing a Draft Preferred Program Alternative" and discussed it at length with our Board of Directors. Our comments below reflect our Board's concern and position that the July 8 draft does not provide a good foundation for staged development of a CALFED preferred alternative based on available technical information.

While we strongly support a phased implementation approach, our principal concern is the "negative presumption" set forth in the paper with regard to the dual conveyance alternative with an isolated facility (page 6, discussion of "contingency strategy"). As we understand the strategy, Alternative 2 is presumed to be able to meet the water quality and fishery goals -- Alternative 3 will only be re-considered if implementation of Alternative 2 does not succeed in meeting the goals.

There was no compelling technical evidence presented in the Phase II Interim Report to support such a positive expectation for potential water quality and fishery benefits arising from implementation of Alternative 2. In fact, CALFED's technical studies indicate that in many respects the dual conveyance alternative has the potential to outperform all other alternatives. More recently, the CALFED draft "Diversion Effects on Fish" does not support such high expectations for Alternative 2's potential to recover endangered fish species. A fundamental change is needed in the approach to developing a preferred alternative under the staged approach. For Stage 1, a neutral position with regard to Delta conveyance facility options is justified while further evaluations of water quality and fisheries are conducted. Required feasibility and environmental permitting studies should be conducted on all options including an isolated facility to minimize delays in implementation once the final decision has been made.

Lester Snow, Executive Director

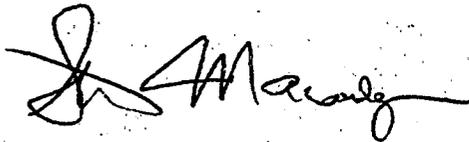
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In addition to concerns regarding the "contingency strategy" we believe that the Stage 1 monitoring program should be more "real time" in nature, allowing for even greater flexibility to provide fishery and water supply benefits than allowed in practice under the 1994 Bay-Delta Accord. There also needs to be closer and better-defined linkages between the ecosystem restoration and the water quality and water supply elements of the staged plan. This is needed to ensure to all parties that CALFED's program is being implemented in an equitable manner, based on sound technical information, beginning in Stage 1 and continuing through full implementation.

My Board has asked that they have an opportunity to meet with you in the near future to discuss State Water Contractor concerns in further detail. Please contact me so that we may make such arrangements.

Sincerely,



Steve Macaulay
General Manager

c: SWC Board of Directors
SWC Bay-Delta Policy Group
Ag/Urban Policy Group
David Kennedy, Director, Department of Water Resources