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June 16, 1998

Assemblyman Mike Machado, Chair
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 5136

Senator Maurice Johannessen, Chair
Select Committee on Cal Fed Program
State Capitol, Room 5061

Senator Jim Costa, Chair
Senate Agriculture and Water Resources Committee
State Capitol, Room 2031

Dear Chairman Machado, Chairman Johannessen and Chairman Costa,

We are writing to inform you of some of the issues which are of particular concern to us regarding the CALFED Bay-Delta Program. We hope that this information will be useful to you in ongoing oversight hearings regarding CALFED.

The CALFED Bay-Delta program is building on the success of the historic 1994 Bay-Delta Accord, which led to new standards to protect the Bay-Delta estuary from the impacts of freshwater diversion and provided increased water supply reliability for water users. CALFED is now working to develop a long-term program to address four categories of problems regarding the Bay-Delta: ecosystem quality, water supply reliability, water quality and the vulnerability of the Delta to floods, earthquakes and other natural disasters.

All Californians have a stake in the success of the CALFED Bay-Delta program. Two-thirds of Californians rely on the Bay-Delta to meet all or a part of their water needs. The Bay-Delta ecosystem is also one of the state's most precious natural resources. Thus, this process has major implications for the future health of the California economy and environment.

CALFED released its draft environmental document on March 16 and is scheduled to release another draft at the end of 1998 and to reach a final decision in 1999. Given the scope of the CALFED program, the complexity of the issues and the limited time between the release of the next draft environmental document and the final decision, it is critically important that the CALFED program adequately analyze a full range of issues. Analysis of these issues will be central to the legislature's ability to act promptly to implement CALFED's final recommendations. We urge CALFED to address the following concerns.

Water Use Efficiency: We urge CALFED to explore fully the potential to increase the efficiency of the utilization of currently developed water supplies, both in the urban and agricultural communities. This analysis should include traditional water conservation measures, as well as

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water reclamation and recycling. This analysis should also compare the environmental and economic costs of water produced through water conservation and through traditional water development programs.

Water Transfers: We urge CALFED to explore the potential for appropriately regulated water transfers to help meet future needs in the agricultural, urban and environmental sectors, while protecting third parties and groundwater resources. In recent years, water transfers among agricultural interests in the Central Valley have expanded dramatically, demonstrating the potential for transfers to benefit the agricultural community. These transfers have increased efficiency of water used improved water supply reliability for participating growers.

Drainage Reduction: We urge CALFED to explore fully the implications and potential benefits of a carefully crafted, willing-seller land retirement and drainage reduction program. As drainage-impaired land in the San Joaquin Valley is removed from production, as per the findings of the San Joaquin Valley Drainage Program, potential benefits may accrue for Bay-Delta water quality, water supply reliability and for terrestrial and aquatic environments. We also urge CALFED to pursue other strategies identified in the San Joaquin Valley Drainage Program report, including source control, drainage re-use and evaporation systems and ponds in uncontaminated areas.

Ecosystem Restoration: We urge CALFED to prepare an ecosystem restoration program which is ambitious, scientifically sound, adequately funded, long-term and realistic. We will be paying particular attention to CALFED's institutional arrangements to assure that this restoration program achieves its goals through an effective and adaptive implementation strategy. All Californians recognize the importance of protecting and restoring the Bay-Delta ecosystem. Such restoration is also central to improving water supply reliability for water users who rely on this system. Finally, CALFED should evaluate the economic benefits of such a restoration program.

Assurances: We urge CALFED to prepare a comprehensive and ambitious package of assurances. A comprehensive CALFED solution will address ecosystem restoration, water quality, water supply reliability and system integrity. It will necessarily require a complex and interrelated set of actions in a number of forums, of which the California legislature is among the most central. The viability of this CALFED solution will depend, to a great extent, on a set of assurances to provide all interests with confidence that the final CALFED program will be implemented in a manner which will meet their needs.

Finances: We urge CALFED to present a realistic, specific financing package which recognizes the limited role of public financing, which identifies the benefits which water users would receive from the program and which would require those water users to bear the full financial, economic and environmental costs of any storage or conveyance facilities or other water supply programs that it may recommend. This financing package should also provide for water user contributions to bear the full cost of unfulfilled and ongoing mitigation obligations regarding the impacts of existing facilities. We understand that the entire CALFED package could cost over eleven billion dollars. Developing a realistic financing proposal early in the planning process will be central to CALFED's success.

Water Quality: We urge CALFED to explore fully the adequacy and cost-effectiveness of advanced treatment technologies to provide high quality drinking water for all Californians. In addition, we urge CALFED to explore the benefits to water quality derived from increased fresh water flows in the Delta, ecosystem restoration, watershed management, reservoir protection, pollution prevention, groundwater management and clean-up, as well as the potential for improvements in source water quality to reduce treatment costs.

We look forward to being involved in implementing a long-term solution to address the many critical issues which CALFED is addressing.

Sincerely,

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