

*San Francisco Public Utilities Commission
 Santa Clara Valley Water District
 East Bay Municipal Utility District
 Alameda County Water District
 Zone 7 of Alameda County Flood Control and Water Conservation District
 Bay Area Water Users Association*

August 8, 2000

Mr. David Hayes
 Deputy Secretary
 Department of the Interior
 1849 C Street, NW
 Washington, DC 20240

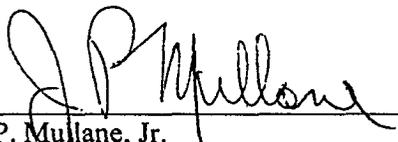
Ms. Mary Nichols
 Secretary
 California Resources Agency
 1416 Ninth Street, Room 1311
 Sacramento, CA 95814

Dear Mr. Hayes and Ms. Nichols,

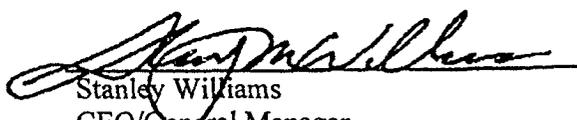
The San Francisco Public Utilities Commission, Santa Clara Valley Water District, East Bay Municipal Utility District, Alameda County Water District, Zone 7 of Alameda County Flood Control and Water Conservation District and Bay Area Water Users Association commend CALFED for its efforts in completing the "Framework for Action" document. We recognize that the document serves to provide a framework for accomplishing CALFED's objectives and thus, support its overall intent. We believe that Bay Area water agencies, working in concert, can be instrumental in helping CALFED achieve its goals by providing regional solutions to improving the Bay Area's water quality and supply reliability. We further believe that it is essential to incorporate specific language in the Record of Decision (ROD)/Notice of Determination (NOD) that supports such regional solutions. Therefore, we are providing language to be considered for inclusion into the ROD/NOD to ensure that the necessity for Bay Area regional solutions are recognized and are supported with respect to the importance of studying these actions for potential future development.

We are committed to moving forward in a cooperative effort to identify and implement Bay Area regional solutions for improving water quality and supply reliability and look forward to actualizing the intent of the CALFED framework through our efforts.

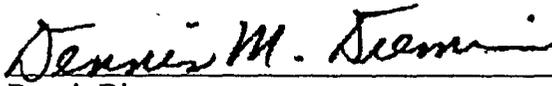
Sincerely,



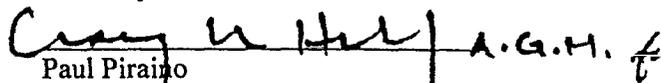
 John P. Mullane, Jr.
 Interim General Manager
 San Francisco Public Utilities Commission



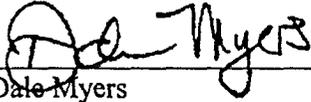
 Stanley Williams
 CEO/General Manager
 Santa Clara Valley Water District



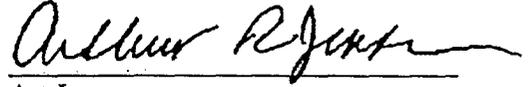
Dennis Diemer
General Manager
East Bay Municipal Utility District

 A.G.M. f

Paul Piraino
CEO/General Manager
Alameda County Water District



Dale Myers
General Manager
Zone 7 of Alameda County Flood Control
and Water Conservation District



Art Jensen
General Manager
Bay Area Water Users Association

Cc: Senator Dianne Feinstein (c/o Anson B. Moran)
Lester Snow, Bureau of Reclamation
Steve Ritchie, CALFED

Attachment

The San Francisco Bay Area faces unique water quality and supply reliability challenges. Within the Bay Area are multiple agencies with separate jurisdictions, isolated plumbing systems and substantial variation in the quality and supply reliability of their source waters. Due to the historical pattern of development in the Bay Area, and various legal restrictions, water supply projects in the Bay Area have developed on a sequential, non-integrated basis. Sources of supply range in quality from the Sierra supplies to at times untreatable stored water in San Luis Reservoir.

The first regional system to be constructed in the Bay Area was developed by the Spring Valley Water Company in the 1800s. This system was eventually purchased by the City and County of San Francisco, which furthered its development to include Sierra supplies. San Francisco's system now serves almost 2.5 million people in thirty Bay Area communities and four counties, on either a wholesale or retail basis. Other major Bay Area water agencies include the Santa Clara Valley Water District (SCVWD) which serves only wholesale water supplies to a population of approximately 1.7 million people, the East Bay Municipal Utility District (EBMUD) which serves retail supplies to about 1.2 million people, the Contra Costa Water District (CCWD) which serves retail and wholesale supplies to approximately 430,000 people, the Alameda County Water District (ACWD) which serves over 300,000 people, and Zone 7 of Alameda County Flood Control and Water Conservation District (Zone 7) which serves wholesale water supplies to 180,000 people. There are numerous other wholesale and retail water agencies within the Bay Area serving substantially smaller areas.

Most of the Bay Area supply must be imported from either the Sierra Nevada mountains or the Bay-Delta system because of a limited amount of local precipitation and groundwater resources. Portions of Bay Area groundwater are threatened with

seawater intrusion, subsidence, or adverse salt loading impacts thereby requiring active management of groundwater basins to prevent degradation.

Water quality concerns are paramount to all agencies and is a particular problem for those who depend upon Delta supplies. Supply reliability is equally important to all agencies and adequacy of supply is essential to maintain the economy of the Bay Area. For example, no agency is able to completely meet its demand in extended dry periods, and San Francisco needs increasing supplies to meet current and future needs. In addition, East Bay Municipal Utility District would not be able to meet customer demand during extended drought even with rationing in place. Furthermore, the San Francisco, ACWD, and SCVWD systems serve the Silicon Valley, for which a reliable high quality supply is essential. All agencies serve industrial demands for which high quality supply and reliability is essential.

CALFED's Bay Area Blending/Exchange Project will complement demand side management programs such as conservation and waste water recycling. These actions will help reduce demand and make available higher quality water for more sensitive uses. However, these actions are unlikely to provide sufficient water quality, quantity and supply reliability benefits for the growing Bay Area. Therefore, it is essential that the CALFED program consider additional actions to address these needs. There are a number of projects that may provide, in whole or in part, the supplies needed to meet water quality, water quantity and reliability needs for the Bay Area. Several projects that will be considered are discussed below. These projects will be assessed with respect to water quality benefits, treatment costs, project feasibility, supply reliability, supply enhancement, environmental impacts, impacts on other agencies, permitting requirements, water rights requirements, and other factors. These projects will be evaluated and potentially implemented during Stage 1.

The CCWD owns Los Vaqueros Reservoir that has potential for expansion to meet regional environmental needs. CALFED has conducted a preliminary analysis of the potential for expansion of Los Vaqueros to serve multiple needs. Additionally, EBMUD has been pursuing a supplemental supply utilizing its USBR contract for American River water. This project could be developed in a manner to meet dry year needs of EBMUD and provide significant contributions to other agencies' water quality needs. San Francisco has adopted a Capital Improvement Program ("CIP") designed to meet various aspects of its water, power and wastewater treatment needs. The CIP is designed to improve the capacity and reliability of San Francisco's system. San Francisco has identified certain projects within its CIP, which, when combined with additional and expanded facilities can provide substantial water quality benefits to the Bay Area, particularly the Silicon Valley. The SCVWD has identified water quality problems in San Luis Reservoir as a major water quality and operational impediment. CALFED has identified a bypass project and the need for additional storage in southern Santa Clara County as a potential solution to resolve at least a portion of SCVWD's water quality problem. SCVWD would still need source water quality improvements in order to meet its overall goals.

There is no a single solution that can meet the needs of all of the Bay Area communities. CALFED has proposed to study a range of alternatives for meeting the water supply and quality needs of the Bay Area. Any alternative must adhere to CALFED's basic principle that there will be no significant impacts to any entity's water supply, water quality, or water rights unless fully and equivalently mitigated. Hence, the challenge in the Bay Area will be to meet the multiple needs for water supply improvements in ways that provide the water quality and water supply needs of the particular agencies, without degrading either the quality or rights of any other agency.

The goal of the Bay Area Blending/Exchange Project is to improve water quality, water quantity, and supply reliability of Bay Area water agencies. CALFED will investigate the following program elements in terms of their effect on water quality, water quantity and costs:

- *the utility of the expansion of CCWD's Los Vaqueros Reservoir to different sizes for the purpose of improving water quality through blending;*
- *the viability of a diversion from the American River to meet supplemental supply requirements of EBMUD and regional water quality needs;*
- *the utility of the expansion of San Francisco's Calaveras Reservoir to provide high quality water for blending and supply enhancement;*
- *the feasibility of the construction of a bypass facility around San Luis Reservoir and the expansion of Pacheco Reservoir to resolve the San Luis low-point problem;*
- *the potential expansion of Bay Area transmission systems and necessary interconnections for the conveyance of water;*
- *the degree of reliability of the foregoing options;*
- *the environmental impacts associated with all of the foregoing options;*
- *the overall costs of these projects alone and in combination;*
- *the extent to which CALFED's drinking water quality improvement goals can be met by implementing the foregoing options;*
- *and other factors.*