

State Water Contractors

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May 23, 2000

Mr. Steven R. Ritchie
Acting Executive Director
CALFED Bay-Delta Program
1416 9th Street, Suite 1155
Sacramento, CA 95814

Re: Los Banos Grandes Reservoir Project

Dear Mr. Ritchie:

The purpose of this letter is to seek confirmation of CALFED decisions, if any, in relation to the Los Banos Grandes (LBG) project. As background, the California Legislature authorized LBG as a part of the State Water Resources Development System in 1984, adding Water Code Section 11255-11257. The Department of Water Resources (DWR) investigated the technical and environmental feasibility of the LBG project over several years, spending over \$18 million of State Water Project Funds. Additionally, DWR purchased about 3,500 acres of property for project facilities and mitigation at an additional cost of \$12 million.

In December 1990, DWR released a Draft Environmental Impact Report, "Los Banos Grandes Facilities" documenting the results of those investigations. In response to that EIR and subsequent analysis, the U.S. Fish and Wildlife Service and U.S. Environmental Protection Agency, among others, stated their concerns about environmental impacts of the proposed LBG project. These concerns were the primary reasons that DWR stopped analysis of the project.

Since then, CALFED has conducted technical studies and screening analyses of various reservoir sites, including LBG. The technical studies have confirmed that LBG is substantially more cost effective than other South of Delta surface storage alternatives. However, CALFED screening analyses have resulted in removing LBG from the list of reservoir sites retained for further evaluation in the June 1999 "CALFED Revised Phase II Report." More recently, CALFED's December 1999 draft report "Initial Surface Water Storage Screening" stated that LBG would result in "significant redirected impacts" due to anticipated environmental impacts. Due to these "redirected impacts," and without consideration of the relative cost-effectiveness of LBG, the December 1999 CALFED draft report recommended eliminating LBG from further CALFED consideration.

LBG remains the most cost effective south-of-Delta storage project identified to date. It has the ability to provide storage for environmental and water supply purposes that would address many of the water operations flexibility issues that are most critical to CALFED's success. Although

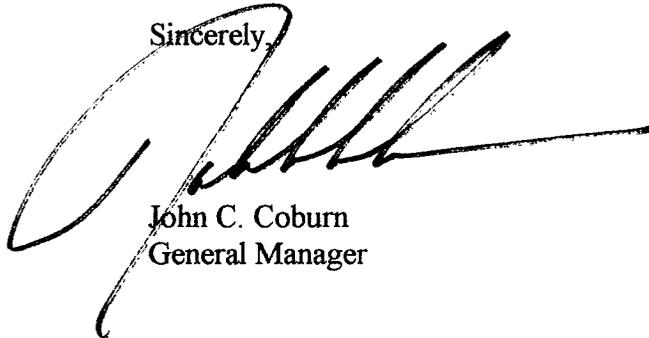
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environmental impacts have been identified for LBG, DWR has also identified mitigation projects that can address those impacts.

The SWC are concerned that LBG impacts are well documented due to the extensive evaluations by DWR and may not be significantly different than impacts that will be identified at other off-stream reservoir sites upon further evaluation. Moreover, development of LBG has the potential for operational benefits for endangered fisheries species in the Delta that may more than offset any on-site project impacts. Given the lack of attractive options for addressing CALFED ecosystem and water supply concerns, it is premature to remove LBG as an option prior to completing the ongoing Integrated Storage Investigations.

Given this background, the SWC are requesting that CALFED provide a written response by June 30, 2000 stating its position on the LBG project. If you have any questions about this request, please have your staff contact Terry Erlewine at (916) 447-7357.

Sincerely,



John C. Coburn
General Manager

Cc: Senator Jim Costa
CALFED Policy Group
SWC Member Agencies