



THE DEPUTY SECRETARY OF THE INTERIOR
WASHINGTON

JUL 18 2000

Honorable John T. Doolittle
Chairman
House Subcommittee on Water and Power
Washington, D.C. 20515

Dear Chairman Doolittle:

I am writing to follow up on testimony that I presented at your subcommittee on June 29, 2000, regarding the funding of projects under the CALFED program in California.

As you know, Governor Davis, Secretary Babbitt and Senator Feinstein announced a breakthrough agreement on June 9 that proposes a comprehensive package of initiatives that sets the stage for a secure water future for California by addressing long-standing conflicts among water needs for consumptive uses and the environment. Representatives of virtually all of the major agricultural and urban water users and environmental groups were involved in the development of these proposals, and were standing with the Governor and the Secretary when it was announced.

Authorization

The framework agreement, which is now being developed into a Record of Decision, cannot be fully implemented without action by the U.S. Congress and the California Legislature. All parties, including the Administration, recognize that comprehensive legislative authorization will be needed for this large, multi-year program. We are looking forward to that important process. To transition us to that process, continued federal funding is needed in 2001. The Administration is asking for only the \$60 million that was requested in the President's budget submission. It is our understanding that if the Congress provides this funding, Governor Davis intends to recommend that California supply more than \$450 million toward CALFED in the next fiscal year.

The California Bay-Delta Environmental Enhancement Act authorization expires at the end of this year. In March of last year, the Administration requested that this authorization be extended for three years. We continue to request a short extension of the authorization, pending comprehensive legislative consideration of the entire CALFED package after the Record of Decision is signed later this year. Some expenditures, of course, can go forward under existing authorizations, as described in the October 4, 1999 letter that Assistant Secretary Beneke sent to you on this subject.

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New Water Supplies

During the hearing, you asked about the amount of "yield" that would be generated through storage projects that are called for in the next phase of the CALFED initiative. You expressed skepticism about whether CALFED would provide new water supplies for California.

The framework agreement calls for a major investment in new water infrastructure and conservation in California that is the first such comprehensive investment in more than thirty years. The framework anticipates that during the first phase of CALFED implementation (i.e., the next seven years) nearly 1 million acre feet of new surface storage would be developed, up to 1 million acre feet of new groundwater storage would be identified and managed, and up to 1.3 million acre feet of additional water savings would be generated through conservation activities. In addition, major investments are proposed in conveyance that will enhance California's water supply reliability. These investments are proposed as part of a package that has a strong focus on ecosystem restoration and watershed protection.

By any measure, the potential addition of up to 3 million acre feet of additional storage and conserved water supplies for California during the first phase of CALFED implementation, as part of a comprehensive and balanced package, represents a significant benefit to California.

We anticipate that the specific uses of newly-developed water supplies will vary by project, based on the specific circumstances associated with each project. By way of example, the storage project that is proposed for the Bay Area (an expanded Los Vaqueros reservoir) would focus on the key needs for Bay Area urban water districts -- improved water reliability and water quality (as opposed to new water supplies). We also anticipate that some storage projects will be more focused on firming up water supplies that are not now available on a reliable basis. These projects will not produce new "yield" in the traditional sense, but they will have the practical effect of enhancing water supply by enabling water to be delivered at times and in quantities when it is not now available.

Because CALFED storage and conveyance projects will serve multiple purposes, many of which will be project-specific, it is not possible to attach a "yield" number to Phase 1 of the CALFED program. Obviously, however, the water that will be conserved under Phase 1 (viz., up to 1.3 million acre feet), represents new usable water supplies for California. Also, there will be measurable new water supplies generated by the CALFED program through storage, conveyance and operational changes, as reflected, for example, by the commitment to increase water deliveries to CVP agricultural water service contractors south of the Delta. This commitment alone represents approximately 285,000 acre-feet of additional water in an average water year that is not now available to such service contractors. The CALFED package also calls for additional conveyance improvements, such as the proposed San Luis bypass, that will make additional water supplies available.

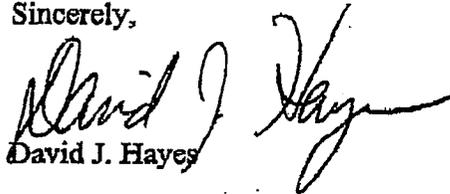
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Finally, the CALFED package calls for the study of additional major storage projects, including Sites Reservoir and expansion of Friant Dam or an equivalent project, that have been identified for potential future consideration through CALFED's Integrated Storage Investigation process. Implementation of Phase I of the CALFED initiative will establish a basis for consideration of these, and potentially other, projects by legislators and policy makers. If more conservation and/or storage is needed, the CALFED framework will provide a sound basis for moving forward with such projects, consistent with meeting environmental requirements.

I look forward to working with you to secure funding of this important initiative for California this year.

Sincerely,


David J. Hayes

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