

**CALIFORNIA ECOSYSTEM, WATER SUPPLY, AND
WATER QUALITY ENHANCEMENT ACT OF 2001**

HEARING
BEFORE THE
SUBCOMMITTEE ON WATER AND POWER
OF THE
COMMITTEE ON
ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON

S. 976

TO PROVIDE AUTHORIZATION AND FUNDING FOR THE ENHANCEMENT
OF THE ECOSYSTEMS, WATER SUPPLY, AND WATER QUALITY OF THE
STATE OF CALIFORNIA

JULY 19, 2001



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**CALIFORNIA ECOSYSTEM, WATER SUPPLY,
AND WATER QUALITY ENHANCEMENT ACT
OF 2001**

THURSDAY, JULY 19, 2001

U.S. SENATE,
SUBCOMMITTEE ON WATER AND POWER,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 2:30 p.m., in room SD-366, Dirksen Senate Office Building, Hon. Dianne Feinstein presiding.

**OPENING STATEMENT OF HON. DIANNE FEINSTEIN,
U.S. SENATOR FROM CALIFORNIA**

Senator FEINSTEIN. I would like to begin this hearing first of all with the announcement that the chairman of the subcommittee is Senator Dorgan, and he is at an Appropriations markup, which is where I should be too, but first things first.

I want to welcome everybody and particularly the three legislators from California, my friend and colleague, Senator Boxer; Congresswoman Ellen Tauscher; and Congressman George Miller. And we will be taking your testimony in just a couple of minutes.

I am delighted the Secretary of the Interior is here. Welcome, Madam Secretary. And also the head of the Department of Resources in the State, Mary Nichols, I am delighted that you could come back for this hearing.

So we will get to you hopefully before too long. But I think it is very useful that you are here in this first row and listening to this testimony, because as Mark Twain once said, "In California, whiskey is for drinking, and water is for fighting." And it has been that way ever since.

I have tried to break the cycle of that with this bill that is before us. And we tried very hard to find common ground and to bring the very disparate set of stakeholders together.

These are the urban water districts, the agricultural water contractors and users, as well as environmentalists that obviously have an interest in water.

I believe that the bill I have introduced represents a good compromise. The current version before the committee is the result of literally dozens of meeting with stakeholders. And it has gone through a number of drafts.

I would also like to mention that I plan on submitting an amendment to my bill at the markup. And I think it improves the legislation.

These amendments are presented after consultation with the Governor of the State of California, as well as with my colleague, Barbara Boxer, and knowing of Congressman Miller's concerns, to try to bring our bill a little closer to where you are.

The first provision that we will amend addresses the assurance language that provides a promise that west side's agricultural contractors will get some benefit from this language. And I think the language we are evolving better reflects the record of decision.

The second provision that we will change involves the procedure for instituting an expedited authorization process for three storage projects.

Let me say right up front, this bill essentially preauthorizes \$1 billion worth of environmental projects. Most of them are under \$10 million; therefore, they go through.

The scope and nature of many of them that are authorized are really not known at the present time. Nonetheless, we have a commitment to move, to restore the environmental ecosystem of the California water system and we intend to honor that promise.

The expedited approval process that we are working on and the thrust and balance of this bill is that all elements of the bill move together, so that it is balanced. And that is because of the division among the stakeholders; so that the urban water users feel that they are getting substantial advances; the environmentalists feel they are getting substantial advances. The environmental water account, \$50 million a year for four years, begins.

And many of us believe very strongly that what happened in the Klamath basin is just a prelude to what is going to happen throughout the rest of the State. It may not happen because an endangered species shuts off a water flow to 1,500 farmers, but it should open our eyes as to the shortage of water.

Our water system essentially was built when Pat Brown was governor and we were 16 million people. We are 34 million people and on our way to becoming 50 million people by 2020. We must learn from the electricity crisis and get ahead. So I feel very strongly that balance and moving concurrently is extraordinarily important.

There are three water storage projects. One is the delta wetlands. One is raising Shasta dam. The other is Los Vaqueros Reservoir, raising it for water quality reasons. And the question is how to move this rapidly without holding up everything else. And therefore, what we have come up with is a 180-day expedited approval process.

Senator Boxer was concerned that it not be a preauthorization. We have accepted that concern. We have tried to work around it, but with an expedited procedure, whereby it would go through both houses within the 180 days.

So the bill aims to move the ecosystem restoration, the water quality improvements and the water storage improvements concurrently.

And I am delighted that Senator Kyl from Arizona is here, because I believe this bill also helps us take pressure off of the Colo-

rado River, if we can do it right. And I know that is a concern of yours.

For those of you who are not familiar with California water issues, who may or may not be in the audience, CALFED is a joint Federal/State program. The State owns one big water project. The Federal Government owns and operates a second large water project.

And what we aim to do is bring them together in a concerted management under CALFED, where decisions can be made and we could move to do those things that we need to do.

This really began for me in 1993 when a number of agricultural leaders and others asked if I could please sit down and bring the Secretary of the Interior in and see if we cannot get some coordination to keep everybody out of court.

And Secretary Norton's predecessor was good enough to participate. And that was really the beginning of the CALFED project, which she, of course, is going to inherit. So it has been dozens of meetings with stakeholders, cities, counties.

I would like to introduce into the record now 59 letters in support of this legislation, from agencies all over the State, from Humboldt County to San Diego County, including the Association of California Water Agencies, Ag-America, the Alameda District, the Association of Bay Area Governments, the Bay Area Council, Calaveros, California Sod Producers, city of Sacramento, city of Milbrae, Contra Costa, Delta Wetlands, East Orange County Water District, East Bay Municipal Utility District, Humboldt Bay Water District, Kern County, Kings County, Long Beach, Metropolitan Water District—the largest in the State—the Mojave Water Agency, the North of the River Municipal Water District, Orange County, Placer County, Riverside County, San Diego County Water Authority, San Francisco Bay Area Water Users, San Gabriel Valley Economic Partnership, San Jose Silicon Valley Chamber of Commerce, Santa Clara and on and on and on.

And we have tried to keep all of these agencies, in what has been a very fluid process, advised as we move along.

Now, here is what the bill does. It authorizes the CALFED program, as agreed to by the State and Federal Government last June. The CALFED program is estimated to cost between \$8 and \$12 billion total. This bill authorizes a Federal cost share of about \$3 billion. It is limited to that over 7 years.

It authorizes such sums as may be available, but if we were to have a number, the clear intent is that the Federal share would be about \$3 billion.

The State has already—and I think Ms. Nichols will talk about this—moved very aggressively in moving their portion of this forward. They passed a bond issue, so we have every reason to believe that the State is going to produce its share.

Approximately \$1 billion of the \$3 billion is earmarked for ecosystem restoration. The Act authorizes projects, as I said, that require less than \$10 million Federal appropriation, providing that these have received environmental review and approval as required by State and Federal law, and have a finding consistent with a record of decision.

It also authorizes the environmental water account, which provides \$50 million annually for 4 years to purchase water to enhance fisheries, to protect threatened and endangered species and to avoid takings issues.

And we hope to create conditions where the State's water projects can operate reliably. This would provide an additional 380,000 acre feet per year. Plus during the first year, there would be an additional 200,000 acre feet on top of the 300,000.

The bill would authorize feasibility studies and reports for the potential storage projects, particularly the first tranche.

The first tranche are the three I mentioned. The others are San Joaquin River Storage, San Louis Reservoir Bypass, the Freeport Regional Project, new ground water storage, South of Delta blending projects, Bay Area blending exchange projects and South Delta conveyance improvements.

As I mentioned, the expedited review for the three we are talking about now, we believe, should provide about 950,000 acre feet of new storage. That is taking water from the wet years and holding it for the dry years.

The bill authorizes a new ecosystem enhancement program to ensure that the environmental objectives of CALFED are carried out. It sets up a water supply grant program to ensure that the storage and conveyance objectives of CALFED are carried out.

So that is essentially, in a nutshell, what this bill does. And I would like to ask the distinguished Senator from Arizona if he has a comment, and then I will proceed to our colleagues.

STATEMENT OF HON. JON KYL, U.S. SENATOR FROM ARIZONA

Senator KYL. Madam Chairman, just a very quick comment to compliment you for holding this hearing first of all, and also attempting to move this legislation.

It is going to be very difficult and very complex, of course. And I know you appreciate that. But I think the effort to try to track as carefully as possible the record of decision, to try to get the parties together and to begin the process, knowing that it will be difficult is a very important one.

I have a lot of questions that, I think, if we can get good answers to will help to move the bill forward, and I want to pledge to you that I am going to work very, very closely with you.

Senator FEINSTEIN. Thank you.

Senator KYL. My work prior to the time I came to the Congress involved a lot of reclamation issues, a lot of water issues in the practice of law.

We have done a lot of these in the State of Arizona. And we have a big one coming along, so I have some familiarity with the difficulty of moving these projects forward and the difficulty of getting everybody together. And therefore, I want to help as much as I can to enable you to move forward with a bill, which meets as many of the needs as possible. And again, I appreciate your holding the hearing.

Senator FEINSTEIN. Well, I thank you very much, Senator. I think you know I have great respect for you. We work easily and well on other committee efforts and I really look forward to it.

I hope we can move this bill, because there are some appropriations that we need to keep. So moving the bill is important. And I look forward to it.

Now, I would normally go to my colleague, Senator Boxer. Do you wish to defer to the Congressman?

Senator BOXER. Both colleagues, because they have votes close to pending, and I think we are okay for awhile, I think.

Senator FEINSTEIN. All right.

Senator BOXER. Although this is beeping, so I am not so sure.

Senator FEINSTEIN. Between the two of you, which one—oh, see, women always give way.

[Laughter.]

Congresswoman TAUSCHER. Well, he is the senior member.

Congresswoman MILLER. Not the women in our House. I am honored.

[Laughter.]

Congressman TAUSCHER. He is not only my senior, he is my better.

Senator FEINSTEIN. Oh.

[Laughter.]

Congressman MILLER. I am—oh, now, I am dead.

[Laughter.]

Senator FEINSTEIN. Keep going, Ellen. You will get his support maybe.

**STATEMENT OF HON. GEORGE MILLER,
U.S. REPRESENTATIVE FROM CALIFORNIA**

Congressman MILLER. Senator Feinstein, let me begin by thanking you and the members of the committee for taking this time to hear our concerns and to provide this opportunity to testify on the CALFED process and on your proposed legislation. I deeply appreciate it.

I think that we are all committed to the very strong notion, if not truism, that CALFED is the best opportunity that we have had to bring about the kind of changes in the California water scene that is necessary, to provide the kind of flexibility to future Governors of that State, to address the changing California economy, which has undergone dramatic changes and, of course, the California growth and population, which has changed so many of the outlooks that we have had on water in our State over the last couple of decades.

I have been at this the entire 27 years that I have been in the Congress of the United States. I think I was at it a little bit before then, when I grew up in a household where many weekends a year—it is hard for people today to understand that—Clarence Sawyer and James Boswell and the Delta farmers and others met in our living room week after week sorting out and allocating water in the State of California.

I am not sure the Delta always won, but the process went forward. And we all recognized the complexities.

You mentioned the Klamath Basin. It is the CALFED process and the adherence to it, and the progress that we have made to date that has kept this system, the largest water system in the Na-

tion, out of the problems and the kinds of dramatic, Draconian choices that we have seen made in the basin.

And I want to applaud Senator Bingaman for his attention to this, yours, and members of the committee, and Senator Boxer and Congresswoman Tauscher.

As you mentioned, your legislation is evolving and we appreciate the fact that you have kept this in a fluid state, so that we could offer comments and you could respond and other people could take a look at it, and to see whether we are right or wrong.

And I think major improvements have been made to this legislation, the changes that you have suggested. And really what I am left with is a number of questions that I think are very important in terms of our ultimate success.

All of us from the West, know that water projects thread a very narrow needle in the Congress of the United States. And we have got to be together. We cannot be fighting one another.

We almost have to be unanimous in everything to get it through when you talk Western water, because nobody west of the Mississippi thinks this is—this pertains to them. Then when you talk California water, that old needle gets a little bit narrower, and that is the needle that we are trying to thread here and I think we are all heading in the same direction.

I think that when people understand the kinds of diversity and parties that were brought together in the CALFED process, the fact that stakeholders who had only thrown rocks at one another and only sued one another were forced to stay in a room and to stay in the process until we came to a near consensus—not a complete, but a near consensus, I think speaks well of our State and what we have tried to do to reformulate the California system.

One of the first questions I have is really the question of the South of Delta water assurances. And I understand what you are trying to do there, and I understand the importance of that with respect to holding CALFED together, that everybody who is currently a water user wants to make sure that, in fact, their right, their need, their concerns are addressed and have the full attention of the process.

And the ROD spoke to increasing deliveries to these contractors to 65 or 70 percent of their current contract level, but the ROD does not make that an entitlement. It makes that that should be our best effort and that is what we should look forward to and we should do that respecting the economies that that water supports in terms of our agricultural community.

My concern is really raised on page 15 with subsection three, which is one of the three things to be done to proceed in carrying out the intent of the Rod. And I say this as a question. I do not have a conclusion, and I do not want to suggest that my question—I just—I think we need to know whether or not this is beyond the allocation that we would expect in the first part of the environmental water account. And I say that not knowing.

And to make sure that we are not creating an entitlement under that section, so that water has to go out and be purchased specifically for that purpose because, as we know, the environmental water account has a number of different draws on it, given what is going on in our economy and mother nature.

And I just raise that question. And I do not know the answer. And it has been alleged to me in the last 24 hours that it does both and neither. So I do not know.

Senator FEINSTEIN. Can your staff work with ours and see if we can get that cleared away?

Congressman MILLER. Sure. I raise the question so that it is on the record, and I hope people in the room can help provide this.

My concern is—and I come at this with a bias because the area that I represent—I do not want to create a handle which then creates litigation, which is then argued that this is somehow—this section is a bootstrap to a mandate for water beyond what the ROD says we will make our best good faith efforts to do. And that is a concern.

Senator FEINSTEIN. Can you just clear this up quickly? Are you talking about line 5, page 15, Environment Water Account Priorities and Operation? Is that the section?

Congressman MILLER. Well, I think the problem is we may be looking at a different—I am on page 15. I am in section 3, line 3.

“In the”—I do not want to get into this craziness in a hearing, but there are three things that must be done implementing that, “develop environmental water account to protect and restore Delta fisheries; provide a foundation for regulatory assurances to ensure the water supply and reliability for Delta exporters; and three, increase deliveries in the manner and the extent prescribed in the record of decision South of Delta Valley Water project contracts,” and on. I do not want to turn into a mandate, because that is not what the ROD does.

Senator FEINSTEIN. I understand.

Congressman MILLER. Later on, you say “nothing in this subparagraph shall diminish or affect the rights—diminish or expand rights.” And I appreciate that language and it is important.

My concern is that subsection 3, in and of itself on its face creates that mandate without regard to contract or Delta water accounts. That is to be answered. That is my question. And obviously we cannot answer that here today.

But I think it is one that must be, because it sets up a dynamic among water users and rights holders within the State. And you have already heard from the Friant people on the earlier language and you have heard from the environmental community, which have very, very real concerns.

They come from a different direction, but their concerns are quite real. And so I lay that on the table for discussion. And, again, noting that you have already made changes in the section that I think are very helpful. And so this is to follow on to that.

The other question is and you are struggling here with something that all of us as members of Congress, whether engaged in water or not—and that is a frustration with the legislative process and the timing and the extent it takes to get things done. And obviously the needs of CALFED, the needs of our State do not know legislative time tables.

We will or will not have a drought. We will or will not have new people move to our State. We will or will not have new businesses open and acreage put into agriculture.

We need these programs and projects to go forward. My concern is that as I read the legislation—and I say this not in a confrontational fashion, but again in a questioning fashion, that the report, the feasibility report will be done and then it will be offered. And I think my concern is that the question comes about the ability to amend that. That feasibility could be released and the Governor of the State could not be happy with the outcomes and would seek an amendment.

You could seek an amendment. I could seek an amendment. Our opponents in one fashion or another, wherever they come from, would seek that. I do not know how you take away from a legislative body its ability to raise a point of order or to seek an amendment.

I can understand how we can limit their time of debate, how we can schedule it for the floor, how we can say “It has to be out of committee in X numbers of days,” to expedite that process.

But I do not think that you can tell us on something as complicated and as big and as important as California water and the projects contained in this legislation that we so desperately need that we can become a rubber stamp on that; or that the Congress or the Senate—the House or the Senate would do that.

And so we have to keep the amendment process there. I think if you can get rid of the filibuster on this bill, if you can force the House to discharge the bill and get it to the floor and get a vote on it, that is in keeping with all of the rights of everybody who is pro or con in this situation. They should not be allowed to simply delay the consideration or the up or down vote.

And I say that because I think it is a question of assuring success and also making sure that the feasibility study is something that we can deal with.

In my years on the committee as chairman, as chairman of the Water Committee and as ranking member of both, I have authorized and we have spent billions of dollars coming back and making up for mistakes where things were expedited, and political power plays were made.

And I do not think today any longer the Congress is going to spend that kind of money to do it. We have got to be able to look our colleagues in the eye from the West, from our neighboring States, and from those who are not from the West and say, “This is on the level for the taxpayers, for the environment, for the good of our economy and our State.”

And that may take some movement. I do not know that the environmental community will be comfortable, and this does not say whether they have a right or not to take at face value a feasibility report by Secretary Norton.

Nor would the water users have been comfortable if Secretary Babbitt said take it up or down on a feasibility report that he would have written.

That is just the nature of politics, and I do not know that we can change that. We should not let people just come in and delay and bog the process down.

We have a House Rules Committee. They make sure that we do not get bogged down. I cannot address the Senate, but you know which procedures you have to try to expedite in that case.

And finally I make this point on this one. On a project that I have supported, we tried to get Los Vaqueros to be a larger dam a number of years ago. We could not find any partners. We wanted the Federal Government. We wanted East Bay Mud. We wanted other people to participate.

We went ahead and built it on our own, but that dam, which may be one of the most important components of this system in terms of management of the system—not a lot of yield on water—but in terms of management, certainly in a dry year and a critical dry year, that component is subject to a referendum.

Senator FEINSTEIN. We understand.

Congressman MILLER. And if this process is not on the level, I do not think I have to be too graphic to describe to people the kind of campaign that we would be engaged in in Congresswoman Tauscher's district and my district, in the service area and the site of that reservoir.

That reservoir, when it is expanded, will raise a series of issues that go beyond the yield or the storage capacity or the quality. It will start to take away habitat. It is in the middle of a habitat conservation area now. It is going to take away recreational opportunities that will have to be amended.

And you can understand the kind of dynamics if those of us who are elected officials are not able to present that the consideration of this went through the regular order, so that all of us had a say, had a chance to amend it and move it on. Not to delay it, not to filibuster it, but to deal with it, yes or no.

But what we really want is a yes. We want all of this CALFED process to go forward. And that is really the two questions that I raise.

And I do not pretend to, again, say what process would work in the Senate. But in the House, I think we have some built-in protections, because of a Rules Committee, but we can also use some time lines in terms of discharge of this report to move it on down the legislative process and get it over to you, or get yours over—your result over to the House.

I think those are the two critical points. One is about a level playing field among water users. And the other is about a level playing field among the greater constituency that is concerned for a whole reason and different agendas about what goes on in California water.

But I say this as one who was encouraged in the past, and we never really got there with the kinds of studies necessary on Shasta, who was a supporter of Los Vaqueros initially, and thinks that the expansion makes a lot of sense. I say that awaiting the feasibility report.

But I think it is an important component of the kind of flexibility that I have preached about what this system, an integrated system, a Federal, State water system ought to be able to do to respond to future needs in our State.

And the third one is the in-Delta thing. I do not know what the hell is going on there. But—sorry.

[Laughter.]

Congressman MILLER. But we will sort that out. Thank you very much.

Senator FEINSTEIN. Oh, thank you.

Congressman MILLER. And I, again, want to say that these questions are offered because I think the clarity is important. And I think our success of what you are trying to do is important.

We do not want to have a process where we end up with people voting it down. We want to end up with a process where we go forward in CALFED, because there is a lot of winners in this CALFED process.

And there is a lot of complementary actions, as you have noted, that have to be done here. And the beneficiaries sometimes are a long ways away from the project, but the beneficiaries nevertheless are there in terms of our economy, in terms of our municipal systems and all the rest of it.

You know all that. You do not need to hear that from me. But thank you very much, Senator.

Senator FEINSTEIN. Thank you. Thanks.

Congressman MILLER. And we have a vote, so please let Congressman Tauscher—

Senator FEINSTEIN. Yes. Senator Boxer, do you defer to Congresswoman Tauscher?

Senator BOXER. Absolutely, yes.

Senator FEINSTEIN. All right. Congresswoman Tauscher, please proceed.

[The prepared statement of Mr. Miller follows:]

PREPARED STATEMENT OF HON. GEORGE MILLER, U.S. REPRESENTATIVE
FROM CALIFORNIA

Mr. Chairman, Senator Feinstein and members of the subcommittee, I appreciate your providing me an opportunity to testify this afternoon about proposals to reauthorize the CALFED process.

Let me begin by stating my belief that the CALFED process remains the best opportunity for all Californians to develop and implement a water program that meets the diverse future needs of our state. Over the years, when various stakeholders would threaten to quit the CALFED process, and I have always advised that there is no other way to proceed without encountering litigation, obstruction and long delays that jeopardize the future of California. So, we are all here with the same basic goal.

As many of you know well, I come to this issue with a very long involvement in water policy over the past 26 years ago. As chairman of the House Committee on Natural Resources and its Subcommittee on Water and Power, or as senior Democrat on that committee for over a decade, I know the issues and the players. I know quite a bit about the precision that must go into drafting water legislation, and I have a lot of experience with people who seize on every vagueness or nuance to file lawsuits and delay the implementation of important reforms.

It is with that extensive background that I speak today not about the details of legislation which continues to change. I applaud Senator Bingaman, Senator Feinstein, Senator Boxer and others who are demonstrating an interest in making modifications to address legitimate concerns about CALFED legislation. This legislation is evolving; it has changed to reflect many concerns we have raised, and I want to thank Senator Feinstein for incorporating changes. Some major questions remain, and I want to continue to work with all interested members to assure that in its final form, the bill is clear and concise and that it reflects the consensus and integrity of the CALFED process.

I want to speak about principles that must be included in this legislation if it is to have credibility and, most importantly, if it is to maintain the alliance formed around CALFED and the Record of Decision last year. California must get its act together if we expect senators and representatives from other states to spend hundreds of millions, or billions, of federal dollars in our state.

What is important is that we work together to minimize the dissent, and that we ensure that the legislation we craft serves the best interest of California as a whole. And we can do that if we abide by certain key principles.

There has been much discussion over the “south of Delta water assurances” language in S. 976. The ROD spoke of increasing deliveries to these contractors to 65% or 70% of their current contract levels. But the ROD did not, and this legislation must not, alter the water rights of any party in the state. It does not alter the rights of any CVP contractor beyond those contained in an existing contract. It creates no right to a fixture contract, or to water or other terms in a fixture contract beyond those in existing law. After our experience with energy, we certainly need to be sure we don’t mandate that water be purchased by the state at a high price and re-sold to contractors at bargain basement rates. To do any of these would upset the entire CVP contracting process, undercut the water flexibility goals of current law that serve all current and fixture contractors for water, and jeopardize the state’s role in establishing water rights.

I note the concerns raised by over 25 environmental organizations to inclusion of such language, and also the warning from Richard Moss, General Manager of the Friant Water Users Authority, who recently urged deletion of assurances language which creates “legal fodder for those who have a history of using any claimed lack of clarity in federal law or contracts to bootstrap themselves to an improved water supply position at the expense of other.”

As the former chairman and ranking member of the authorizing committee, I have grave concerns about any procedure that constrains debate or the opportunity for full review by the committee or the House. We rarely impose such conditions on legislation, and then it is typically on matter where there are internationally negotiated considerations or careful fiscal balancing like budget resolutions. I am skeptical that a water project in California rises to this level.

But if you decide to include expedited authorization language for Shasta, Los Vaqueros, and the in-Delta project, it must be cautiously written. The most recent language for S. 976 that I have seen—dated July 18, 2001—still raises some serious concerns.

The pre-authorization process anticipates introduction and expeditious consideration of a joint resolution concerning the three Stage 1 projects after completion of feasibility studies. But this language does not even require that the resolution track the feasibility study. And what if more than one resolution is offered; who determines which is considered? In the real world of legislation, such questions are fundamental since they determine whether you must defend or alter pending legislation.

Once the legislation moves to the floor of the Senate or House, it is to be considered under tightly regulated rules. But water projects from New Mexico or North Dakota or Colorado don’t receive such priority. Why California?

This draft bill shuts out the House Rules Committee, cuts off the Parliamentarians, and infringes on the authority of other committees which could not raise points of order against germaneness even if their jurisdiction is impacted. Such a resolution in the House could waive the Budget Act and allow no point of order? Repeal the Endangered Species Act? Waive the Clean Water Act? Appropriate funds? I do not think that is realistic.

While the intent is to expedite projects through this provision, it has been my experience that such efforts more frequently make projects more, not less, controversial. As chairman of the committee and subcommittee, we had to go back and reformulate the Central Arizona Project, the Central Utah Project, the Salton Sea recovery plan, the Garrison Project, and of course, the Central Valley Project itself. Each was facing bankruptcy, litigation, environmental crisis or political stalemate—sometimes all of them—because someone thought they could bend the system and fast track the project. Let’s not slip a poison bill into this bill that inadvertently causes delays we all want to avoid.

More important than my personal opposition is the all-but-certain response of skeptical local voters. Such a belief would doubtless raise strong opposition to an expanded Los Vaqueros project among Contra Costa County voters, who, as I have noted, must vote for any modification of the existing facility. Without such a local vote in favor of an expanded Los Vaqueros, a major storage feature favored by CALFED would be lost.

I agree that we need to implement CALFED and promote water savings and efficiency, develop new supplies, and employ technology to expand our water supplies. Towards that end, I have recently introduced H.R. 2404, “The California Water Quality and Reliability Act of 2001” which expedites feasibility studies and promotes groundwater storage and management and recycling—a plan that I believe can generate reliable water supplies, at lower cost and in a shorter time frame than other proposals.

The key for success for this legislation is that Californians work together, realistically and cooperatively, to move CALFED down the road. We are making progress; we are in better shape today than we were a week ago.

We can have a CALFED that promotes reasonable new water supplies, protects the environment, and respects taxpayers while also assuring the continued flexibility of the California water program so that we are able to meet the changing demands of a growing state. I look forward to working with members of the delegation and the Congress to assure that we pass that kind of CALFED legislation this year.

**STATEMENT OF HON. ELLEN O. TAUSCHER,
U.S. REPRESENTATIVE FROM CALIFORNIA**

Congresswoman TAUSCHER. Thank you, Senator, for chairing this meeting. And I want to thank Chairman Dorgan, and ranking member Smith and Mr. Kyl and Mr. Burns for attending. And I especially want to thank Senator Kyl for his offer of bipartisan support for, what I think, is going to be very important for California.

We have a very important series of votes on the floor. We have just been called for them, so my statement is available.

I just want to say very quickly that I want to thank you, Senator, for your leadership. I especially want to thank my colleague, Mr. Miller, my neighbor just to the north of me, for his decades-long leadership, and Senator Boxer for her support.

I also want to thank Chairman Calvert for making this process open and receptive for members with differing perspectives on how this program should go forward.

I think it is very, very vital that we reauthorize CALFED. And I think that we have to do it this year and in this Congress. And it is very important that we do it in a way that is reflective of the kinds of balance between supply and quality and ecosystem restoration that I think is embedded in your bill.

And I really want to thank you for keeping such an open mind and bringing so many people together and of constantly moving to improve this bill, which I think goes a long way to making sure that we can deal with the kind of growth that we are going to have in California over the next 30 or 40 years, at the same time that we take care of the values that we all care about, improving our fisheries, making sure that we deal with threatened and endangered species, and obviously dealing with the fact that we have got some of the best farm land in the country.

I represent, as does Mr. Miller, some of the urban users and obviously the Delta is in our backyard—his front yard, my back yard.

Obviously, we are very, very committed to making sure that we have that ecosystem protected and restored. It is in desperate shape. It is the largest estuary in the West, and it is something that I think makes the Bay area what it is.

And obviously we are very much interested in making sure that the ROD that so many people spent so many years working on—

Senator FEINSTEIN. Let me just stop you, because I hate acronyms back here. Washington functions—for those of you who do not know, the ROD is record of decision.

Congresswoman TAUSCHER. Record of decision.

Senator FEINSTEIN. Sorry. Go ahead.

Congresswoman TAUSCHER. And that record of decision was hard fought for many years, with many, many people working very hard, biting their tongues, staying at the table. And I want to thank you

and others for their leadership in making sure that we had an ROD.

But now that we have one, I believe that S. 976 is comprehensive and goes a long way to turning the goals of the ROD into realities for California. And I think that it is important that we continue this process, that we continue to move forward.

On the assurances issue, the two pieces, I guess, that I really just want to talk about very quickly were on the issue of assurances. I want to be on the record for saying: For those users south of the Delta, I am glad that the new version of S. 976 moves away from guaranteeing water deliveries.

On the issue of this pre-authorization, I know that you have been working hard with Governor Davis and others on language that would be expediting and that would improve the opportunity for us to keep these fragile coalitions together.

I think that this is very tough work and your diligence, I think, will pay off. But I am here essentially to represent the fact that we have, I think, many people that want to work together.

I really appreciate what my colleagues have done. I am trying the best I can to make sure that we have, working with Mr. Calvert, the opportunity to get something done this year. I think if we do not do it this year, we are going to deeply regret it. And that will only accrue negatively to California and our opportunities in the future.

So I want to catch this vote.

Senator FEINSTEIN. Thank you very much.

Congresswoman TAUSCHER. I appreciate that.

[The prepared statement of Congresswoman Tauscher follows:]

PREPARED STATEMENT OF HON. ELLEN O. TAUSCHER, U.S. REPRESENTATIVE
FROM CALIFORNIA

Thank you, Madame Chair, Chairman Dorgan, Ranking Member Smith and Members of the Subcommittee. I appreciate the opportunity to appear before you this afternoon and provide testimony on S. 967, the California Ecosystem, Water Supply, and Water Quality Enhancement Act of 2001. A bill with a big name and an equally big responsibility.

I want to thank you, Senator Feinstein, for your leadership and foresight in crafting this bill to reauthorize the CALFED program and ensure California will be able to meet its growing water needs. I also want to thank my colleagues from California, Senator Boxer and Congressman Miller for their hard work on CALFED reauthorization. I would also like to commend Chairman Calvert for being open and receptive to Members' with differing perspectives on how to move this program forward.

This week, this Committee and both Chambers of Congress are busy debating legislation to address our nation's energy needs. This is obviously of great importance to California and my constituents who have endured rolling blackouts and high energy costs in recent months. Given this Committee's busy schedule, I am thankful that it has made time to consider legislation to address California's water needs.

As California continues to grow, its water needs grow with it. I believe that if we reauthorize the CALFED program this year, and are balanced and forward-thinking about our planning, we can avoid making water California's next crisis. The California Bay-Delta is one of our nation's largest estuaries and it is the largest estuary on the West Coast. It supplies drinking water for 22 million Californians, sustains a multitude of fisheries, including several threatened and endangered species, and irrigates seven million acres of the world's most productive farmland.

The CALFED program consists of 18 state and federal agencies who work with urban, agricultural, and environmental stakeholders to manage this precious resource. As you know, Madame Chair, California water wars are something they make movies about back home. Managing this complex system is no easy task, and the smart men and women who labored over the last six years to develop this

Record of Decision deserve to be commended. Given the mounting pressures on the Bay Delta, the goals identified in the ROD are balanced and timely.

The ROD states and I quote, "With the State's population expected to grow from thirty-four million today to fifty-nine million in 2040, the need to conserve, to build our capacity, and to manage our water system more efficiently is no longer just a goal, it is a reality."

I believe that S. 967 is comprehensive and goes a long way in turning the goals of the ROD into realities for California. I am glad that Senator Feinstein has made some changes to her original bill that reflects some of the concerns raised by Governor Davis and the environmental community. I understand that the new version moves away from "Preauthorization" of construction projects to more of an expedited review process. I agree with Senator Feinstein that these projects need to be moved forward in order to meet the timelines established in the ROD.

I also believe that Congress must have adequate oversight over the environmental and economic reviews that these storage projects require. On the issue of "Assurances" for users South of the Delta, I am glad that the new version of S. 967 moves away from guaranteeing water deliveries. However, I am still concerned that during dry years, this section could adversely impact the health of the Delta and my constituents' water quality, as well as invite more litigation.

I recognize that the agricultural community has legitimate water needs, and I believe that the language in the Record of Decision outlines the objectives to realistically move toward meeting those needs. As a Member representing a growing suburban district with the Bay-Delta in my backyard, I am committed to working to reauthorize CALFED this year. The Record of Decision identifies three potential storage sites, two of which are located in my District. Los Vaqueros, which offers potential water quality benefits through storage and blending; and the Delta Wetlands Project, or In-Delta Storage, which is an innovative storage project with multiple potential benefits. I am hopeful that the feasibility studies on these two projects can be completed expeditiously.

I am also glad that S. 967 contains language that would authorize a feasibility study of the Freeport Regional Project, which is a joint effort between Sacramento and East Bay Municipal Utility District to provide a supplemental supply for both regions. The project is identified in the ROD as a "complementary action" and would be an alternate source of supply for families and businesses during a drought.

As I mentioned before, the ROD contains many laudable goals, that if executed in a balanced and timely way, will restore the Bay-Delta's ecosystem, enhance water quality and improve water supply reliability for California businesses and farms. I applaud Senator Feinstein for her diligence in moving this authorization bill forward. I recognize that there are competing bills and amendments within our own delegation. I believe that these diverse perspectives will foster a healthy debate. And I am hopeful, that in the end, we'll be able to reach agreement to reauthorize this vital program this year. The health of the Bay-Delta ecosystem and our state's economy are depending on it.

Thank you.

Senator FEINSTEIN. Thank you both very much. We really appreciate your taking the time to come over here.

Congressman MILLER. Thank you. We obviously want to work with you. If we can answer any questions—

Senator BURNS. We will both save the Nation.

Congressman MILLER. Do what?

Senator BURNS. We will both save the Nation.

Congressman MILLER. We do it every day, every day.

[Laughter.]

Senator FEINSTEIN. Moving right along, Senator Boxer.

Senator BOXER. Thank you so much.

Senator FEINSTEIN. We would be happy to have your statement.

**STATEMENT OF HON. BARBARA BOXER, U.S. SENATOR
FROM CALIFORNIA**

Senator BOXER. Thank you so much, Senator Feinstein and members of the committee.

As Congressman Miller and Congresswoman Tauscher leave, I want to say what a pleasure it is to work, particularly with Congressman Miller, as the senior member of the Resources Committee. And he has been a great advisor to me, all the way back in my days in the House when we were trying to get this issue resolved, way back in the 1980's. He was the leader. And I think it is great that we are all working together.

I want to start by thanking you, Senator Feinstein, for your leadership on this committee to develop a bill that will meet our needs. You and I and our staffs have worked closely together on this effort, and I hope we could continue to do that, as your bill is still a work in progress. And I think we need to work closely together.

Yesterday, on the floor of the Senate, we teamed up and we saved the funding you had worked so hard to get in the Appropriations Committee for CALFED. And I think that it is important that we continue to work together on this.

As you have stated eloquently: In California, as in many parts of the West, water is our life blood. And we all know there are many important interests competing for this scarce resource.

For decades, those interests have been fighting. Water allocation was conducted through endless appeals and lawsuits, something we want to avoid, divisive ballot initiatives, which we want to avoid.

These battles were painful. As a matter of fact, one of my very, very first forays into politics, when I was quite a bit younger in my home county, was over a water ballot initiative. We know that those debates and those fights prevented us from resolving our State's very real water problems.

In 1994, a new State/Federal partnership called CALFED did promise a better way through a plan to provide reliable clean water to farms and businesses and millions of Californians, while at the same time restoring our fish, wildlife and environment. CALFED was and is committed to identifying a solution that all water users could share.

I think this consensus approach is crucial, as I know you do. I must say that I do worry that so far we do not have a bill before us that reaches that consensus. Although it has tremendous support, it also has some opposition.

And I would ask unanimous consent to enter in the record along with the support of your bill, 33 groups that have expressed deep concerns of opposition and support for my amendments.

Some of those groups—I will just name a few—Save The Bay; Sierra Club; League of Conservation Voters; California League of Conservation Voters; Natural Resources Defense Council; American Rivers; Trout Unlimited; Pacific Coast Federation of Fishermen; League of Women Voters of California; Clean Water Action. And I could go on, but in the interest of time, I will just add California Sports Fishing Protection Alliance; Sacramento River Preservation. But there are a number of other groups.

However, I think we can work together and bring everyone on board. And that is what my goal really is.

What I would like to do today is first say that there is much in the bill that I really, really like. As we have worked together and you have taken many of my suggestions—not all, but some. And I appreciate that very much.

But because we have a time constraint, know that I support a lot of the bill. I am just going to focus on a couple of areas with which I have a disagreement and hope that as we move together, we can perhaps be able to agree.

So let me say that the two amendments that I actually did submit, I believe still are necessary. I have seen the latest version of your bill late last night. So my comments are directed to that version, knowing that you are still going to work on it.

I think a lot of what I say mirrors Congressman Miller, but I will not say it in exactly the same way, and I will not be as colorful, but I will just get to where I think he is right.

Well, the first concern is a provision that many do believe would confer a special guarantee of water rights to one water district. And Congressman Miller said he was not sure that it did.

Attorneys that have spoken to me from the Natural Resources Defense Council and others say that even in the new version, you could say that the South of Deltas water users are getting special rights.

I appreciate the fact that you took some of the language I had in the preamble of the legislation. That is where I think this ought to go, the mention of this west lands issue should go in the preamble.

I think—we have discussed that. We have a disagreement. I think if it went there, it would be fine. It would clear this matter up, but this is your choice.

I think at best that because it is in the main body of the law it creates ambiguity and I worry also, as George Miller does, that it would present a toehold for litigation.

I believe the bill's water supply assurance language should be eliminated entirely or, in the amendment as I introduced, move it to the findings and it could be in no way interpreted to confer special rights.

We have some letters that support that approach, which I ask unanimous consent to place in the record at this time.

Senator FEINSTEIN. Those letters will be entered in the record.

Senator BOXER. Thank you.

Senator FEINSTEIN. Thank you.

Senator BOXER. Thank you very, very much. The second issue is very near and dear to my heart. We have talked about it a lot, and staff to staff have talked about it a lot. And it involves the method of authorizing the three water storage projects, which may turn out to be just uncontroversial and breeze right through.

I am pleased that the version of S. 976 that I saw yesterday does not authorize these projects prior to the completion of feasibility studies as the original bill did, so thank you for making that change.

However, the new version of the bill expedites approval of these projects in a way that eliminates any Senator's right to modify or improve them, as Congressman Miller said. It also fails to require a hearing of this committee or even a vote of this committee. I would feel very strongly that at least a hearing in this committee would be very, very important.

Did you respond to that point?

Senator FEINSTEIN. I believe the latest draft provides for a vote both in the committees and on the floor.

Senator BOXER. Okay. Because the one we saw did not require a vote in the committee. It just said the committee had so many days to consider it.

Senator FEINSTEIN. Yes, we are happy to clarify that.

Senator BOXER. And then if there is—

Senator FEINSTEIN. The intent is to have a vote.

Senator BOXER. Excellent. That would be great. Excellent.

Senator FEINSTEIN. Yes.

Senator BOXER. I think that is a big help because if there is a hearing or a meeting, then at least we can take a look at these projects. That would be a tremendous step forward.

On the question of amending on the floor of the Senate, I want to tell you why I feel so strongly about this. As a member of the House in 1992, I was able to amend the Corps of Engineers' report—I just want to make this point, because it is so personal to me.

I was able to amend the Corps of Engineers' report that recommended Auburn Dam—this was in 1992—so that instead, it authorized better flood control operation at Folsom, so that we were able to amend it and move it and change it.

Under the latest draft of the bill that I saw, I would be unable to do that. You would not be able to do that. No member would be able to change it. And I think that a take-it-or-leave-it package from Secretary Norton now, or whoever in the future years after we are long gone might be, I think that is not a good thing for Senators to give up their right.

You have that normal, if you will, right to offer amendments, review and change. As a matter of fact I would go further. I think it would set a dangerous precedent that could be applied to environmentally harmful or, say, budget busting projects around the country. So I really like the idea of keeping our ability to amend, and I think that is important.

My colleagues, I do happen to believe that normal congressional process works. For example, since 1996, 21 California water projects have been authorized in the Water Resources Development Act through the normal congressional process, and I ask consent to place the names of these projects into the record.

Senator FEINSTEIN. Without objection.

Senator BOXER. Thank you, Senator.

I think the same could be done for these projects. I do not fear getting these projects authorized. I think these are going to be good. I think we team up. We go to Senator Bingaman, Senator Kyl, Senator Burns. I think we could do it, without short-circuiting the normal process.

I ask unanimous consent to place in the record a number of letters that deal with this issue and also an editorial that appeared today in the *Sacramento Bee*.

Senator FEINSTEIN. Without objection.

Senator BOXER. And I would say that one of these is from Taxpayers for Common Sense, which supports my amendment on this. And I think it lays out why they do not think we should short circuit the process.

And the *Sacramento Bee* says, "Tipping the scales now would be wrong. Each reservoir project deserves to be judged on the merits, how much it costs; how much water it provides; how much flexibility it gives the managers of the State's interconnected plumbing system; how it affects the environment; and who pays for it. The projects under study by CALFED are worthy of exploration, but it is inappropriate to judge them before all the facts are in."

So I think that if we take the normal process, then I agree with George Miller, selling these projects to all of these groups that are concerned, to our constituencies that may have to vote to them are important. The last point I would make, Madam Chair, in the last version we saw—and we have discussed this with your staff; they say it was a mistake—but I just want to put it on the record to make sure. It appears as if all the projects in phase one of the record of decision would be automatically authorized. In your original version, you said only those under \$10 million. Now, that is gone. So except for these projects—

Senator FEINSTEIN. The mistake was leg counsel left off the \$10 million.

Senator BOXER. Okay. Okay. Then I am greatly relieved.

Senator FEINSTEIN. The \$10 million is in there, which is really the bulk of the environmental projects which interestingly enough are all preauthorized.

Senator BOXER. Yes. Well, we—

Senator FEINSTEIN. Without having to look at them or evaluate them.

Senator BOXER. Well, if I just might say if you look at the history of our State, as you well know, it is the dam projects that—and I say that not as a curse word.

[Laughter.]

Senator BOXER. It is these supply projects that people do have more concern about.

Well, I think, Madam Chair, I hope we can come together. I mean, I say that from the bottom of my heart. We have many options. We can work together on this bill, which I hope we will and because I think it is an omnibus bill, which I think is good.

And if we can agree, we will resolve many issues; or we can do something in—we can take a very simple non-controversial reauthorization bill, if we have to.

Senator FEINSTEIN. But we—

Senator BOXER. But I prefer to have our problems worked out. Did you want to—

Senator FEINSTEIN. No. I was just going to respond. See, I tried very hard with all of the groups for years to get consensus.

Senator BOXER. Yes.

Senator FEINSTEIN. And I am of the view, very staunchly, that we cannot solve our water problems without additional storage. Now, Congressman Miller called it a dam. I do not call it a dam.

Senator BOXER. Yes.

Senator FEINSTEIN. I call it a reservoir. I believe very firmly that we have to be able to take water from the wet years, recharge our aquifers, store it, keep it for the dry years.

Now, I am aware of the fact after all of this that there is going to be objection no matter what, Madam Secretary, to any storage

project. Now, it is not only dams; it is storage projects; that some people think this is a way to control population.

I do not agree with that. I do not think you can control population. I mean, we are going to be 50 million people in 20 years. I say: Let us get our State ready to be able to handle—handle the problems that are—that are coming with increase in population, increase in high-tech, which takes high quality water, providing waters for farmers, which certainly it is the biggest ag State in the Nation. And we cannot do it without storage.

That is where I am. I campaigned on it. I won a campaign on it. I am going to keep my word to the people, and I am going to fight this thing out.

If we can agree on an expedited approval, I do not have a problem with that, as long as we move both elements of this whole thing together. But I am not going to find that we put \$1 billion into one thing, and the area that would give us the ability to go through those dry years is not touched.

Senator BOXER. Well, I do not disagree with anything you said.

Senator FEINSTEIN. That is kind of where I am.

Senator BOXER. I would just say I am a little more—I feel a little more hopeful, because I think that the CALFED process did bring people together. And the record of decision does try to deal with both the supply of the water, the new projects, plus environmental restoration, water for the farmers, for the urban. I think all that—I feel more positive about that now.

We both ran winning campaigns. One of my platforms was keeping all the people together. I mean, that is what I want to do. I want to keep this consensus together.

I firmly believe that the amendments I have brought to you—this is my belief, and you do not have to agree, and we will discuss it, but I think that those amendments would, in fact, bring more consensus, because I think by skirting the normal process, which is a huge decision for this committee to make if they want to do a special process, I think it creates some problems out there with a lot of people who are business people in the fisheries industry and elsewhere.

So let me close this way: I could not agree more that we have to increase water for the entire State. And you know, the CALFED does not even deal with the entire State, per se. And I am working with Representative Farr on a bill called CalAqua that will provide hundreds of thousands of acre feet—actually more acre feet than these three projects, not as much so far in our bill as the entire authorization would eventually bring, but that would bring these hundreds of thousands of acre feet through methods such as ground water, recharged water efficiency, water recycling that we are—Sam Farr and I are very excited about working on. And I am very anxious to show you the bill when it is ready for introduction.

I want to thank you for this opportunity to testify. You and I have great respect for each other. And we do not always agree on every little thing, but we agree on the end goal.

This is an issue. You and I talked, and we said we have a crisis in California with electricity. We do not want a crisis with water.

You do not want it. I do not want it. And I am looking at a way to make sure we can get projects built and not have lawsuits and

not have delaying tactics, and not have our colleagues worry about new precedents for California that we do not have elsewhere.

I am glad that your bill is still open to new ideas and we will stay close to it, and work with you.

And, again, I thank you for your leadership on this committee.

Senator FEINSTEIN. Thank you. Thank you very much.

Senator BOXER. All right.

Senator FEINSTEIN. I appreciate it. Thank you.

Do you have any questions, Senator, or we will move onto the next panel. Thank you very much, Senator Boxer.

Senator BOXER. Thank you, Senator.

Senator FEINSTEIN. All right. Thank you.

[Pause.]

Senator FEINSTEIN. Secretary Norton and Secretary Nichols, if you would come forward please.

[Pause.]

Senator FEINSTEIN. Madam Secretary, I would just like to welcome you, and I really thank you so much for sitting through the prior testimony. I really think it is important that you heard all aspects of this.

And I want to thank you also for putting that \$20 million again into the budget. We really appreciate the support of the administration on this. And so if we may, we will begin with you and then go to Secretary Nichols.

**STATEMENT OF HON. GALE A. NORTON, SECRETARY,
DEPARTMENT OF THE INTERIOR**

Secretary NORTON. All right. Thank you very much, Madam Chairman. I certainly do appreciate the opportunity to hear today's discussions so far and to provide the Department's comments on S. 976.

I ask permission to submit my full remarks for the record and to summarize the Department's position here.

Senator FEINSTEIN. So ordered.

Secretary NORTON. S. 976 would authorize funding through the Department of the Interior as well as governance and management authorities for the implementation of the CALFED Bay-Delta program, a comprehensive, balanced and timely water management and environmental restoration program.

The Bay-Delta is an area of critical environmental importance as well as the hub of the State's water supply system, providing drinking water for more than 22 million Californians, important habitat for over 750 plant and animal species, irrigation water for most of the State's \$27 billion agricultural sector, and provides water that is essential to the manufacturing and commercial sectors of the State.

The administration supports CALFED's goals of increasing water yield, protecting the environment, improving water system and supply reliability, water quality, and providing watershed management, water transfers and levee protection.

As this committee can well appreciate, our new administration faced a substantial number of major resources issues of high priority. In the area of water, virtually every Western State has issues of concern and controversy demanding our attention.

We just had two new officials, who took office this week, the day before yesterday. And that is the Assistant Secretary for Water and Science, Bennett Raley, and the Commissioner of the Bureau of Reclamation, John Keys. And they, of course, will be playing a very key role in the decisions that are made here.

In addition, the White House yesterday announced two additional officials who will be involved when they are confirmed. And that is Craig Manson for Assistant Secretary for Fish, Wildlife and Parks, who is from California; as well as Steve Williams for Director of the Fish and Wildlife Service. In summary, we have two who have not yet been confirmed; and two who are brand new to their positions.

The new ones have already offered great insights to us in their couple of days on the job. And we look forward to their insight, as we study the projects further.

On the Columbia River, the Colorado River and in the Central Valley of California, among others, we are beginning our examination of multi-year, multi-million dollar planning and negotiating efforts.

On all of the matters before us, one conclusion is universally applicable: We will continue to work towards solutions, and we will make decisions that reflect the President's commitment to the balanced and sensible resolution of resource issues affecting our Nation.

Before I get into the specifics of the Department's position on CALFED, let me describe my own perspective on water issues. As attorney general for the State of Colorado, I came to understand that water issues need to be planned decades into the future and not just a few years.

Well, California is obviously a fast growing State, as you mentioned in your remarks. Its population continues to expand rapidly, especially in water scarce areas like southern California. With more people comes the demand for more water.

That is why I was pleased when I first talked with you, Senator Feinstein, about CALFED, to learn about your effort to grapple with California's long-term agricultural, municipal and environmental water needs. I greatly respect your leadership on this subject. And I am very pleased by the process that has brought together so many people to discuss these issues.

More recently, my Department has experienced the problems that arise when there is insufficient water to meet all needs. In the Klamath Basin of Oregon and California, we have seen the tragic effect on farm families when there is not enough water for both agricultural and environment water needs. We are working now to find solutions for the future of the Klamath area.

Throughout the West, we need to plan ahead to balance the competing demands for water. Through long-term planning, it is possible to create mechanisms that allow better, more fine-tuned water management. This allows scarce water resources to be stretched to meet the needs of fish, wildlife, natural ecosystems, agriculture and people.

I was pleased to hear that CALFED brought all of the affected interests to the table to hammer out compromises. This is clearly

the process that we must pursue in order to balance water use and storage, with water for ecosystem maintenance.

As part of my first trip to California as Secretary, I was pleased to have the opportunity to fly over the Central Valley and to look closely at the many projects that are a part of the California water system, and to see how interconnected those things are. This is a very important issue, and I really wanted to learn more about it.

The Department of the Interior supports the comprehensive and integrated nature of the proposed actions and the commitment to a credible science program to support the CALFED decision making process. The manner in which Federal and State administrations have worked is a model for solutions to resource management problems.

Clearly, significant progress has been made in the dedication of State and Federal monies for ecosystem improvements in the Sacramento, San Joaquin Delta and the San Francisco Bay.

On the Federal side, Congress has already appropriated nearly \$500 million for CALFED-related efforts, California Central Valley Improvement Act efforts, and CALFED-type initiatives.

Obviously, outstanding issues still need resolution. And we are committed to finding those solutions with this committee, with Congress, with Governor Davis, and with the affected stakeholders.

S. 976 is an important step forward. We support the purposes and many of the provisions of the bill. However, we still have a number of concerns with the bill as written, and we believe some modifications are needed.

We must fulfill our obligation to taxpayers and scrutinize plans to make sure they are cost-effective. And we wish to stress the importance of several of the measures and to work with you on making appropriate changes.

The history of the settlement of California and the ensuing development of its water resources is full of political and legal battles. Although agreement on water management may not be immediate, the CALFED program is a step in reaching a common vision.

CALFED represents a new approach to an old problem. By combining the interests of State and Federal agencies with rural regulatory—with regulatory power over the Bay-Delta with those of urban, environmental and agricultural users, the CALFED program is moving California toward more equitable and efficient water and ecosystem management.

Continued implementation of CALFED offers the opportunity for a long-term solution to the critical problems confronting the Bay-Delta. The Department is aware of the importance of meeting its environmental commitments and the importance to water users of adequate water supply reliability. For these reasons, the Department will continue to work through the CALFED process to improve the environment and increase the system's water management flexibility.

We believe that the bill attempts to offer a balanced approach toward implementing the ROD commitments and would allow the Federal Government sufficient authority to continue to participate in the CALFED program.

We look forward to working with the committee and others in Congress to address this administration's concerns. Thank you.

[The prepared statement of Secretary Norton follows:]

PREPARED STATEMENT OF HON. GALE A. NORTON, SECRETARY,
DEPARTMENT OF THE INTERIOR

I am pleased to appear before this subcommittee to provide the Department's testimony on S. 976, the California Ecosystem, Water Supply, and Water Quality Enhancement Act of 2001.

S. 976 would authorize funding through the Secretary of the Interior, as well as governance and management authorities, for the implementation of a comprehensive, balanced, and timely water management and environmental restoration program in California commonly referred to as the CALFED Bay-Delta Program, as reflected in the Federal Record of Decision (ROD) issued August 28, 2000. The purpose of the program is to increase water yield and environmental benefits, as well as improved water system reliability, water quality, water use efficiency, watershed management, water transfers, and levee protection.

As the Committee can imagine, our new Administration faced a substantial number of major resource issues of high priority upon assuming office. In the area of water, virtually every western state has issues of concern and controversy demanding our attention. With the confirmation of Assistant Secretary for Water and Science Bennett Raley and Commissioner of Reclamation John Keys we are able to begin dealing substantively with many of the issues before us. We await the nomination and confirmation of an Assistant Secretary for Fish and Wildlife and Parks and a Director for the Fish and Wildlife Service to further assist interagency efforts.

On the Columbia River, the Colorado River and in the Central Valley of California, among others, we are beginning our examination of the results of multi-year, multi-million dollar planning and negotiation efforts. We are looking not only at the results of these enormous work efforts but also at the process used, both internal and external, and the information that was relied upon to make decisions. In addition we are examining the data which provided insight on the biological and socioeconomic consequences of these major resource initiatives.

On all of the matters before us, one conclusion is uniformly applicable: we will continue to work toward solutions and we will make decisions that reflect the President's commitment to the balanced and sensible resolution of resource issues across our Nation.

In the case of CALFED, we find the comprehensive and integrated nature of actions proposed and the commitment to the development of a credible science program in support of the decision making process are all laudable. The manner in which federal and state administrations have worked may be considered a model for solutions to resource management problems. Likewise, we feel that we can secure similar success in achieving the goals of CALFED in the context of our responsibilities in all western states.

Clearly, significant progress has been made in the dedication of state and federal monies for ecosystem improvements in the watersheds that constitute the Sacramento-San Joaquin Delta and the San Francisco Bay. On the Federal side, Congress has appropriated nearly \$500 million for CALFED related efforts, for Central Valley Project Improvement Act and CALFED initiatives focused on improving the aquatic and terrestrial habitats of the CALFED solution area.

A Record of Decision is in place that captures years of planning on all program elements of ecosystem restoration, levee system integrity and improvement, water supply and reliability improvements, water quality improvement, improved water use and efficiency, improvements to the upper watersheds, water transfers, storage, and conveyance.

Congress needs to authorize the CALFED program so we can proceed with balanced progress on all resource fronts. The Department also recognizes that outstanding issues are still in need of resolution and we are committed to finding those solutions expeditiously and in concert with this Committee, with the Congress, the administration of Governor Davis and the stakeholders who have been so actively and constructively involved.

I would like to express my deep appreciation to the Committee for your obvious commitment to making significant progress with the CALFED program. I also appreciate the consistent concerns demonstrated by this Committee that progress be made and for your work efforts in developing the bill being considered today. Your continued willingness to work with the Department and the Administration on this matter is of real and continuing importance to us.

S. 976 is an important step forward. Clearly, additional authorizing legislation is required to proceed with the complete program. We support the purposes and many of the provisions of the bill. However, we also have a number of concerns with the

bill as written, and we believe some modifications are necessary. We would like to continue working with the Committee to achieve a bill we can fully support and which will implement the CALFED program consistent with the ROD and agreements reached in the Bay-Delta Accord of 1994 and the CALFED framework agreement. We note that S. 976, like other CALFED legislation before the Congress, would be quite expensive.

The results of the CALFED planning process reflect an attempt to balance competing needs and interests. The CALFED planning process brought together agricultural, urban, environmental and business stakeholders with the state and federal agencies in an effort to build agreements on the approaches to managing California's complex water and natural resource issues. We recognize that solutions to any set of problems as large and interconnected as those facing California will be complex. However, all interests must respect the needs and concerns of others. The CALFED ROD attempts to recognize the core interests of all the parties and build a solution that reduces the conflicts in the existing and long-established system and to balance competing interests for comprehensive progress. In addition, consideration should be given to analysis of impacts of the ROD on tribal trust assets, as discussed in the ROD. With the support of Congress and the State of California, CALFED can lead the way in a collaborative process that includes extensive participation of all stakeholders to provide many long-term solutions to California's water management and infrastructure improvement needs.

The "Fed" side of the CALFED Program demonstrates a cooperative planning and coordination effort among ten Federal agencies, including U.S. Fish and Wildlife Service, the U.S. Bureau of Reclamation, the U.S. Geological Survey, and the Bureau of Land Management, within the Department of the Interior, as well as the U.S. Environmental Protection Agency, National Marine Fisheries Service, U.S. Forest Service, Natural Resources Conservation Service, U.S. Army Corps of Engineers, and Western Area Power Administration.

CALFED HISTORY AND BACKGROUND

The CALFED Bay-Delta Program is a response to the water management and ecosystem problems that came so clearly into focus in the drought of 1987 to 1992 experienced within the Bay-Delta system. Furthermore, the historic and ongoing conflicts between water management for supply and fishery protection give rise to the urgency of the CALFED program. The waters of Sacramento and San Joaquin Rivers converge in the Sacramento-San Joaquin Delta, which is the largest estuary in the West Coast, and discharges into the San Francisco Bay and to the Pacific Ocean. The Bay-Delta is a maze of waterways and channels that carry over 40 percent of the State's total runoff to the Bay and provides drinking water for more than 22 million Californians, important habitat for over 750 plant and animal species, irrigation water for most of the \$27 billion agricultural sector, and water essential to the manufacturing and commercial sectors of the State. Over the past decades, California has witnessed declines in water quality, fish, wildlife and associated habitat, and the reliability of water supplies. The goals of CALFED, which the Administration fully support, are to reverse all these trends.

In December 1994, the State and Federal governments signed the Bay-Delta Accord, which signaled a new approach to managing the Delta and finding solutions to longstanding problems in California. In 1995, CALFED was initiated as a cooperative, interagency effort to reduce conflicts in the Bay-Delta, modernize water management and infrastructure, and to make investments aimed at reducing stressors for species and improving the habitat. The CALFED Program has been envisioned as a three-phase process:

- Phase I objectives were to identify and define the problems confronting the Bay-Delta System and develop a mission statement, program objectives, and alternative actions for further study. During Phase I CALFED concluded that each program alternative would include a significant set of program actions which were grouped into elements to address problems associated with the ecosystem and water management infrastructure.
- Phase II objectives were to develop a preferred program alternative, conduct a comprehensive programmatic environmental review process, and develop an implementation plan focusing on the first 7 years (Stage 1 of implementation). Phase II objectives were achieved through issuance of the Final Programmatic Environmental Impact Statement/Environmental Impact Report (IS/AIR) in July 2000 and a Record of Decision signed on August 28, 2000.
- CALFED is currently in Phase III, a long-term process implementing specific actions to achieve the goals of the CALFED program. Phase III objectives are to implement the plan selected in the IS/AIR over the next 25 to 30 years. Stage

1 of implementation, for the first 7 years, is underway. Site-specific, detailed environmental review and feasibility level analysis will occur during Stage 1 prior to implementation of each proposed action.

CALFED PROGRAM ACCOMPLISHMENTS

In the past several years substantial progress has been made on a number of complex water and natural resource issues through the combined efforts of the public and state and federal agencies working together as CALFED. The greatest accomplishment of the CALFED effort so far is bringing all the State and Federal agencies together to produce the CALFED Record of Decision, signed August 28, 2000, which documents the comprehensive plan for improving California's water supply and water quality, as well as restoring ecological health in the Bay Delta. This Committee has received copies of the most recent annual report of accomplishments which details progress in many CALFED program areas. We particularly would like to bring your attention to the many creative approaches to addressing historic areas of conflict such as the Environmental Water Account.

Also of interest is the CALFED Science Program. We expect this program to provide peer review of the science and information underlying all elements of the CALFED program from adaptive management, to ecosystem improvement projects, to project operations and beyond, we expect CALFED to be supported by a strong and credible science program.

Public workshops have been and are being undertaken by the program on scientific components of public controversies and are clarifying the state of scientific knowledge, thereby reducing the level of controversy. In the near term, these workshops include issues associated with Delta Cross channel operations, effectiveness of the Environmental Water Account for salmon and Delta smelt, salinity effects of levee breaches, and the use of scientific adaptive management. Additional workshops will be undertaken as topics are identified.

CALFED FUNDING

From FY 1998 to FY 2000, Congress appropriated \$190 million for the CALFED Ecosystem Restoration Program and an additional \$30 million for other program elements, including projects to improve water supply reliability. These funds were provided through an account in the Bureau of Reclamation budget, but funding for specific projects or programs has been transferred to participating Federal agencies based on plans developed by CALFED. As noted above, CALFED agencies have used these and other funds to screen water diversions for the benefit of fish and farmers, restore degraded habitat, establish an environmental water program, develop conjunctive use projects and develop a state and federal water operations plan. No funds were provided for this account in FY 2001, largely because the appropriations committees deferred to the authorizing committees to review the Program and develop any needed legislation.

The ROD outlines a partnership of State, Federal, and private funding, and estimated that a total of \$8.7 billion from state, federal, and private sources would be needed for the Program's implementation. According to Governor Davis, the State is moving forward to finance implement actions called for in the ROD. In order to support the Federal side of this unique partnership, it is important that appropriate legislation be enacted to authorize Federal Government participation as contemplated by the ROD.

BENEFITS OF S. 976

The Bay Delta is the hub of the State's water supply system and an area of unsurpassed ecological importance. Single-purpose efforts to solve problems in the past have failed to adequately address the comprehensive nature of the Bay-Delta resources and problems and the conflicts between supply and demand. S. 976 would provide authorization for continued Federal participation in the CALFED Bay-Delta Program and to meet Record of Decision commitments. As such, the Administration supports many elements of this bill, recognizing that some modifying language may be needed.

In particular we are supportive of three primary principles outlined in the bill. **Balanced Approach**—The authorizing language meets the CALFED principle of comprehensive planning by outlining and providing authority to carry out a water supply plan to promote the ecological health and improve water management in the Bay Delta.

Measurable Goals and Objectives—The legislation would provide for developing measurable goals and objectives for implementing and documenting "significant" progress in achieving the ROD's program elements and the proposed ecosystem en-

hancement and water supply program actions. Further, the legislation calls for utilizing credible and objective scientific review and basing decisions on the “best available, independently peer-reviewed information.”

Governance, Local Coordination, and Public Involvement—The legislation affirms that the participating Federal agencies would help operate the Bay-Delta Program through a permanent governance structure that encourages local and regional partnerships in implementing the Program. The legislation also specifies that State area-of-origin rights would be preserved. Further, the legislation recognizes the need for participating Federal agencies to cooperate with state, local, and tribal governments, non-governmental organizations and the public to obtain input on program implementation planning, design, technical assistance, ecosystem restoration, and peer review of science efforts.

CONCERNS WITH S. 976

Despite the progress that has been accomplished through the CALFED Bay-Delta Program, the Administration has some significant concerns relative to the legislation before the Subcommittee today. In addition to the major concerns noted below, we would like to work with the Committee to address technical and other changes as it considers this legislation.

Cost Sharing—One of the central components of the ROD is the notion of “beneficiary pays,” whereby users who benefit from investments in the infrastructure should pay for those benefits. The ROD contemplated the Federal Government, the State, and project beneficiaries each sharing roughly one-third of the costs of implementation. S. 976 generally establishes a maximum Federal cost-share of 50% for each project or activity, but does not otherwise indicate how the cost-share should be determined. We do not object to the 50% ceiling, however, we believe that the cost-sharing should otherwise be consistent with current law or policies. Depending on the project purpose, under current law local sponsors are required to provide up to 100 percent of a project’s cost (e.g., for costs allocated to municipal and industrial water supply projects). We wish to stress the importance of clarifying and integrating cost-sharing measures into the program. We would like to clarify that assignment of operation and maintenance costs will be consistent with general policies.

Project Authorizations—We are also concerned about provisions of the bill that seem to authorize construction of projects before they have completed the normal Administration review of economic and environmental feasibility. Some language also circumvents Congressional oversight of individual projects. Consistent with longstanding policies, we believe that authorization for construction should be provided only after the Administration and Congress have completed a full and favorable review of project economics and environmental feasibility.

Authorization of Appropriations—Sections 3, 4, and 5 of the legislation state that appropriations are authorized “. . . in such sums as are necessary . . .” to carry out the actions authorized by the particular section. This appears to imply that there is unlimited funding authority for implementing the CALFED Program. Further, it is not clear whether all appropriations will be coming through the Department of the Interior, or whether the concept of a cross-cut budget will be employed and appropriations will be made directly to the participating Federal agencies which, in some instances, would lead to greater efficiency.

Reporting and Oversight—In general, the reporting and oversight requirements are unclear; it is not apparent which agency is specifically responsible for the compilation of data for submission to Congress. The ROD states that the CALFED staff would be responsible for associated program reporting requirements, however the legislation implies that this would be the responsibility of the Secretary of the Interior.

CONCLUSION

The history of the settlement of California and the ensuing development of its water resources is replete with political and legal battles. Although agreement on water management may not be immediately achievable, the CALFED Program is a step in reaching a common vision of actions needed for progress. CALFED represents a new approach to an old problem by combining the interests of state and federal agencies with regulatory power over the Bay Delta together with urban, environmental, and agricultural users, who each have a vested interest in the maintenance and improvement of the Bay-Delta. The CALFED Program has shown water managers, policy makers and the public how to move California toward more equitable and efficient water and ecosystem management. Continued implementation of the CALFED plan offers the opportunity for a long-term solution to the critical problems confronting the Bay-Delta. Specifically, the Department will continue to oper-

ate the Central Valley Project in accordance with the provisions of the State's Water Quality Control Plan, Central Valley Project Improvement Act, the Endangered Species Act, and other applicable statutes. The Department is aware of the importance of meeting its environmental commitments, and the importance to the water users of adequate water supply reliability. For these reasons, the Department will continue to work through the CALFED process to improve the environment, and increase the system's water management flexibility.

We believe that the bill attempts to offer a balanced approach toward implementing the ROD commitments and would allow the Federal government sufficient authority to continue to participate in the CALFED program. We look forward to working with the Committee and others in Congress to address the Administration's concerns. Mr. Chairman, I would like to reiterate my appreciation to the Committee and others for continuing to work with the Department to address the significant water and environmental issues facing the West.

I would be pleased to answer any questions you may have.

Senator FEINSTEIN. Thanks very much, Secretary Norton.

Before I move to Secretary Nichols, we really appreciate your comments. I know you have staffing problems. Now, that they are getting solved and you got people on board, I think that is great.

When do you think you would be able to provide us with some specifics in terms of what you would advise vis-à-vis changes or amendments?

Secretary NORTON. We will work with you to try to provide that information as we are able to reach decisions on particular points that we would like to offer you. We will certainly work with you as quickly as possible.

Senator FEINSTEIN. Because of the appropriation situation, we really need to move this bill as soon as possible.

Secretary NORTON. All right. Thank you.

Senator FEINSTEIN. Thank you very much, appreciate it.

Secretary Nichols, thank you again for coming so far and appreciate hearing your testimony.

**STATEMENT OF MARY D. NICHOLS, SECRETARY FOR
RESOURCES, STATE OF CALIFORNIA**

Secretary NICHOLS. Thank you, Senator. You also have our written testimony and, if I may, I will just submit that for the record and—

Senator FEINSTEIN. Without objection.

Secretary NICHOLS. Great.

Let me just add a couple of comments, and then I know you are going to want to ask some questions of me and Secretary Norton.

First of all, I would like to say how pleased I am by the support that we have received to date, knowing first-hand the difficulties of getting a new administration going and getting staffing. I appreciate very much the support that we have had from the Department of the Interior in moving the CALFED program forward to date.

I have to say a word about consensus, as I wish to embrace not only your bill, Senator, and the process that you have been so ably steering here, but also my other Senator stands squarely with both of you in trying to achieve consensus on legislation.

CALFED is often referred to as a consensus process. The fact is we went 6 years without really achieving a consensus until finally there were some deadlines facing us. And a small group of people who you helped to convene and to basically push and prod and cajole into achieving a final result said, "This is going to be the re-

sult,” and then went back to all the various stakeholders and said, “We need your support on this.” And we negotiated and we worked hard with them. And we achieved a result in the record of decision, which I believe is a consensus.

But it never would have happened if we had just waited for people to miraculously achieve that degree of consensus on their own. There has to be leadership. And your leadership in moving forward with this bill is very much appreciated.

Senator FEINSTEIN. Thank you.

Secretary NICHOLS. We want to associate ourselves with your efforts and also to say that we really appreciate the flexibility that you have shown and have indicated your willingness to show in making sure that you do bring all the parties along with you as you move forward.

It is extremely important for California that we get this program reauthorized this year and also get the Federal funding that is needed to make all of these very ambitious programs for solving California’s environmental and water supply problems work.

Let me just say a word about how we approach some of the issues about the questions that have been raised about the legislation, specifically the language about assurances and the language about the expedited process. And really it arises from the same philosophical approach.

When I was appointed to my position over 2 years ago by Governor Davis, he made it very clear to me that in dealing with California water issues, it was going to be absolutely essential that we keep all the stakeholders at the table in a situation where everyone felt a great deal of lack of confidence and lack of trust.

We have a situation where we have very strong laws that mandate that we achieve improvements in our ecosystem. We may not have done it as well as we should or as quickly as we should. We certainly need better money—we need more money and better science and so forth.

But in the area of assuring water supplies to our cities and to our farmers, we do not have a similar legal mandate. We do not believe that your bill creates a new legal mandate, but we do believe that it goes in the direction that the ROD tried to go of mandating the efforts of the agencies that be sincerely and seriously put behind those measures that we all agree are needed, if we are going to give a degree of assurance.

That is the line that we have tried to walk. I know it is the line that you have been trying to walk. If the language does not make everybody sufficiently comfortable, you know, we are willing to work with you to improve it. But that is what I believe you have been trying to achieve.

Senator FEINSTEIN. Right.

Secretary NICHOLS. And it is very much what the Governor wants to see happen.

Secondly, with respect to the process on storage projects in particular, we named those three projects that you have identified in your bill as being projects that we thought had a high degree of likelihood of being able to survive very stringent environmental and economic reviews.

We did not mandate the outcome. We said we will do the studies, and we put ourselves on a very aggressive time track to try to get those done.

I want to be clear, and I know you have been clear, that we never intended to short circuit any of that process whatsoever getting to a recommendation. And we agreed that we would submit those to the Congress then for authorization.

We understand that you have been grappling with the process to then expedite that authorization and to be able to get funding. We do not pretend to have the expertise in how the congressional process works that you have or your staffs have.

But if there is anything that we can do to assist you in that effort, we would like to do that. And other than that, I would just like to say thanks again for holding this hearing and for helping to move the process forward.

Senator FEINSTEIN. Thank you very much.

[The prepared statement of Secretary Nichols follows:]

PREPARED STATEMENT OF MARY D. NICHOLS, SECRETARY FOR RESOURCES,
STATE OF CALIFORNIA

Mr. Chairman and members, thank you for convening today's hearing and for inviting me to testify on the "California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001" (S. 976), introduced by Senator Dianne Feinstein.

I would like to applaud Senator Feinstein at the outset for her leadership on California water issues. She has played an instrumental role in bringing together diverse parties in order to find consensus on an issue of tremendous complexity and importance to California and the nation.

Before I address the specifics of the legislation, let me place the issue in a broader context.

Over the past five years, the CALFED Bay-Delta Program has operated as a collaborative, cooperative effort among local, State and Federal governments. With the release of the "Framework for Action" and Record of Decision last summer, we have shifted gears in a significant manner. Planning is now taking a back seat to the actual process of implementing an ambitious, far-reaching set of projects and programs aimed at improving water management and restoring ecological health in the Bay-Delta system.

In light of this major transition, it is important to emphasize that California alone cannot carry out the CALFED plan. CALFED has been—and must continue to be—a close working partnership between Federal and State agencies. Federal agencies play critical roles in implementing the CALFED plan. And federal funding is imperative for continued coordination and to maintain the forward movement towards solving California's water issues.

In addition to maintaining the collaborative nature of the program, I want to briefly touch upon other fundamental concepts that should be incorporated in legislation to ensure that CALFED stays on track to meet its commitments.

First, the Federal agencies need clear direction and authority to continue participation in CALFED coordination efforts and in implementation of the CALFED plan.

CALFED presently consists of 24 member agencies, including 13 Federal agencies. In order to ensure coordination and effective implementation, these agencies need clear direction to participate in the program.

Second, the Federal agencies need authorization and funding to continue participation in the successful implementation of the commitments outlined in the CALFED plan.

CALFED's ambitious scope and timeline require both State and Federal funding to ensure balanced implementation. California has invested heavily in CALFED. In last year's State budget, Governor Davis and the California Legislature appropriated over \$500 million. While the current fiscal year State budget has yet to be finalized, we anticipate over \$500 million again will be appropriated.

If Federal funding is not provided in fiscal year 2002, CALFED will not stay on track and the momentum that has been created over the past six years will come to a grinding halt. Federal and State courtrooms will once again be littered with litigation regarding the California water crisis.

Third, the Bush administration must direct the Federal agencies to take actions to meet commitments in the CALFED plan for which authorization already exists including the water supply targets for Westside San Joaquin valley farmers.

The CALFED plan establishes a delivery target for Central Valley Project south-of-Delta agriculture water service contractors of 65-70% of contract entitlements in normal water years. More than simply a provision addressing a particular group of water users, this issue has come to represent CALFED's commitment to a balanced program that considers the needs of all stakeholders.

Following years of litigation and after months of negotiations, the Record of Decision commits federal and state agencies to operate the CALFED program in ways that will increase water supply for south-of-Delta agriculture water service contractors, while at the same time avoid additional litigation over the Endangered Species Act or water rights.

While it may be tempting to mandate this target, legislating a specific outcome with respect to water delivery will immediately invite more litigation and gridlock.

The commitment embodied in the Record of Decision is clear. The challenge for CALFED is carrying out that commitment. We have recommended amendments to federal authorizing legislation that is consistent with the ROD and unambiguously directs the Department of the Interior and the Bureau of Reclamation to implement the tools necessary to carry out those provisions. Senator Feinstein's bill contains this language.

Fourth, legislation must be consistent with the CALFED Record of Decision (ROD).

This is a vitally important issue from the standpoint of ensuring the continued support of stakeholder interests as well as the California Legislature. The CALFED ROD calls for a balanced approach to implementation. Furthermore, all aspects of the program are interrelated and interdependent. Ecosystem restoration is dependent upon supply and conservation. Supply is dependent upon water use and efficiency and consistency in regulation. Water quality is dependent upon improved conveyance, levee stability and healthy watersheds. The success of all the elements depends on expanded and more strategically managed storage.

Mr. Chairman, these are some of the basic elements that must be included in any legislative proposal to reauthorize the CALFED Bay-Delta Program. Conformity with the ROD is clearly our touchstone. At the same time, we fully realize that other elements that transcend the ROD have been incorporated in legislative efforts to reauthorize CALFED. Such provisions will be examined on the basis of whether they help achieve implementation of CALFED and whether they are consistent with the spirit and letter of the ROD.

Based on the criteria I have outlined above, we believe that Senator Feinstein's bill meets the test. It recognizes the importance of the CALFED process, the Record of Decision, and the critical need for Congress to provide significant levels of federal funding for vital programs—a need that grows more marked with each passing week in a year that has brought California lower than normal precipitation. For these reasons, the State of California supports Senator Feinstein's legislation and urges expeditious consideration by this Subcommittee and the U.S. Senate.

Governor Davis recognizes the need for CALFED reauthorization bills in the House and Senate to move forward this year to ensure adequate funding to meet California's pressing water needs. I assure you that the Governor and I look forward to working with interested Members of Congress to reconcile the differences among the bills to ensure that these efforts are consistent with the CALFED plan.

CALIFORNIANS AND THE COUNTRY NEED CALFED

I want to take a moment to offer a sense of the importance and scope of CALFED and what it means to the people of California and the nation.

CALFED's integrated plan to restore ecological health and improve water management in the Bay-Delta is:

- The most complex and extensive ecosystem restoration project ever proposed;
- The most intensive water conservation effort ever attempted;
- The most far-reaching effort to improve the drinking water quality for over 22 million Californians;
- An unprecedented commitment to science and watershed restoration;
- The most significant investment in storage, conveyance and Delta levees in decades.

The Central Valley of California includes over 80 percent of all irrigable land in our State and provides up to 50 percent of the Nation's fruits, nuts, and vegetables. Providing a consistent water supply to California farmers is clearly a matter of national economic importance. In addition, our commercial fisheries require a healthy

river and Delta ecosystem. Central Valley salmon provide more than 50 percent of the harvest from the California, Oregon and Washington coasts. Finally, Silicon Valley—a major engine of the national economy—requires a firm and high quality water supply.

The CALFED program represents an innovative approach to addressing water in California. It will ensure adequate and reliable water supplies for its farmers, cities, and environment. It is the only program ever to win support from all major interest groups in all parts of this large and diverse State.

In short, the benefits of the CALFED program will go far beyond California's borders. Ensuring adequate and quality water supplies will have tremendously positive economic and environmental impacts throughout the entire country. Congressional action to reauthorize the CALFED program this year is clearly in the national interest.

CONCLUSION

More than six years of arduous negotiations have brought us to this point. CALFED has created a new framework for resolving competing demands on California's water resources. Now it is time to get on with the job. That will take hard work, a renewed commitment from the Federal government, and the financial resources to make it happen.

Thanks to the leadership of Governor Davis and the California Legislature, combined with the wisdom of California voters in approving two successive water bond initiatives, California has delivered its share of funding. It is time for Congress to pass a reauthorization bill that provides urgently needed investments consistent with the CALFED plan.

Thank you, Mr. Chairman. I would be happy to answer any questions you may have.

Senator FEINSTEIN. I am going to ask some specific questions quickly, if I might. And then I want to go to the other two Senators.

Madam Secretary, as you are aware, some environmental groups have come out in opposition to this bill. I would like to know whether you and the Governor specifically support the assurance language that we have discussed with you, which we believe does not mandate, but replicates the ROD.

Secretary NICHOLS. Yes, Senator, we have helped to draft that language and we do not believe that it has the problem that has been identified.

However, I would hasten to add that I am not someone who has litigated these water cases over many years. I respect the comment that Congressman Miller made about his fear that there might be litigation that would result.

And I know you have indicated a willingness to, you know, to look at that. But from our point of view, the need is there to give assurances, and we believe that the language there does that without specifically creating any new water rights.

Senator FEINSTEIN. Do you think it is possible for California to meet all of its future water needs without any new infrastructure whatsoever?

Secretary NICHOLS. Absolutely not. Clearly, we are going to have to invest heavily in infrastructure and as my written testimony indicated, the State of California has already stepped up to the plate.

We had \$500 million last year and \$500 million this year in bond money that the voters of California approved that is going towards projects that will do everything from improving water conveyance to dealing with leaky pipes and spills of sewage on our beaches.

Our system is overtaxed as it is and we know we are going to have to be spending in the coming years and decades heavily to bring it up to what is needed.

Senator FEINSTEIN. Do you think it is possible for California to meet its water needs and wean itself from its overdraw of the Colorado River without a massive effort to institute CALFED?

Secretary NICHOLS. Well, Senator, as you know, when we worked on the 4.4 plan and have worked hard with then Secretary Babbitt and with our neighboring States on trying to get California to within its mandated limits on what we can draw from the Colorado River, we made some commitments that we would do certain important physical projects that would help us achieve that goal.

And a big part of what we were relying on was improvements in ground water, improvements in surface storage and conveyance that would enable us to get down to that level, as well as to very important conservation programs, both in the urban and agricultural sectors.

Senator FEINSTEIN. Thanks. Thanks very much.

Madam Secretary, I heard that—and this—you did not mention it in your remarks and I have not had a chance to read your written remarks, but what we did, in our view, on the issue of beneficiary pay issue was essentially replicate the record of decision, which says there shall be beneficiary pays but CALFED will make that decision as to exactly the specifics.

Now, I am aware that some environmental groups do not feel that that language is strong enough and they want to spell it out in bill language. I have been concerned about that, because once you do bill language, regardless of what circumstances are, you are stuck with it.

Do you have concerns about the beneficiary pay language, and if you do, what would you like to see?

Secretary NICHOLS. The cost area issue is one of those on which we would like to work with you closely to make sure that it is consistent with what we would like to see.

Senator FEINSTEIN. Okay. I would like to do that sooner rather than later, if that is an agreement.

Secretary NICHOLS. Thank you.

Senator FEINSTEIN. Thank you, both, very much.

Senator KYL.

Senator KYL. Thank you, Madam Chairman. First of all, I would note that Secretary Norton is already working with some of us in Arizona on a project of ours. It is not exactly similar, but it is of the same general nature and Secretary Norton has been very helpful so far. And I am sure that, as she indicated, she will be as helpful in trying to work through some of the problems and issues with respect to this program.

I had a couple of questions for Ms. Nichols, if I could. The CALFED briefing book, which has a lot of information in it, called CALFED Bay-Delta Program Briefing Book, July 2001,* has on page 20 a chart which shows the potential for about 3 million acre feet of water that could be developed as a result of a combination of things, from urban conservation to agricultural conservation, water reclamation, conveyances and operations improvements, and supply improvements from new storage. The latter category would

* Retained in subcommittee files.

supply roughly half a million acre feet out of the 3 million, as I see it.

And the comment under the chart reads, "Partnerships with local and regional agencies to jointly implement water management programs and actions could increase California water supplies by nearly 3 million acre feet over the next 10 years, enough water to meet the needs of 6 million families for a year."

I checked with the Census. That is just about exactly the growth in population in California over the next 10 years projected, at least by the Census. So if we were able to do all of the things that are called for here, we would be—I do not want to say treading water, that would be the wrong metaphor, but we certainly would not be gaining on the problem.

And while the chairman was kind enough to note a parochial interest that I have in this project from the standpoint of the citizens of Arizona, I can assure you that my primary interest here is in helping you, Senator Feinstein.

I do not think that we have enough of a concern in Arizona over future California water use that Arizona has to be concerned about theft of our water. We need to help with this program, because it is a good idea in and of itself.

But I do want to make the point that there is going to have to be a water development and storage component here that is robust enough to, not just keep up with population increases, but hopefully meet some of the needs that have been identified in the past.

And given the fact that some of these estimates are probably fairly rosy, and that only one-sixth of the supply is newly generated water storage, I pose the question of whether you think there are other potential water development aspects of this that could be brought forth and, in particular, whether there are other potential sources of water development in the northern part of California.

Secretary NICHOLS. Senator Kyl, I think I understand your question and, if I may, the chart that you are referring to and the comment, only refers to Federal- and State-sponsored storage projects. It does not refer to locally developed or regionally developed water district initiated water supply, water storage projects that are going on around the State right now.

As a result of a number of factors, including increasing interests in water transfers within the State, as well as a great deal of interest in the southern part of the State in developing independent supplies, we see cities and water districts and irrigation districts all investing in a number of new projects that are designed to improve the overall supply situation, including water reuse and water conservation programs, as well as ground water management, conjunctive use and so forth.

So we really do not mean to suggest that this is everything that is going on in the State to try to meet what we know are going to be some pretty demanding water needs in the future.

Senator KYL. If there is any information you could supply to the subcommittee that would help to edify us on that, it would be appreciated.

Secretary NICHOLS. We would be happy to do that.

Senator FEINSTEIN. I think, too, we talked about the first tranche, the first three storage projects. Now, there is one that is

more controversial than the first three and that is the Sites project. But that has a potential storage of 1,900,000 acre feet, with the environmental review completion date of August 2004.

And then there are a whole series of others as well. So back in that same book, there are other storage projects—I think the point that you make that is such a good point is there is no way California can meet its additional water needs in the future without storage.

Senator KYL. Yes. Yes.

Senator FEINSTEIN. No way.

Senator KYL. Yes. Thank you very much.

Senator FEINSTEIN. You are very welcome.

Senator Burns.

Senator BURNS. Thank you, Madam Chairman. And I appreciate these hearings today. And I guess I have a little institutional knowledge in this situation, as we went through the wars of 1992 in the California Water Settlement in the Central Valley Project. And every time I hear San Joaquin and Sacramento River and Friant and Trinity, a lot of those sayings bring back old memories.

Madam Secretary Norton, I have some reservations. I think this legislation needs authorization. And I am very supportive of what the Senator from California is doing. But given the backlog of already authorized and unconstructed water projects that we have in this country now and looking at the bottom line, the cost of this one, are we going to have enough money to complete all these projects and say, does California have to get in line with the rest of us who have projects that have been authorized and have not been funded?

Secretary NORTON. Well, obviously there are intense pressures on the limited budget that we have. And we are working to stretch that as much as we can to meet the various needs, but it is correct that the projects do compete against each other, so we need to work with you all on trying to prioritize.

Senator BURNS. Well, I am in the authorization of this thing, because I feel a little bit of a relationship with the people who were promised water because they were having water taken away from them on the west side. And that was in 1992. And nothing has been done to deliver to those folks the water that they were promised after this whole process was completed.

I have good friends that are out there on the west end, in the San Joaquin and those valleys and that is what I am concerned with here, is that I am not so much concerned with the Bay and the Delta, as I am with production agriculture and the base and the promises that were made to the agricultural producers of that area. So I am going to be very supportive of what Senator Feinstein is doing.

I have no other questions. I just want to be a part of this discussion as it moves along, because there are some very familiar names on this witness list, even for today.

I did not like the settlement before. I did not like the 1992 settlement. In fact, I never did sign the conference report, because I felt like the approach was just wrong, and they were making promises that I knew that they could not fulfill, and they did not fulfill and maybe we have the opportunity to do that now.

Senator FEINSTEIN. Thanks very much, Senator.
Mr. Chairman, if you would?

**STATEMENT OF HON. BYRON L. DORGAN, U.S. SENATOR
FROM NORTH DAKOTA**

Senator DORGAN. Madam Chairman, thank you very much. Let me apologize for my delay, and I appreciate your chairing this hearing.

The full Appropriations Committee has been meeting on two appropriations bills, and I have been over in the Capitol dealing with that. And I asked if Senator Feinstein would be willing to chair this hearing.

We appreciate the testimony of Secretary Norton and Secretary Nichols. Welcome. And I understand that your testimony has been positive and contributes a great deal to this committee.

I will put a statement in the record for this hearing. But I understand how important this issue is. I understand that the opportunity for us to talk about S. 976, which Senator Feinstein has authored to authorize the California Bay-Delta program is a very important piece of legislation for California and the region.

I am really pleased to be able to have this hearing and have the voices be able to express their interests. And I look forward to working with Senator Feinstein as we proceed with this authorization bill.

[The prepared statement of Senator Dorgan follows:]

PREPARED STATEMENT OF HON. BYRON L. DORGAN, U.S. SENATOR
FROM NORTH DAKOTA

Good afternoon. I'd like to welcome Secretary Norton, Secretary Nichols from California, Senator Boxer, Congressman Miller, and Congresswoman Tauscher here today to our Subcommittee. I am pleased that the importance of the CALFED program is recognized since the Secretary, Members, and other top officials are with us.

Today, the Water and Power Subcommittee will receive testimony on S. 976, the "California Ecosystem, Water Supply, and Water Quality Enhancement Act of 2001," introduced by Senator Feinstein to authorize the California Bay-Delta Program, as well as to provide for other activities relating to ecosystem enhancement and water supply.

I understand from Senator Feinstein that this legislation is of the highest importance to the State of California in meeting future water needs for urban areas as well as for agricultural water use. I also understand that the program has yielded important ecosystem improvements and will continue to do so in the future. As a Senator from a state where water supply, water quality, and agriculture are significant issues, I appreciate the paramount importance of this subject.

For that reason, I am pleased to learn more about this legislation from our witnesses today.

The long-term Bay-Delta Program, which this bill would authorize, is the result of efforts by the federal government working in partnership with the State of California. It also represents the hard work of others—urban water agencies; agricultural water users; the environmental community; and cities. The program is intended to address ecosystem restoration; provide a more reliable supply of water for all water users; and improve water quality. Greater certainty with respect to water management in California and the West is critical, because water is such a critical resource for all of us.

CALFED authorization has expired. Last year, the State of California and the federal government reached a landmark agreement on the best way to proceed to meet the State's water needs. Senator Feinstein believes that her legislation, S. 976, would ensure that the federal government would adhere to this agreement. I look forward to hearing from the witnesses and hope we can get to the bottom of this contentious, but important, issue.

Senator FEINSTEIN. Thanks very much, Mr. Chairman.

Let me thank you very much, both Madam Secretaries. I appreciate it. Thank you so much.

And we will go to the next panel, which is Patrick Wright, director of CALFED from Sacramento; Richard Moss, the general manager of Friant Water Users; Stephen Hall, the executive director of the Association of California Water Agencies; Grant Davis, executive director of the Bay Institute at San Rafael; and Phillip Pace, chairman of the board of the Metropolitan Water District of Southern California; Stuart Somach, partner of Somach, Simmons and Dunn, who represents many of the water contractors—I do not know quite who he is representing today, but we will find out—and James Cunneen, president and CEO of the Silicon Valley Chamber of Commerce.

Welcome, gentlemen. Why we do not begin with you, Mr. Wright, as the executive director of CALFED? Welcome.

**STATEMENT OF PATRICK WRIGHT, DIRECTOR, CALFED,
BAY-DELTA PROGRAM, SACRAMENTO, CA**

Mr. WRIGHT. Thank you, Senator. And I thank all of you for coming all the way out here from California. I want to join our previous speakers in applauding your leadership in bringing us out here and introducing a bill to try to bring us together and move these reauthorization bills forward.

As you know, it has been just about a year since Secretary Babbitt and Governor Davis announced the CALFED Bay-Delta plan, the largest and most comprehensive water management plan in the Nation.

As you know, it calls for one of the Nation's most ambitious ecosystem restoration programs and the biggest and largest investment in water infrastructure in over 40 years in the State.

And we are off to a fast start. In just the program's first year, we have managed to allocate over \$300 million up and down the State for water quality and water supply projects, over \$150 million for ecosystem restoration programs.

We have signed local agreements on both the Sites Reservoir project and the Los Vaqueros expansion projects to get those moving, with local support through a partnership with the agencies; 16 agreements with local communities to study ground water storage programs, which in the long run may end up being just as significant. Our staff estimates that just the projects that we approved and funded as pilots for further study have the potential for providing up to 300,000 acre feet in new yield or new delivery capability, so we think both surface and ground water storage projects are vital to make progress in meeting our long-term water needs.

We also are mindful of the fact that it was very dry this year, and we have got to be very prepared in case next year is dry as well. So the Department of Water Resources working with the other agencies very quickly developed a drought contingency plan and managed in a very short time frame to facilitate the transfer of nearly 300,000 acre feet of water this year to areas that were facing the most severe shortages.

We also launched an innovative environmental water account to provide more water for fish in ways that would not affect project

allocations. And we also announced grant programs for local communities to meet their own water quality, watershed, ground water management needs, again, throughout the Bay-Delta watershed.

And then finally, we hired a chief scientist to make sure that we have strong independent scientific review of all of our major program elements. We know that is going to be a very key element in building confidence and trust in this program.

As you know, everybody has got a horror story about California water, but we know we are not going to be effective unless folks have confidence in the scientific review process that we apply to all of our projects, both the ecosystem projects, as well as the water management projects.

Of course, all of this extraordinary progress this first year was made possible both because we previously had a Federal authorization to give us a down payment on the program, and because recently the voters of California saw the wisdom with your leadership and others in passing a bond act that gave us nearly \$500 million last year, another \$500 million this year, together with a substantial contribution from Governor Davis, as part of the general fund to get us going.

But, of course, that is not going to be enough. We are going to continue to need strong Federal leadership and support to keep us on track and on time.

Without these funds, we are going to have a tough time meeting the very aggressive time frames and commitments in the plan. I am particularly concerned about maintaining balance in the program, because the water bond, as wonderful as it was, does not provide money for all elements of the program.

So we clearly need Federal money for those areas of the program that are not as well covered by the water bond, including the storage and conveyance projects that are part of the CDP that are largely dependent upon Federal funding. So we are definitely looking for your leadership and help in making sure that we get those projects back on track.

As we head into our second year then, our highest priority will continue to be to try to meet those aggressive time frames and commitments that are in the plan, including the west side target that has been the source of discussion throughout this week and in the bills.

We know that that commitment is one that we have got to be very serious about. We are going to move even more aggressively with our State and Federal partners back in Sacramento to increase your confidence that we are serious about meeting that ROD commitment.

I have worked on this program, as you know, since its inception and even before that. And there is probably on average an article a month in the newspaper about how this program is in limbo or is in danger of collapse.

But we are still here. We are now making great progress, because the stakeholders realized this is the only game in town. A balanced comprehensive plan is the only way to continue to make progress and a State/Federal partnership is the only way to continue to make progress.

So again we look forward to your leadership in taking us to the next level, as we move towards a reauthorization bill that we can all support. Thank you again.

[The prepared statement of Mr. Wright follows:]

PREPARED STATEMENT OF PATRICK WRIGHT, DIRECTOR, CALFED, BAY-DELTA PROGRAM, SACRAMENTO, CA

Thank you for inviting me to testify in support of federal authorization and funding for the CALFED Bay-Delta Program. I applaud the leadership of Senator Feinstein in introducing a bill to support the program, and I look forward to working with the Congress, the state and federal administrations, and stakeholder groups in California as the reauthorization bills move forward.

It has been just over a year since the Governor and the Secretary of Interior announced the CALFED Plan—the largest and most comprehensive water management plan in the nation. The Plan is a balanced, comprehensive approach to reduce conflicts over our limited supplies, and to address the state's long-term water needs. It calls for one of the nation's largest ecosystem restoration programs, and provides specific deadlines for developing over 6 million acre-feet of new water storage projects the biggest investment in the state's water infrastructure in 40 years.

FIRST YEAR ACCOMPLISHMENTS

After five years of planning and public input, the Program is now delivering on its promise. In the Program's first year, the CALFED agencies have:

- Allocated over \$300 million from state and federal funds for water supply and water quality projects throughout the state;
- Allocated over \$150 million for ecosystem restoration programs to protect and restore our depleted fisheries;
- Signed agreements with local partners to plan for major surface storage projects in the Bay Area and Sacramento Valley, and sixteen agreements with local agencies to study groundwater storage programs;
- Developed a drought contingency plan, and made available 300,000 acre this year to areas facing water shortages;
- Launched an innovative Environmental Water Account to set aside water for fish without reducing allocations to farms and cities.
- Developed grant programs for local agencies to address drinking water, water conservation, groundwater management, and watershed protection projects throughout the state;
- Hired a Chief Scientist and launched an unprecedented effort to apply independent scientific review to all major elements of the Program.

FUNDING NEEDS

This extraordinary progress was made possible because California voters saw the wisdom of investing in California's water future through the passage of Propositions 204 and 13 in 1996 and 2000, respectively. Last year, the State allocated over \$500 million to the Program, and another \$500 million is likely to be available next year.

But the Program also needs significant federal funding to meet our objectives and maintain a strong state-federal partnership. The CALFED Plan calls for a \$3 billion commitment from the federal government to match the state and local shares during the first seven-year stage of the Program. Without these funds, many key elements of the Plan will be significantly delayed or canceled. For the most part, we are on track and on time. But because of limited federal funds, we are falling behind on our schedules for expansion of Shasta Reservoir and other projects that depend primarily on federal funding.

Has the Program ended all water conflicts in the state? No. As long as there are competing needs for limited water supplies, conflicts are inevitable. But investments in the Plan will help us better manage these conflicts. For example, through development of the Environmental Water Account this year, additional water was allocated to endangered fish without affecting other uses, and through our transfers program, 300,000 acre feet was delivered to areas facing water shortages. Through these and other investments in the storage, conveyance, water use efficiency, and ecosystem restoration projects described in the CALFED Plan, we can develop the flexibility and reliability necessary to meet the state's long-term water needs.

SECOND YEAR PRIORITIES

As we head into our second year, our top priorities include:

First, continuing to meet the aggressive milestones and commitments in the plan. With federal support and funding, we can stay on time and track and maintain a balanced program.

Second, strengthening our science program. We intend to hire additional staff and convene expert panels to improve the scientific basis of agency decisions, and to ensure that only the highest quality projects are funded.

Third and most important, strengthening our partnerships with local and regional communities. The program will be successful only if it supports and builds upon collaborative efforts to address water issues at the local or regional level. Just last month, for example, we allocated \$55 million to 178 groundwater management, watershed, and water use efficiency projects throughout the state. None of these funds are for state or federal agencies; they are all going to local communities to solve their most pressing water needs.

With federal support and funding, the CALFED Program can continue to work with local partners in building the infrastructure necessary to provide high quality, reliability supplies for cities, farms, and the environment.

Thank you again for hearing my testimony.

Senator FEINSTEIN. Thanks, Mr. Wright.

Mr. Moss, representing the Friant Water Users. I guess 1,500 individual—or is it more than that?

Mr. MOSS. 15,000, Senator.

Senator FEINSTEIN. I beg your pardon.

Mr. MOSS. 15,000 small family farmers with an average farm size of approximately 100 acres.

Senator FEINSTEIN. Thank you.

**STATEMENT OF RICHARD M. MOSS, GENERAL MANAGER,
FRIANT WATER USERS AUTHORITY, LINDSAY, CA**

Mr. MOSS. I appreciate very much the opportunity to appear here today, Ms. Feinstein, Chairman Dorgan and the rest of the members of the committee.

I am Richard Moss, general manager of Friant Water Users. We have 25 member water agencies in our organization. We are part of the Friant division of the Central Valley Project; again, 1 million acres on the east side of the southern San Joaquin Valley, some of the world's most productive farmland generating in excess of \$4 billion a year in agricultural production of high-value crops.

The Friant Division gets its water out of the San Joaquin River tributary to the Bay-Delta from Friant Dam and Millerton Reservoir, northeast of Fresno.

We are also indirectly dependent upon Delta exports, in that the Friant Division was put together back in the 1940's with an agreement with the people known as the Exchange Contractors, the original water right holders on the San Joaquin River.

We get to divert their water rights at Friant Dam, in exchange for providing a substitute supply that is generated out of Shasta Reservoir in northern California and pumped and delivered out of the Tracy Pumps, the CVP pumps in the Delta.

Thus we have really two reasons to have a significant interest in the success of CALFED, both as a direct diverter, and as well as a significant export interest.

California, as you have noted, Senator, often is at a crossroads in terms of its water future. California now has a chronic water shortage. We really are on the verge of a water crisis.

This chronic water shortage is especially bad in the San Joaquin Valley, where the majority of the impacts of regulatory water reallocation have focused. The region was already water short to

begin with, which manifests itself in the form of ground water overdraft to the tune of almost 1 million acre feet a year.

We are also faced with the prospect of trying to return a salmon run, a salmon fishery to the upper San Joaquin River below Friant Dam, where one has not existed for 50 years.

We are studying actually how to do this in cooperation with the environmental community in a joint venture of how to restore a naturally reproducing fishery and to do so in a way that keeps our water users whole from a water supply and cost standpoint.

Our studies will be completed in a number of months from now, but we do know one result, and that is: The restoration program will be very, very expensive.

The Friant Water Users Authority is in support of S. 976, the California Ecosystem Water Supply, Water Quality Enhancement Act. The congressional authorization and funding of the CALFED program is vitally important.

In S. 976 there is a real and needed commitment to environmental restoration and enhancement. There is a real and needed commitment to new infrastructure, including new surface storage reservoirs.

There is a real and needed commitment to not only improving the hub of California's water system, the Bay-Delta, but also to go beyond the Bay-Delta and support water and environmental projects that were not fully contemplated as part of the CALFED plan.

This last point is of great value to Friant in that we are concerned that the CALFED plan has not fully contemplated Upper San Joaquin River restoration. And thus we take great solace in the legislation in that it provides the ability to get projects and programs that were not—that are not—get them funded that were not prescribed as part of the original CALFED plan.

We are also supportive of the clear desire in the legislation to accelerate the process of putting new infrastructure in place. We cannot afford decades of studies before we make meaningful improvements in our infrastructure.

Unfortunately, ending in a negative note, we remain very concerned about the assurances to be provided one group of water users in California by the bill.

We believe it clearly is the intent of the CALFED program to provide real improvements to those water users, and we support that intent. Where we get cross-wise is when you cross that line—and we have heard it today—of “Does an improvement—is an improvement a goal, an objective, or is it a federally legislated mandate?”

We must take great care in exercising in what we are doing here to make sure we do not create legal hooks for those water agencies who have a history of litigating early and often and in order to try to remedy their lack of water right priority.

We have seen your most recent proposed amendments to the bill, and we are very concerned that it moves in the wrong direction in terms of crossing that line and—

Senator FEINSTEIN. Let me—you are saying on the assurance language—

Mr. MOSS. Yes. We are concerned that it is moving to more of a mandate as compared to less of one.

Senator FEINSTEIN. "Pursuant to the ROD" or "subject to the ROD," is it that phrase?

Mr. MOSS. It is more than that. It is more than that, Senator.

Senator FEINSTEIN. Well, could you tell us exactly what it is?

Mr. MOSS. Well, we believe that the language, in fact, does create a Federal mandate to provide a certain level of water supply to those water users. So it is more than just the "pursuant" language. We would have problems with the language beyond just the initial part of that sentence.

Senator FEINSTEIN. For me and my colleagues, we have two sides of the valley. And this is where there is the rub.

[Laughter.]

Senator FEINSTEIN. The Friant users, 15,000 smaller farmers on the east side of the valley and the west side of the valley, which are larger agri-business type farms, with different water rights. And it is extraordinarily difficult to remedy this.

Mr. MOSS. It is, Senator. I guess I could offer that the level of concern is, I think, increasing in your proximity to the west side.

If you are the only other CVP contractor south of the Delta, having gone through no less than 10 years of litigation on very similar issues of uncertainty over language and the law, and most recently a State application to take better than half of our water away, we are very concerned about how this legislation might provide that legal hook.

And given that we have language now, potentially on both the House and Senate side, it really causes us to reassess our strategy in dealing with this issue. And I am not sure what my board will do. I will be talking to them next week about how we will go forward with both of these bills, both on the Senate and House side.

Senator FEINSTEIN. Well, do not rush off. Let us talk. I mean, we will find a way to solve this.

Mr. MOSS. I appreciate that very much, Senator.

Senator FEINSTEIN. Thank you.

Mr. MOSS. And thank you all for hearing my testimony and inviting me here today.

[The prepared statement of Mr. Moss follows:]

PREPARED STATEMENT OF RICHARD M. MOSS, GENERAL MANAGER, FRIANT WATER USERS AUTHORITY, LINDSAY, CA

Mr. Chairman and Members of the Committee, I very much appreciate being given the opportunity to testify before the Subcommittee to provide support for and comment on S. 976, the California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001 and comment on the CalFed Program. I am testifying today as the General Manager of the Friant Water Users Authority and as a small citrus grower in the Friant Division service area.

We now have a much better understanding of the blueprint for the CalFed actions anticipated over the next several years. Negotiations between state and federal administrations culminated last year in an agreement on a CalFed plan, supported by a record of decision and further agreement on how to implement that plan. We are now poised to pick up where we left off last fall in getting the needed federal authorization to begin actual implementation of this plan. I intend to update you herein with the most current views of the Friant Water Users Authority on the CalFed Program and how it should be authorized. In that regard, I have attached as Exhibit A to my testimony the policy document adopted by the Friant Water Users Authority Board of Directors that provides these views in summary policy form.

INTRODUCTION

I am Richard M. Moss, the General Manager of the Friant Water Users Authority. The Friant Water Users Authority is a joint powers authority formed under state law comprised of 25 member agencies that all get water from the Friant Division of the CVP.

The Friant Division service area is comprised of approximately 1 million acres of the world's richest farmland. It ranges from the southern part of Merced County, all the way to the Grapevine in Kern County. The majority of the service area is in Madera, Fresno, Tulare and Kern counties. This one-million-acre area annually produces about \$4 billion in gross agricultural production. We grow a tremendous variety of crops. The majority of the area is dedicated to permanent plantings of grapes, nuts, tree fruit and citrus. We also have a significant amount of row and field crops, as well as leading the nation in dairy production. This area is truly unique in its quality of agriculture and in its ability to produce all of this on small family farms that average approximately 100 acres in size. The area is also renowned for its highly efficient use of irrigation water, having been a "hot bed" for the development of drip and low volume irrigation technology. We can boast of some of the highest irrigation efficiencies found anywhere in the world.

The Friant Division service area is comprised of approximately 1 million acres of the world's richest farmland. It ranges from the southern part of Merced County, all the way to the Grapevine in Kern County. The majority of the service area is in Madera, Fresno, Tulare and Kern counties. This one-million-acre area annually produces about \$4 billion in gross agricultural production. We grow a tremendous variety of crops. The majority of the area is dedicated to permanent plantings of grapes, nuts, tree fruit and citrus. We also have a significant amount of row and field crops, as well as leading the nation in dairy production. This area is truly unique in its quality of agriculture and in its ability to produce all of this on small family farms that average approximately 100 acres in size. The area is also renowned for its highly efficient use of irrigation water, having been a "hot bed" for the development of drip and low volume irrigation technology. We can boast of some of the highest irrigation efficiencies found anywhere in the world.

The Friant Division of the CVP consists of Friant Dam and Millerton Lake on the San Joaquin River northeast of Fresno, the 152-mile Friant-Kern Canal that runs south all the way to Bakersfield and the 36-mile Madera Canal that runs north to the Chowchilla River. The Friant Division of the CVP annually delivers approximately 1.5 million acre-feet of water. This water supply is principally used as a supplemental water supply, providing only 1.5 acre-feet per acre on average. However, there are some parts of the service area that rely totally on the Friant Division water as their sole source of supply. The area is blessed with good quality groundwater aquifers. Groundwater is the firm source of supply for the majority of the service area. The Friant Division is unique in the west in that it employs a two-class system of water deliveries. The Class 1 water is the first water to develop behind Friant Dam and is delivered to those parts of the service area that have limited or no access to groundwater supplies. The Class 2 water develops only after the Class 1 demands have been met and is delivered to those parts of the service area that can rely on groundwater. Class 2 water is typically used to replenish the groundwater through "in-lieu" recharge—providing growers with surface water in-lieu of using their wells, and through direct recharge—percolating water in recharge basins, natural water ways and unlined canals into the underground aquifers. The Friant Division has been in service for 50 years and has been successful in arresting the serious condition of groundwater overdraft that existed prior to the project. It should be noted, however, that a condition of critical groundwater overdraft still exists in parts of the service area and in neighboring areas in the southern San Joaquin Valley.

The majority of the water rights to the San Joaquin River allowing for the diversion of water at Friant Dam are based on purchase and exchange agreements with the individuals and entities that held rights on the San Joaquin River at the time the Friant Division was developed. The single largest of these agreements requires annual delivery of 840,000 acre-feet of water to the central San Joaquin Valley near Mendota (commonly referred to as the Exchange Contract). Thus, the Friant Division is dependent upon other features of the CVP, including Shasta Dam, the Tracy Pumping Plant and the Delta-Mendota Canal, to facilitate this required exchange. It is important to note that if for some reason the U.S. Bureau of Reclamation is unable to meet the demands of the Exchange Contract out of Delta export supplies, the Exchange Contract provides for the release of water from Friant Dam to meet Exchange Contractor needs.

CALIFORNIA'S WATER CRISIS

There are a number of factors that have led to the challenges, more accurately the crisis, we are facing in terms of a chronic water shortage for the state and in particular for the San Joaquin Valley as a region.

The state population growth is an underlying force that continues to drive the need for developing additional water supplies. Yet, we have placed very few new water projects on line over the past twenty years. This lack of new water supply infrastructure to meet growing population needs means that we have had to live off of the "extra" capacity of the system that our forefathers designed and built 30, 40 or 50 years ago. That extra capacity is gone. There is now very limited ability to weather a one or two year drought, much less a drought comparable to even the most recent drought of the late 1980's and early 1990's.

Further straining the system's capacity and flexibility are the needs associated with the development of a new environmental ethic in the state and the nation that has sought to address a perceived lack of consideration given to the environment with the construction of much of our water supply system. I remember vividly discussing with my Central Valley Project manager counterparts how we were going to share the remaining unallocated yield of the CVP of some 1.2 million acre-feet as short a time ago as in 1989. Since that time, we have had the passage and implementation of the Central Valley Project Improvement Act and other regulatory actions to protect and enhance the environment that have resulted in less and less water being available for human uses, including agricultural production. A great deal of this lessening water supply impact has come to rest on the San Joaquin Valley as a region. Water supplies that were historically very dependable are now very unreliable. The region suffers from a well-documented groundwater overdraft that has been significantly worsened as a result of decreased availability of surface water supplies.

The reliability of Friant Division water supplies is currently at risk as a result of at least two major actions or activities. In the first, litigation brought in 1988 by a number of environmental and fishing organizations seeks to return sufficient flow to the upper mainstem of the San Joaquin River for the restoration of a salmon fishery. Estimates of the need for additional water to restore this fishery range from 150,000 acre-feet to some 600,000 acre-feet per year on the average. If Friant water users were ordered by the courts to release existing supplies for this purpose, it obviously would have a major impact on the availability of water to Friant Division water users unless additional water supplies were developed to meet this need. It is important to note that a stay to this litigation was developed by the parties to the action in November of 1999 that allowed the parties a limited period of time to explore ways of restoring flow and natural processes to the upper mainstem of the San Joaquin River which would provide for the restoration of a fishery while not adversely impacting the available water supply or cost of water to Friant water users. The development of a plan of restoration has been progressing for a year, with study results expected to be available at the end of this year or early next year.

The second risk to Friant Division water supplies lies within the fact that the region is now chronically water short. Generally, those areas of the San Joaquin Valley that were the last to develop their land and their rights to water are the first to be shorted when the inevitable droughts occur. In particular, with the loss of water supply reliability of waters being exported out of the Sacramento/San Joaquin River Delta, some of the water users served by the Delta export pumps apparently feel compelled to attack the water rights and water supplies of their neighbors within the region. These attacks have taken the form of several legal challenges to CVP operations or other legal maneuvering aimed at reallocating the very limited water supplies that exist for the balance of the region. It is important to note that not everyone suffering from the water supply cutbacks has taken this aggressive approach. Many, such as the Kern County Water Agency and others, look to a more cooperative approach to dealing with their water shortages; relying upon creativity and partnerships as compared to litigation and divisiveness. The legal challenges and attacks on our continued beneficial use of Friant Division water supplies have consistently been defeated. However, the cost of defending these claims has been extraordinary, both monetarily and in terms of the uncertainty and acrimony created.

There also exists a threat to the continued use of the available water supplies for our agricultural economy that are driven by our own regional growth. The San Joaquin Valley is one of the fastest growing regions in the state. Balancing urban area growth with maintenance of the most productive agricultural region in the world presents constant challenges. Keeping prime farmland in production next to burgeoning cities is becoming more and more difficult. Moving growth to non-irrigated lands, like the San Joaquin Valley's foothills, can only be accomplished if the new

development brings a water supply with it. Given the region's already chronically water short condition, where will this water supply come from unless new supplies are developed?

ACTIONS THAT FRIANT WATER USERS HAVE TAKEN TO IMPROVE OUR
WATER SUPPLY RELIABILITY

Friant water users believe strongly in joining with others to create mutually beneficial partnerships that address our problems and the problems of others.

If you were to have asked what the greatest threat to Friant Division water supplies was four years ago, I would have said it was the potential of an adverse outcome in the effort to allocate the responsibility for meeting Bay/Delta water quality standards. The stage was set for a massive fight before the California State Water Resources Control Board between the major water users on the San Joaquin River upstream of the point where it enters the Bay/Delta, including entities such as Modesto Irrigation District, Turlock Irrigation District, Merced Irrigation District, the City and County of San Francisco, Delta Export interests, Friant water users and others. Coming out of the 1994 Bay/Delta Accord, the California State Water Resources Control Board was charged with allocating the responsibility for meeting the flow and water quality standards to the water right holders for waters tributary to the Bay/Delta.

On the San Joaquin River, the responsibility for meeting the new standards was negotiated and agreed to by the major water right holders on the river. This agreement is known as the San Joaquin River Agreement and was formally adopted by the State Board in December 1999. The Friant Water Users Authority, on behalf of the Friant Division districts, was a major contributor to the development of this agreement. This agreement provides for a twelve-year timeframe to test theories of river flow augmentation combined with export pumping regimes and operation of a barrier at the head of the Old River Channel, designed to provide the greatest benefit, in terms of survival, for fall run Chinook salmon. The technical aspects of the San Joaquin River Agreement are known as the Vernalis Adaptive Management Plan or "VAMP." In essence, twelve years have been provided for the users of waters from the San Joaquin River (including Friant water users) to develop a long-term sustainable plan for the protection of San Joaquin River fisheries based upon sound scientific evidence that will be generated from the VAMP analysis. This is considered by virtually everyone in the California water community to be a victory for compromise over conflict. These once adverse interests now meet several times a year to adaptively manage the experimental program and to optimize the value of the San Joaquin River Agreement to the parties and to the environment. It is certainty that, had the San Joaquin River interests chosen to fight rather than pursue creative solutions, we would all be either still before the State Board or in court rather than getting about the business of addressing water quality needs in the Delta.

The previously mentioned stay in the litigation to restore a salmon fishery to the upper mainstem of the San Joaquin River should also be considered a valuable partnership activity on the behalf of Friant water users to address an issue of tremendous concern. While there is a considerable way to go to completion of a plan for restoration that keeps Friant Division water users whole from a water supply and cost standpoint, I have every belief that this effort will be a success. Ten years of litigation have led to this consensus-based attempt to find resolution to some otherwise intractable issues. The litigation has the potential to go on for at least another ten years. Even if the plaintiffs were successful, there would be no measurable improvement in the environmental condition of the San Joaquin River below Friant Dam for a long, long time. Environmental restoration is now being accomplished and, importantly, the economy of the east side of the San Joaquin Valley is being maintained.

Lastly, let me mention the fledgling cooperative efforts between the Friant Water Users Authority and the Metropolitan Water District of Southern California ("MWD") to find mutually beneficial ways to improve water management. Within the past year, Friant interests and MWD representatives began what we hope will be a productive partnership to assist MWD to significantly improve the water quality to its Southern California water users while at the same time improving the capabilities of Friant Division water districts to manage available and new water supplies to meet existing needs, including the need to develop water supplies for San Joaquin River restoration. This new partnership has great potential to provide significant benefits to the San Joaquin Valley and to Southern California. This partnership, when combined with the partnering efforts involved with San Joaquin

River restoration, clearly has the potential to lead to actions that can benefit virtually the entire state.

S. 976, THE CALIFORNIA ECOSYSTEM, WATER SUPPLY AND WATER QUALITY
ENHANCEMENT ACT OF 2001

As I know you are aware, the Friant Water Users Authority is supportive of S. 976, the California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001 that was introduced by Senator Feinstein. Congressional authorization of the CalFed program and a real federal commitment to addressing California's water needs are vitally important, and S. 976 is therefore an important and needed bill. We very much appreciate the leadership of Senator Feinstein and this Committee in developing this legislation. We have sought to have it strengthened in a couple of regards in order to be more supportive of the actions and programs we have underway and actions and programs we foresee in the future, including those just previously mentioned.

As noted earlier, in order to address a significant threat to the Friant Division's water security, we are developing and implementing a program of restoration for the upper mainstem of the San Joaquin River below Friant Dam. Congress clearly recognized the environmental tradeoffs it was making when it authorized the construction of the Friant Division of the CVP back in 1939. We expect Congress and the federal government to have a major role in the restoration of the river and return of a fishery. Our progress on the studies and development of a plan for restoration are "out of synch" from a timing perspective with the immediately needed authorization of the CalFed Program. We know the funding needs for the San Joaquin River restoration program will be significant and we are concerned that they have not been adequately considered in the CalFed Framework Agreement and the subsequent record of decision.

However, we are pleased to see provisions contemplated in the California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001 that, with some additional clarification, could well address our concerns. The San Joaquin River is specifically noted for restoration in *Section 4. Bay-Delta Program*. As well a study of increased San Joaquin River storage is proposed. Additionally, *Section 5. Water Supply Program* would appear to allow projects for water supply development, water quality improvements and environmental enhancement to qualify for federal grant funding that may not be addressed or fully addressed in the CalFed Bay-Delta Program. We believe that with some assurance that our multi-benefit programs for environmental restoration, water supply improvement and water quality improvement can qualify under these sections, that we can compete effectively for such monies in the future to help meet our local water supply and river restoration needs.

We would also like to see clarification in the legislation that the stated grant funding limits only limit the federal funding to be provided under the legislation and not the total federal funding that may be brought to bear on a project. This is especially important when considering the use of existing funding sources such as the CVPIA Restoration Fund where there is a clear overlap of purpose and the funding source is primarily provided by water and power users of the CVP, yet its use may be inadvertently limited on a project because of the federal funding caps contemplated in this bill.

Certainly, creating a well funded, balanced and scientifically based program of environmental restoration of the Bay/Delta and its tributaries will be consistent with and supportive of our needed San Joaquin River restoration effort. Even if we are successful in returning the conditions favorable to an anadromous fishery below Friant Dam, the conditions all of the way down the river, through the Delta, through the Bay and to the ocean must also be conducive to successful salmon smolt out-migration and the return of the adults. In this regard, it is easy to understand why we believe CalFed must be authorized and the environmental restoration program get underway quickly in order for Friant water users to ultimately obtain their needed water supply security.

New water supply infrastructure, including the new storage contemplated in the record of decision, must be supported and the regulatory hurdles leading to construction minimized. This does not mean abandoning existing law and regulation and running the risk of making environmental or economic mistakes. However, a plan of water supply development and water quality improvements that takes too long to come to fruition will only create new mistrust of the process and new reasons for individual interests to think and act only for themselves. Being able to move effectively and efficiently in making the necessary determinations to effect water system improvements is essential.

Finally, we have experienced first-hand the cost and anguish of defending our water rights and water supplies from those who would interpret existing law to an end never intended by the legislature. We remain concerned about any current or future effort to weaken our ability to meet the needs of our service area, including the needs of the San Joaquin River, by those desperate for additional water supplies within the region. In that regard, we see great potential for the inadvertent upset of existing water rights and operational priorities for the CVP with otherwise well-intentioned law to provide assurances of a water supply where, truly, no assurance can be found. Clearly, an assurance to some has the potential to become a huge liability to others and must be avoided unless all interests are in agreement and the source of the assurance is clear.

In this regard, as I know you are aware, the Friant Water Users Authority has been and remains concerned about language in this bill that has the potential to be interpreted as providing a certain water supply for south-of-Delta Central Valley Project agricultural water contractors at the expense of other stakeholders.

The Friant Water Users Authority believes that it clearly is the intent of the CalFed record of decision to provide this assurance as an achievable objective within the context of other goals established as part of the CalFed Program. As such, the endorsement of the CalFed record of decision by Congress in its authorization of the CalFed Program is all that should be needed to provide federal agencies the directive to meet this objective. Mandating achievement of this objective, or even separately highlighting it, in the CalFed authorization is unnecessary and runs the risk of creating a legal nexus and confusion about Congressional intent on this most important issue. The obvious downside is creating legal fodder for those who have a history of using any claimed lack of clarity in federal law or contracts to bootstrap themselves to an improved water supply position at the expense of others. I, as well as others, have endeavored for the past several weeks to develop language changes that would provide the clarity needed to protect the universe of interests that could be affected by such language. I am concerned that such language changes are not achievable.

CLOSING

In closing, let me extend my appreciation for the invitation to appear before the Committee today. The Friant Water Users Authority very much appreciates your interest in providing the San Joaquin Valley and all of California a safe and reliable water supply and a restored environment. It is difficult to limit my comments to just those noted above. I would encourage the Committee to review the policy statement of the Friant Water Users Authority on CalFed attached as Exhibit A to better understand why we support S. 976, the California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001 and believe it clearly provides a vehicle for moving forward on these most important issues.

We look forward to continuing to work with you. Thank you.

Exhibit A

FRIANT WATER USERS AUTHORITY

POLICY PRINCIPLES REGARDING CALFED

Recitals—In consideration of the policy principles regarding CalFed, the Board of Directors of the Friant Water Users Authority finds the following things to be true and correct:

1. The Friant Water Users Authority was created to protect the water and water rights of its member agencies and to assist in maintaining an adequate, reliable and affordable water supply for the water users served by its member agencies;
2. The Friant Division of the Central Valley Project is predicated upon a program of exchange of water between the U.S. Bureau of Reclamation and the entities and agencies known as the Exchange Contractors, memorialized as the Exchange Contract revised and dated December 6, 1967. Thus, the Friant Division is indirectly dependent upon exports of the U.S. Bureau of Reclamation from the Sacramento/San Joaquin River Delta;
3. A number of Friant Water Users Authority member agencies have contracts for delivery of water from the U.S. Bureau of Reclamation taken directly from the Sacramento/San Joaquin River Delta;
4. The region served by the member agencies of the Friant Water Users Authority is currently water short. This shortage manifests itself in the form of groundwater overdraft;
5. The Friant Water Users Authority is currently engaged in a program of study and pilot project implementation resulting from litigation known as NRDC vs. Pat-

terson which seeks to restore, on a mutually acceptable basis, the environmental values of the San Joaquin River downstream from Friant Dam while not adversely impacting the overall sufficiency, reliability and costs of water to the Friant Division of the Central Valley Project, more particularly described in the Mutual Goals Statement dated June 3, 1999;

6. The Friant Water Users Authority is signatory and supports the San Joaquin River Agreement and the principles of cooperation and sound water management it represents;

7. The Central Valley Project Improvement Act was passed into law in 1992. It made sweeping changes to the amount of water available from the Central Valley Project, the cost of water available from the Central Valley Project, the priorities for Central Valley Project deliveries and the terms of contracting for water with the federal government. As a result of the Central Valley Project Improvement Act, the Friant Division of the Central Valley Project currently pays an average of \$20 million per year into the Central Valley Project Improvement Act Restoration Fund.

Principles—The Board of Directors directs the Friant Water Users Authority's support of and participation in the CalFed Bay-Delta Program, as a means to further the interests of the Friant Water Users Authority and its members agencies, provided that implementation of CalFed is consistent with the following policy principles and guidelines:

1. In meeting all of these stated principles, it is the belief of the Friant Water Users Authority that significant additional surface and ground water storage will be needed in the San Joaquin Valley and elsewhere within California.

2. Implementation of CalFed should provide for opportunities to improve Friant Water Users Authority member agency water supply availability and reliability with no significant degradation in overall water quality. In no case should Authority member water supplies be put at greater risk or reduced in their sufficiency or reliability;

3. CalFed should promote programs consistent with the goals of San Joaquin River restoration;

4. The facilities depended upon, either directly or indirectly, by Friant Water Users Authority member agencies must be protected from degradation;

5. Oversight and management of the CalFed Bay-Delta Program should achieve the following results:

a. Provide opportunities for meaningful participation by Friant Water Users Authority representatives in actual decisions in prioritization, program calibration and regulatory adaptive management;

b. Decision making based upon the best available science;

c. Provide long-term stability and regulatory assurances;

d. Provide fiscal responsibility while providing value to Friant Water Users Authority member agency water users;

e. Provide a fair allocation of costs, commensurate with benefits received.

6. CalFed should recognize the regulatory and water supply baseline from which benefits are measured as being the conditions as they existed prior to the implementation of the protections for the winter run salmon and the passage of the Central Valley Project Improvement Act;

7. CalFed should promote efficient water use through incentive-based, cost-effective (to those paying the costs) implementation of conservation and recycling programs;

8. Implementation of CalFed should be consistent with the San Joaquin River Agreement;

9. Implementation of CalFed should not jeopardize the continued ability of the U.S. Bureau of Reclamation to perform under the Exchange Contract by providing water sources other than as a result of water releases from Friant Dam, in fulfillment of that contract; and

10. Implementation of CalFed should not result in any involuntary redistribution or taking of water supplies or water rights from existing users currently putting water to beneficial use within their rights as provided for under state and federal law.

Senator FEINSTEIN. Mr. Hall of ACWA. Steve, if you would explain ACWA to everybody.

**STATEMENT OF STEPHEN K. HALL, EXECUTIVE DIRECTOR,
ASSOCIATION OF CALIFORNIA WATER AGENCIES**

Mr. HALL. Sure. Thank you. Thank you, Senator.

My name is Steve Hall. I represent the Association of California Water Agencies.

Like you, Senator, we represent both the east side and the west side of the San Joaquin Valley, and so I feel your pain. And we also represent water agencies throughout the State of California, both agricultural and urban water agencies.

I want to begin, if I may, by thanking you for your longstanding leadership, not just with this legislation, but for a long period of time; and most recently for your stirring and, fortunately, effective defense of the CALFED appropriation of \$40 million last night on the Senate floor.

It is money that is badly needed to keep this program viable and—in fact, if I may, I want to harken back to a couple of things you said last night in defending this appropriation.

First, analogizing it to the energy crisis that we face in California: There are some very clear parallels between the energy crisis that we face and the water crisis that we are about to face in California.

The water crisis is temporarily hidden, but it is very real; and we are in the first of what unfortunately could be several dry years, where we will definitely begin to overshadow our current energy crisis.

And we could hopefully prevent it, if we are lucky enough to avoid some dry years in the next few and if we move with this legislation to try to bring the parties together and invest in our infrastructure, so we can avoid a similar crisis.

The other comment you made last night that I think is analogous is what we are experiencing now in the Klamath. This bill, this program is very important to California. But I really think it is important throughout the West.

I have the privilege of working with water professionals in other Western States. And everywhere I go, the issues, the problems are the same, whether it is in the Columbia Basin or on the Colorado River, in Klamath or in our Bay-Delta estuary, the growing tension between preserving our environmental values and serving a growing population throughout the West.

If you read the popular press, you come to believe that there have to be winners and losers in this fight, that it is fish versus farmers; that farmers have to suffer in order to protect fish or vice versa; that somehow habitat and humanity cannot coexist.

Well, CALFED is dedicated to the proposition that it need not be that way. And we can have a healthy ecosystem and a healthy economy. We can have a growing Western population and maintain robust fish and wildlife populations.

Senator, beginning in the early 1990's, you began to take a leadership role in this. I think you have what very few political leaders have, a hard-wired genetic code that gives you the incurable optimism necessary to do this. I feel sorry for you—

Senator BURNS. Is that good or bad?

[Laughter.]

Mr. HALL. Well, it is bad for her, but it is really good for the rest of us.

[Laughter.]

Mr. HALL. Beginning first with Governor Wilson and then Governor Davis, with Governor—with President Clinton and now with President Bush, there seems to be one common denominator—there were two Governors, two Presidents, and one Senator, who are willing to stick their necks out to try to get something done in California water.

And the result is we now have a model program. The CALFED program is a balanced program of ecosystem restoration which, by the way, the water users fully support. It is in our enlightened self interest to support the ecosystem restoration because we need to have healthy fish populations or our water supplies become unreliable.

The law requires it; our environmental ethic dictates it. We are going to have an environmental restoration program as part of this. We already do.

It has got all of the water management tools that people talk about, conservation, reclamation, water transfers. It has got conveyance improvements. It has got a focus on drinking water quality, which we badly need in our system because we have increasing Federal mandates and a public that demands that their water be safe to drink. And there is only one way to provide that and that is to invest in the system.

It has also got storage, which is controversial with some, but I could not agree with you more, Senator. We have to have it. It is an essential tool—not a desirable tool, an essential tool—to meeting our water needs in the future.

We have all of these things in the package because we do need them all. And there is one other thing. We need to have a balanced implementation of these things. We cannot run out ahead in the implementation of one feature of this and leave the others behind because, you know what? In California, consensus breaks down quickly. It is a wonderful concept. It breaks down as soon as somebody gets what they want without bringing the others along.

Senator FEINSTEIN. Right.

Mr. HALL. Senator, I cannot stress this importantly enough: The authorization process in your bill has to be correct so that we stay linked together, so that no one interest group gets out ahead of the other. If we fail to succeed in doing that, then I do not believe ultimately the CALFED program can succeed. So we are pledged to work with you in crafting legislative language that does that.

Now, why should people across the country care? It is a wonderful program for California, but why should other people care? Well, first, the Federal Government should care because it has the largest single water project in the State.

So if nothing else, the Federal Government should be interested in protecting its investment and continuing to deliver the water that it has contracted with people to deliver.

Second, this will help California live within its \$4.4 million acre feet Colorado River entitlement, secondly. And I think most importantly, I spoke earlier in my testimony about the problems being similar throughout the West. Well, I think we now have a model program that can be used throughout the West to balance the needs of the environment with human needs and get past these thorny ESA and other water conflict problems that we face

throughout the West. But we have got to pass this bill in order to make it a model and a precedent for other areas of the West.

So in closing, I just want to urge the subcommittee—though I see that there are not many members of the subcommittee left—

Senator FEINSTEIN. Oh, that is all right. Staffs are here.

[Laughter.]

Mr. HALL. I got it.

Senator FEINSTEIN. Believe me, on this stuff, that counts.

[Laughter.]

Mr. HALL. I want to urge the subcommittee to mark this bill up promptly, to move it to full committee and to the Senate floor and let us get this program underway. It is long overdue and badly needed. And I will close again in thanking you, Senator.

[The prepared statement of Mr. Hall follows:]

PREPARED STATEMENT OF STEPHEN K. HALL, EXECUTIVE DIRECTOR, ASSOCIATION OF CALIFORNIA WATER AGENCIES

I. INTRODUCTION/OVERVIEW

Thank you for the opportunity to speak before you today. My name is Steve Hall, and I am executive director of the Association of California Water Agencies (ACWA), the largest and oldest collection of public water agencies in California. ACWA's members are responsible for 90% of the water delivered in the state—our smallest member serves fewer than 50 people, and our largest serves 17 million urban southern Californians. My testimony today is intended to illustrate a looming water crisis that is waiting for California and the western United States. It's a real crisis, and one that we can go a long way toward preventing with the bill before you now, Senator Feinstein's S. 976.

By all accounts, California is an engine of economic growth that provides momentum for neighboring western states and the nation. California is home to 11 percent of America's population, accounts for 12 percent of our gross domestic product, 50 percent of the nation's fruits and vegetables, and serves as a research and development haven for high technology. California does all this with roughly 76 million acre-feet of water that is captured for human uses every year, or about 35 percent of all the water that falls on the state annually.

But California's contribution to the national economy is increasingly held hostage to an unstable water supply. New environmental regulations governing the allocation of water, layered atop progressively more stringent federal drinking water standards, are placing increasing demands on existing dams, canals and treatment facilities that in most cases were built decades ago. Too often, federal mandates dictating the quality or use of water have not been accompanied by the investments necessary to make those goals possible. At the same time, the inevitability of drought looms always on the horizon, threatening to further turn the screws on a tightening regulatory vise.

We've seen this type of scenario before. In the years leading up to California's current energy crisis, the state's construction of new power generation and transmission facilities ground to a halt. A surplus of power enjoyed during the mid-1990s evaporated into a sharp electricity deficit last summer. Since then, California has had to struggle to keep the lights on, and while energy supplies are improving, the entire west is paying the price for this inaction. We run the same risk with water, with far more dire results. Fortunately, we have a bill before you today that will provide a good part of the investment needed to avert a near certain crisis.

II. OVERVIEW OF CALFED AND S. 976

Beginning in the mid 1990s, Senator Feinstein worked with then-Governor Wilson and later Governor Davis to develop a partnership between California and Washington to address the problem of growing water shortages. That partnership came to be known as CALFED.

CALFED is a collaborative water effort undertaken by 19 state and federal resource agencies with jurisdiction in the Sacramento-San Joaquin Bay-Delta. Its mission is "to develop and implement a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay-Delta System." The Bay-Delta region, referred to as CALFED's "solution area," forms the hub of our water delivery system, and provides water to 23 million urban

and rural Californians. It irrigates several million acres of farmland, which produce a significant portion of the national food supply. The Bay-Delta is a resource base for the entire western U.S.

Founded in 1995, CALFED first received federal funding in 1996 under a three-year, \$430 million authorization to authorize the development of the full CALFED plan. This bill authorizes the implementation of that plan. The plan is focused on bringing water demand and supply into balance, restoring the ecosystem and conveyance capacity of the state's most important watershed and improving source water quality for over two-thirds of the state's residents.

Why is that important beyond California? Because, the CALFED Program offers benefits for the entire western United States. First, because CALFED restores an ecosystem of national and international importance. The Bay-Delta is a central corridor for migrating birds on the Pacific flyway, and supports more than 750 species of fish, mammals, and birds, many of them threatened or endangered. This fragile ecosystem is as significant as the Everglades, Great Lakes and Chesapeake Bay, where similarly broad state-federal projects have moved forward with bipartisan Congressional support.

Second, if California is to solve its intractable water problems—problems with ample potential to spill over into neighboring states—it must begin with the Bay-Delta. Within the complexities and competing ideas for how best to implement CALFED, there lies a genuine opportunity for Congress and the state to turn an environmental crisis into a lasting regional success.

There are many more reasons for the federal government to take a leadership role in the Bay-Delta, ranging from compliance with the federal Endangered Species Act to the regulatory objectives of the U.S. Fish and Wildlife Service. It is an area where government can do its best work; to prevent a water crisis, to restore the environment, and foster cooperative relationships between the state, local and federal governments. The federal government is also a major stakeholder in the outcome of CALFED, since it operates the single largest water project in the state—the Central Valley Project.

III. URGENCY OF CALFED

Efforts to resolve California's water problems are always going to be accompanied by controversy. There are too many interests, too many local and regional problems, and too few funds for any effort to please all parties all of the time. That is what makes leadership so essential to making real progress in the arid west.

The millions of people streaming to California each year from other states and abroad are not going to wait for the perfect water pact to be settled before they make the state their home. The demand for food does not taper off while farmers consider uncertain water supplies. Floods will not wait for Delta levees to reach total readiness. California will have 15 million more people before CALFED's plan is fully implemented, and none of these factors can wait while we try to craft the perfect bill and the perfect Program.

They won't wait, and neither will Congress. Several times during the past decade, Congress and the President have approved sweeping new drinking water quality standards—on arsenic, radon, perchlorate, cryptosporidium, and other water contaminants. As more is known about elements within our drinking water, policymakers and the people you represent aren't waiting to demand water of consistently higher quality, even at a consistently higher cost. Programs like CALFED are established to help address these health issues, and accommodate the increases in supply that are necessary to improve water quality.

In the years since construction of the Central Valley Project and the State Water Project, no equally large water project has been contemplated or allowed to move forward in California. The very few local facilities built since the SWP often required years of public review and inevitable political controversy. Nevertheless, in the last 30 years, only two regional reservoirs have been built in California, even though eight million people have come to the state during that time. Meanwhile, new awareness of environmental water needs and commitments to protect salmon have further directed away several million acre-feet of water to meet new environmental mandates. This rededication of resources, coupled with rapid population growth, has vastly destabilized California's water picture.

The CALFED Program, and all it hopes to accomplish for California, will be at risk without S. 976, but with infinitely greater consequences, for wildlife, for agriculture, for our cities and for public safety. Five years of planning, and future of water wars, demand action now.

Much has been written about California's energy crisis, and how stymied efforts to expand the state's water supply portend a crisis of even greater proportions for

California water. ACWA agrees wholeheartedly with that analogy, and has worked hard to bring that message to Congress. Today, the Energy and Natural Resources Committee can decide whether to prevent a crisis, or end up responding to it two or three years down the road. We believe S. 976 and the CALFED Program is the solution. We urge you to work with Senator Feinstein in assuring its passage. ACWA is committed to assisting in that effort.

Senator FEINSTEIN. Thanks very much, Mr. Hall.
Mr. Somach.

**STATEMENT OF STUART L. SOMACH, PARTNER,
SOMACH, SIMMONS AND DUNN, SACRAMENTO, CA**

Mr. SOMACH. Thank you, Senator Feinstein. I will answer your question, I guess, as to who I am here representing, first. It is probably a good idea.

I actually have been asked and have somewhat the interesting task of representing two disparate client bases. The first is northern California. As you are aware, I am the general counsel of the Glenn-Colusa Irrigation District, the largest agricultural water district in northern California.

GCID supports the CALFED process, believes that S. 976 is a really good bill. We support it. We think it is a good foundation for further discussion as we move through the legislative process.

But I also am here representing districts located on the west side of the San Joaquin Valley, the folks that have been referred to several times in terms of the assurance language. And as I will focus on a little bit in a moment, the west side San Joaquin Valley landowners with respect to both CALFED and S. 976 have contrasting views of those processes and the legislation from those of my clients in Northern California and GCID.

I wanted to note before I get into the substance of the legislation as it reflects to those two client bases, another client that I represent—because I think it is, in fact, most relevant to what is going on here. We have heard these clients referred to often today, but I represent the Klamath Project Water Users in southern Oregon and northern California.

I am lead litigation counsel for them in litigation challenging what I consider to be an unfortunate and inappropriate decision of the United States to reduce to essentially zero the water supplies to the Klamath Project farmers.

And I raise this representation here because it has made me keenly aware on a very personal level of the disaster that can accompany Federal regulatory decision-making if we do not adequately address environmental and water supply problems in a timely and appropriate manner.

The Klamath experience teaches, among other things, that we cannot just nibble away at the edges of a problem, but rather we must address them directly, affirmatively if we are going to achieve success.

And in this context, to the extent that my comments at times are blunter than perhaps I ought to be, it comes directly from the horrible disaster and agony that I am in—and I only am doing it in a representational manner. I am not the farmers that are experiencing the hardships that exist on the Klamath today.

Let me move to GCID first. And I would just simply say that in general because of its location, because of the seniority of its water

rights, GCID has enjoyed sufficient water supplies to allow it to provide irrigation water to lands within the district.

We have not suffered shortages in the normal and ordinary way that folks south of the Delta have experienced shortages. Nonetheless and in spite of that favored position, we know first-hand what these regulatory limitations can do.

We were the first, and for awhile, the only district to ever be shut down because of Endangered-Species-Act-related limitations. It had to do with faulty fish screens. We were shut down entirely.

Thank heavens, working closely with State and Federal agencies pursuant to authority, cost-sharing, appropriations that you assisted us in obtaining over the last 10 years, we are done with what is now the world's largest fish screen at the cost of about \$80 million of State, Federal and GCID monies.

And it is that experience that we have learned from, that in spite of good water supply fortune, we must be concerned about the larger problems, both environmental and water supply that exists within the State. And as a consequence, that is what our support of CALFED and S. 976 derives from.

And as you know in that context, we have worked closely with the northern California Water Association. And we have been working hard in terms of developing what we call integrated water supply management programs, ones where we take the entire water resource mix that we have available to us and we put them together. We use conjunctive use, surface water, stored water, and in terms of trying to meet first the Sacramento Valley's needs for water and then hopefully environmental and south of Delta water needs also.

The idea is if we can better manage and utilize our water supply in the northern part of the State, we ought to be able to build and increase the pie. That is what we did. That is how we resolved what could have been very contentious litigation first before the State Water Resources Control Board and then before the courts, when we resolved through an agreement with a broad base of water users, including the State and Federal projects, through the Phase Eight Agreement, a management scenario that looks toward building projects as opposed to fighting over scarce water supplies.

Integral to that solution is the Sites Reservoir Project that the Senator mentioned earlier. And I appreciate the detail, in fact, that you have in mind with respect to what that project is and what it does.

Noticing my time, let me turn quickly to the assurances associated with the west side of the San Joaquin Valley. I heard Senator Burns talk about those assurances, and I was representing the whole of the Central Valley Project Water Association back in 1992.

Those promises were made personally. They were made to the landowners. They were made within the litigation—legislation. Those promises, to date, have never ever been achieved.

If there is a frustration with this issue, it is not one that is derived from anything other than the fact that this is not a clean slate that you are legislating on; it is one that begins at least back to 1992, where the west side was essentially getting 100 percent of supply. And today, after those promises, the west side is at about 45 percent of supply.

We have looked at the language—the new language that you have proposed, and I think you mentioned the one comment that was provided to you, that the language “pursuant to” would make that language acceptable to the west side of the San Joaquin Valley and would shift our non-opposition but non-support of the legislation to one where we could honestly support that legislation.

I have heard a lot about mandates here. I am not certain that there is anything in any of the legislation that mandates anything. What we do think though is that the assurances, however you characterize them, ought to be moved out of the findings provision in the bill and made a substantive portion of the legislation, like other—

Senator FEINSTEIN. We did that. That is what somebody is—was referring to earlier.

Mr. SOMACH. That is right.

Senator FEINSTEIN. We did it at the Governor’s request actually and moved it into the substance of the bill.

Mr. Somach, we are going to run out of time—

Mr. SOMACH. Yes, ma’am. I’m sorry.

Senator FEINSTEIN [continuing]. Because—but let me—you know, you are tough lawyer. I know that. Having said that, I wish you, while you are here, Richard Moss and the others could sit down with Patrick Wright on this language.

We are trying to be within the record of decision. We are trying not to have a lawsuit challenging it. I know the Governor’s feelings on it very well, because I talked with him before the implementation plan was announced on it. We just need to find a way.

And so if I could ask Patrick: Would you sit down with both sides—I think Birmingham is here—is here somewhere too—and see if you can get something that follows the ROD that isn’t going to be litigated and give me that language. Is that agreed?

Mr. WRIGHT. We will do everything we can to try to do that.

Senator FEINSTEIN. Oh, you hedged.

[Laughter.]

Senator FEINSTEIN. The answer is “Yes, Senator.”

[Laughter.]

Mr. WRIGHT. We will be there. We will be there with them. Whether they will agree, that is—

Mr. SOMACH. We want to fix the problem. We will be there also, Senator.

Senator FEINSTEIN. All right. Thank you. And thank you very much for your testimony.

[The prepared statement of Mr. Somach follows:]

PREPARED STATEMENT OF STUART L. SOMACH, PARTNER, SOMACH, SIMMONS & DUNN, SACRAMENTO, CA

Mr. Chairman and members of the subcommittee, my name is Stuart Somach. I am a water rights and environmental lawyer representing clients West-wide. In particular, and in the context of this testimony, I am General Counsel for the Glenn-Colusa Irrigation District (“GCID”), the largest agricultural water district in Northern California. GCID supports the CALFED process and believes that S. 976 constitutes a good foundation upon which final legislation can be based.

Also relevant to my instant testimony is my representation of the districts located on the west side of the San Joaquin Valley. As I will discuss below, the views of Westlands, and other west-side San Joaquin Valley landowners, with respect to both CALFED and S. 976, contrast with those of GCID.

Finally, I must also note that I represent water users within the Klamath Project in Southern Oregon and Northern California and, in that regard, am lead litigation counsel for the Klamath Irrigation District, Tulelake Irrigation District, Klamath Project Water Users Association and named landowners in litigation challenging the unfortunate and inappropriate decision of the United States to reduce to essentially zero the water supplied to Klamath Project farmers.

I raise representation of Klamath Project water users here, even though it is not directly relevant to CALFED or S. 976, because it has made me keenly aware of the disaster that can accompany federal regulatory decision-making if we do not adequately address environmental and water supply problems in a timely and appropriate manner.

The Klamath experience teaches, among other things, that we cannot just nibble away at the edges of a problem, but rather we must address them directly and affirmatively if we are to achieve success.

GCID/NCWA

As I noted earlier, I am General Counsel for GCID. GCID is the largest agricultural water district in Northern California. GCID also has among the most senior appropriative water rights on the Sacramento River and holds a water rights settlement contract with the United States. In return for GCID's acquiescence in the United States' diversion of water from the Sacramento River for the Central Valley Project ("CVP"), GCID is entitled to 105,000 afa of CVP water.

In general, because of its location and the seniority of its water rights, GCID has enjoyed sufficient water supplies to allow it to provide irrigation water to lands within the district. Nonetheless, and in spite of its senior water rights, GCID knows first hand the impact of federal regulation. GCID was the first district to be enjoined from pumping water through district facilities because of Endangered Species Act limitations. This occurred when faulty fish screens took endangered winter run salmon as GCID attempted to undertake normal water diversions.

Though initially attempting to avoid the reality of the problem, GCID ultimately realized that the situation required affirmative and positive action on its part. Consequently, working closely with state and federal agencies, and pursuant to authority and cost-share funding provided for within the Central Valley Project Improvement Act ("CVPIA"), a state-of-the-art fish screen was designed, permitted, and constructed. That screen (the largest flat plate fish screen in the world) and associated facilities will ultimately cost about \$80 million. Not even one winter run salmon has been taken since the district first took affirmative action to address the situation.

I detail this history, at least in part, to explain the context for GCID's support of CALFED and the effort evidenced in S. 976. We have learned by experience that in spite of our good water supply fortune, we must be concerned about the larger problems, environmental and water supply, that exist within the state.

In this context, GCID works closely with other Northern California water interests through the efforts of the Northern California Water Association ("NCWA"). NCWA is a geographically diverse organization, extending from California's Coast Range to the Sierra Nevada foothills, and nearly 180 miles from Redding to Sacramento. NCWA's members rely on the waters of the Sacramento, Feather, Yuba and American Rivers, smaller tributaries and groundwater to irrigate nearly 850,000 acres that produce every type of food and fiber grown in the region. Many of its members, including GCID, also provide water supplies to state and federal wildlife refuges, and much of this land serves as important seasonal wetlands for migrating waterfowl, shorebirds and other wildlife.

Over the past years, GCID, working with NCWA and other Northern California water users, has worked diligently to improve both water supply and environmental protections within the Sacramento Valley. In this context, they have undertaken projects which will provide water security not only for Northern California, but for other regions of California as well.

AN INTEGRATED WATER MANAGEMENT PROGRAM FOR THE SACRAMENTO VALLEY WILL IMPROVE WATER SUPPLY, QUALITY AND RELIABILITY

GCID and other Northern California water users have committed to help improve water supply reliability, water quality and environmental benefits. The Sacramento Valley's initiative and effort to help protect salmon and other aquatic species is unprecedented and is now recognized as one of the most progressive voluntary salmon restoration efforts in the United States. Today, more than a dozen NCWA members, representing over 500,000 acres of irrigable land, have either completed or are in various stages of developing screens to prevent fish entrainment at their diversions. This, of course, includes the GCID fish screen I mentioned earlier. Many NCWA

members, including GCID, have also initiated far-reaching efforts to refurbish fish ladders, construct siphons, remove dams, create habitat conservation plans and implement other habitat improvement projects to enhance the environment, while at the same time improving water supply reliability.

Additionally, GCID and other Northern California water users have embarked on an integrated water management program that has broad support from water suppliers and local governments throughout the Sacramento Valley. This integrated program includes these fish passage improvements (fish screens and siphons), groundwater management, evaluation of the Sites off-stream storage reservoir, flood protection, water use efficiency programs, potential expanded storage in Lake Shasta, intra-regional water transfers and exchanges, and water shed management.

During the past year this integrated program led to an unprecedented water rights settlement among water users throughout California. This settlement, now known as the Sacramento Valley Water Management Agreement, and the ensuing integrated water management program, avoided the extremely contentious Phase 8 Bay-Delta water rights proceedings before the State Water Resources Control Board. The parties to the agreement include NCWA, the United States Bureau of Reclamation ("USBR"), the Department of Water Resources ("DWR"), the federal contractors in the San Luis and Delta-Mendota Water Authority, the State Water Contractors, and the Contra Costa Water District. This proceeding would have pitted these parties from throughout the state against each other. This integrated program will now serve as the heart of a regional strategy for the Sacramento Valley.

The Sacramento Valley Water Management Agreement and integrated water management program focus on meeting 100% of the water supply demands within the Sacramento Valley during all year types, both now and into the future. Northern California water users believe that once the full demands within the Sacramento Valley are met, this integrated program will help make water supplies available for use in and beyond the Bay-Delta to meet water quality standards, and provide for export water users in the San Joaquin Valley, Southern California, the Central Coast, and as assets for the Environmental Water Account ("EWA") and other environmental programs.

The parties to the agreement will, during the next five months, prepare a joint work plan for short-term Sacramento Valley water management projects to implement the agreement that will describe this integrated program in more detail. Work plans on longer-term projects will follow.

SIGNIFICANT EFFORTS ARE NOW NECESSARY TO IMPROVE WATER SECURITY FOR THE
SACRAMENTO VALLEY AND CALIFORNIA

To improve water security for the Sacramento Valley, leadership is now critical to empower regional solutions, provide for infrastructure throughout California and streamline and reform the regulatory process to accomplish these goals. These efforts are essential and are all dealt with in S. 976. This forms the basis of our support for S. 976.

Empower a Regional Solution for the Sacramento Valley

California history has shown that solutions to water problems in the state have typically been successful at the local and regional level. Very few solutions fit every part of our extremely diverse state. There have been few instances when a top-down, one-size-fits-all, bureaucratic policy or law has helped the state or has been implemented. Instead, California water users are now poised to advance a series of regional solutions and local partnerships that will serve California's needs for many years to come. The integrated program described above is an example of a regional solution for the Sacramento Valley, but it can only be implemented with state and federal leadership empowering local interests to take the actions necessary for these programs to succeed. Any bureaucratic efforts to impose top-down solutions, like past efforts, are doomed to failure and have the potential to destroy the tremendous progress that has been made on these regional solutions.

Like the Sacramento Valley integrated program described above, every regional strategy will include the appropriate mix of infrastructure needs, storage, conveyance, water transfers and exchanges, fish passage improvements, water conservation and efficiency, groundwater management, flood protection, watershed management and environmental improvements. To fully empower these regional solutions requires state and federal funding and the regulatory streamlining necessary to implement these programs.

Streamline and Reform the Regulatory Process

With nearly 18 federal and state agencies under the respective executive branches that dictate California water policy, it is critical to coordinate and ultimately

streamline the work of the numerous agencies with jurisdiction over water resources in California.

The framework to create CALFED in June 1994 called for cooperation and collaboration between the federal and state agencies that oversee water in California. It is essential that these agencies continue to work together in this manner. Over the past seven years, CALFED has evolved from a concept to streamline agency efforts to a massive bureaucratic program. For CALFED to be successful as it transitions from a planning program to an implementation agency, it must move from a top-down bureaucratic organization to an organization that facilitates and fosters a series of regional strategies with local control and governance. Most notably, it must streamline the regulatory process to assure that these programs will be implemented. Specific examples include the facilitation of intra-regional water transfers and exchanges and expedited permitting by the United States Army Corps of Engineers and the Environmental Protection Agency.

Significantly, this means that CALFED and its member agencies will serve in a more limited, albeit more effective, role to advance water and environmental policy in the state. It also means that CALFED will serve a critical role to coordinate regional strategies to ensure that they fit together in a manner that provides state-wide benefits, and also provide a broad-based governance strategy and oversight capability to ensure appropriate and efficient implementation of all CALFED program elements.

Sites Reservoir

S. 976 also recognizes the need for study and assessment of "north-of-Delta storage." This, of course, is a positive and essential element of S. 976. It is generally recognized that the fundamental water supply and environmental problems that currently face California cannot be properly addressed without the addition of surface water storage. In this context, Sites Reservoir was identified in the Record of Decision ("ROD") as a critical element which should be pursued, along with local partners within Northern California, and that final decisions with respect to its feasibility and authorization should be made not later than 2004.

Sites Reservoir, when constructed, will not only add generally to the overall state water supply but, operated in an integrated fashion, will allow Northern California, the CVP and State Water Project to better maximize the ability to fully utilize water resources available to them. In this context, GCID, USBR, the Department of the Interior and other state, federal and local interests executed, as provided for in the ROD, a Memorandum of Understanding to proceed with analysis and environmental review of the Sites Reservoir in order to allow for decisions on final authorization by 2004.

S. 976 could be improved through more specific reference to Sites Reservoir, as is done in the ROD, instead of the generalized "north-of-Delta storage" language currently utilized in the bill. Moreover, the addition of a time frame for analysis ending in 2004 would also make S. 976 more consistent with the ROD.

Implementation of the Record of Decision

Much work was done by CALFED in preparation of the ROD. That progress should not be lost. As a consequence, S. 976 would be improved by clarifying that the project alternative screening process provided for in the ROD will be adhered to and that one CALFED program element will not be treated as an alternative to another CALFED program element. Again, among other things, this will allow the full integration of all water supply alternatives, maximizing the full utilization of the water resource.

Conclusion with Respect to GCID/NCWA

While GCID/NCWA believe that language with respect to Sites Reservoir and project element alternatives analysis could be strengthened, they, nonetheless, fully support S. 976.

Westside San Joaquin Valley

As with GCID/NCWA, the west side of the San Joaquin Valley view of CALFED and S. 976 is forged by circumstance and experience. Unfortunately, the west side of the San Joaquin Valley cannot support S. 976 in its present form. As you know, west side agricultural water users are among the south-of-Delta Central Valley Project agricultural contractors which, as acknowledged by the *California Water Future, A Framework for Action*, have been "disproportionately affected by recent regulatory actions" constraining operations of the state's water projects. Critical to the west side's support of the *Framework for Action* was its commitment that the normal year water supply for south-of-Delta CVP agricultural contractors would be increased by fifteen percent, to sixty-five to seventy percent, with comparable improve-

ments in other water year types. The west side's support for the *Framework for Action* was also predicated on assurances by Governor Gray Davis and then Secretary of the Interior Bruce Babbitt that they, along with other interested parties, would be allowed to participate in preparation of the Record of Decision to implement the *Framework* document. This was important to west side contractors because there were numerous ambiguities in the *Framework for Action* that created doubt that the water supply improvements described by the document could be accomplished.

Notwithstanding these assurances, west side agricultural and other interested parties were excluded from the process that produced the CALFED Record of Decision. Rather than clarifying ambiguities in the *Framework for Action*, the ROD created additional impediments to implementation of CALFED Program elements intended to improve south-of-Delta CVP agricultural contractor supplies. In addition, many of the program elements described in the *Framework for Action* and ROD, if implemented, will further reduce water supplies for south-of-Delta CVP agricultural contractors. Among these are proposals to build increased storage in the upper San Joaquin River watershed to capture flood flows that would otherwise be diverted by the San Joaquin River Exchange Contractors under their historic water rights. When these flows are diverted by the Exchange Contractors, demand on CVP Delta facilities is reduced, and more water can be supplied to south-of-Delta CVP agricultural contractors.

For these reasons, west side agricultural contractors have consistently stated that their support of any CALFED authorization legislation would be contingent on the legislation assuring that the water supply commitments made in the *Framework for Action* will be accomplished.

Westside agricultural contractors have been active participants in the CALFED Program from its inception because they hoped that the Program would restore to them the water reallocated to the environment under the Bay-Delta Accord, Endangered Species Act, and the CVPIA. Westside agriculture maintains that hope. However, it views authorization of the CALFED Program from the perspective of a water agency to whom promises were made in 1994 when it voluntarily loaned 250,000 acre-feet of its water supply to CALFED agencies for restoration of the Bay-Delta Estuary. When then Secretary Babbitt signed the Bay-Delta Accord on behalf of the United States, he stated: "A deal is a deal, and if it turns out there's a need for additional water, it will come at the expense of the federal government." Interior abrogated this guarantee within two years. As the United States Fish and Wildlife Service determined additional water required for protection and enhancement of the Bay-Delta Estuary and species dependent on the Estuary, the water was taken from south-of-Delta CVP agricultural contractors. As things currently stand, west side agricultural contractors are only receiving forty-five percent of supply.

We are mindful of S. 976's inclusion of south-of-Delta assurance language within its findings. If history had been other than it has been, this language might have been sufficient. However, every time Congress has addressed this issue, it has done so in a similar manner, leaving the accomplishment of the promises contained within the legislation to the discretion of federal agencies. In each case, those agencies have exercised their discretion to either ignore the findings or, worse, to somehow justify taking more water away from the west side of the San Joaquin Valley. It is in this context that the west side of the San Joaquin Valley cannot support S. 976 as it is currently written.

Conclusion With Respect to West Side of San Joaquin Valley

The west side cannot support, but does not oppose, S. 976. The west side, however, would support S. 976 if the assurance language found within S. 976's findings were made a substantive provision of the legislation. This, of course, could and should be done to make clear that fulfilling these assurances is a mandate must be undertaken in a manner that does not adversely affect the water supplies of other CVP contractors.

CONCLUSION

My view, consistent with what I have testified to above, is that CALFED and S. 976 are good things. As noted above, GCID supports CALFED and S. 976. Bluntness in pointing out what could and should be done to make both CALFED and S. 976 work better derives from the brutal experience of the Klamath Project. There we learned that a failure to fully address the whole of a problem in a timely manner only makes ultimate resolution more difficult or impossible.

We have here the opportunity to avoid a Klamath disaster for the bulk of California. In addition to what is contained within S. 976, it should also be more specific with respect to Sites Reservoir, insure integrated water management through clarifying language with respect to program element alternatives, and provide solid sub-

stantive assurances to agricultural water users on the west side of the San Joaquin Valley.

Senator FEINSTEIN. Mr. Cunneen.

STATEMENT OF JIM CUNNEEN, PRESIDENT AND CEO, SAN JOSE SILICON VALLEY CHAMBER OF COMMERCE, SAN JOSE, CA

Mr. CUNNEEN. Thank you very much, Senator.

Is there any language that cannot be litigated in this society? I do not know. But thank you for including our voice in this hearing and the opportunity to appear before you today.

I am Jim Cunneen. I am the CEO of the San Jose Silicon Valley Chamber of Commerce. We represent nearly 2,000 businesses throughout the full spectrum of the economy in the San Jose Metropolitan area, so small retailers, small manufacturers, mid-level service firms and large high-tech employers that have built Santa Clara Valley's resilient economy.

And I want to commend you for your conduct today in leading this meeting. It is a unique skill to be able to bring so many different groups together and do so skillfully and still stand for progress. And that means sometimes alienating certain groups. It is a difficult task.

Senator FEINSTEIN. Mr. Cunneen, I have had my moments.

Mr. CUNNEEN. Yes.

Senator FEINSTEIN. I will tell you that. Some of the people at the table have witnessed them.

Mr. CUNNEEN. As a former State legislator, I have had my frustrations, too. But I want to express our organization's support for your efforts and your bill as introduced.

I have not had a chance to read all of the amendments, but we understand legislation is a work in progress. And to stay true to the record of decision will take real political skill on your part, and we stand ready to stand with you in that.

We would urge you, though, to not stray too far from your original bill and continue to insist on the level playing field.

I remember when we put the initiative on the ballot to fund a number of important water projects. Frankly, it was very difficult to get Republican votes at the time, because the funding was all for essentially environmental mitigation projects.

There was no funding for storage projects. And I remember working closely with Governor Davis and in the end of the day providing the Republican votes, putting that together with him for the two-thirds majority on that issue with a new plan to provide some storage funding in our State budget, the last State budget that I had served with.

So I know how difficult it is, but the record of decision is very clear about storage and conveyance elements and I am glad to hear your strong voice for that, as well, today. And I feel very comfortable in the direction that you are moving.

I am here mostly to tell you today that our region will continue to be a high-tech and manufacturing leader, but it cannot do so without a clean and stable water supply. And that factor is an absolute prerequisite for future growth.

And simply put, there is a lot at stake. We could fracture a community with the Nation's largest high-tech presence in a number of jobs and with a combined high-tech payroll of \$56 billion, with \$22 billion of that in the city of San Jose alone.

From the business perspective, it is very, very clear. If we are perceived by others as a region that is water short, in addition to the high cost of living, the traffic, the other things that burden the Bay Area, it will be difficult for us to sustain the businesses that complement the high-tech and biotech industrial base that is important to our nation's future and its standing in the global marketplace as well.

We believe that the California and the Federal Government can find a way to assure residents and prospective businesses and the environmental community that we can successfully handle those issues in balance if we stick close to the knitting if you—as you have insisted on in this hearing, through phase one and the record of decision.

So we think your leadership is essential in that process. We would like you to keep your focus on a couple of key areas. One, Federal investments in the Delta have to be increased. There really have been no substantial investments for many decades in that infrastructure.

It is at the center of our water delivery system. And while the people of California did pass Prop 13 and I gave you a sense of some of the story of how that came together, it does—this legislation has to keep the level playing field in mind for storage and conveyance elements, because that was not in there.

Two, we believe that the CALFED process must also include—if you do not include the storage elements, the point I want to make is that we are going to continue to rely on our allotment of the California—or Colorado River allotments.

We always exceed what is California's allotment. And without those new storage facilities specifically delineated in the bill and with strong—whether we call it preauthorization language or whether we call it expedited process—we need to stay very clear and specific on those issues.

So let me just conclude by saying we want to offer our committed support to this effort. We stand ready and our industry leaders that make up our Chamber of Commerce, that is high-tech CEO's, but also the business supply chain, stand ready to support your efforts as well.

I have talked to many of them. What they want desperately is for us to avoid another energy crisis. They see CALFED and your efforts as one way to show that we have a plan in place, that there is light at the end of the tunnel, and that California can sustain its economic prosperity and leadership in the world.

Boy, I will tell you, the energy crisis will pale by comparison if, in fact, there is a severe water shortage. We fear the dry year when it could impact our manufacturing process. So we would implore the U.S. Senate and the House to act very quickly on your legislation. And anything we can do in follow up to the hearing to bring parties together, we stand ready to do so.

[The prepared statement of Mr. Cunneen follows:]

PREPARED STATEMENT OF JIM CUNNEEN, PRESIDENT AND CEO, SAN JOSE SILICON VALLEY CHAMBER OF COMMERCE, SAN JOSE, CA

Chairman Dorgan, members of the subcommittee, thank you for the opportunity to appear before you today. My name is Jim Cunneen, and I am President and CEO of the San Jose Silicon Valley Chamber of Commerce. I am here to express my organization's support for Senator Feinstein's S. 976, a measure to re-authorize the CalFed Bay-Delta Program and provide the federal appropriation necessary for its implementation.

The Chamber of Commerce represents a diverse network of small retailers, small manufacturers, mid-size, service-sector firms and large high tech enterprises—companies that have together created Silicon Valley's resilient economy. Representing nearly 2,000 companies, our Chamber is the largest non-profit organization representing the entire supply chain of business enterprises throughout the San Jose Metropolitan Area.

Even before the Silicon Valley became a household name, our members have been a part of the region's ups and downs. After years of expansion, the high tech 'dot com' economy has been a volatile one in recent months. And while the media accounts can sound pretty grim, we're more confident than ever that Silicon Valley's technological revolution is far from over, and that our best days lie ahead.

I'm here today to tell you that our region can continue to be a high-tech and manufacturing leader, but it cannot do that without a clean, stable water supply. This factor is an absolute prerequisite for future growth. Simply put, if reliability and water quality problems in the Bay-Delta are not resolved, we could fracture a community with the nation's largest high-tech presence and number of jobs, with a combined high-tech payroll of \$56 billion, with \$22 billion of that in San Jose alone.

California and the federal government can find a way to assure residents and prospective businesses that the environmental and water supply challenges in the Bay-Delta can be successfully handled. The San Jose Silicon Valley Chamber of Commerce believes that S. 976 and CalFed Program are the best, most comprehensive way to do that.

From the business perspective its straightforward: If we are perceived by others as a region that is water short (in addition to high cost of living, traffic congestion, and other issues), it will be difficult to be able to sustain the businesses that complement the high-tech and biotech industrial base that is so important to our nation and its standing in the global marketplace.

We believe your subcommittee and policymakers at both the state and federal level must address these key areas:

- Federal investments in the Delta must be increased. The Delta is at the center of our water delivery system. While the people of California passed Proposition 13 in March 2000 providing nearly \$2 billion, no new federal money was allocated in the last session of Congress. Only with new federal investment in this priority area can the Delta be restored to deliver on its dual purpose—transporting water while maintaining a healthy ecosystem that minimizes the new listings of species.
- The quality of water deliveries from the Bay-Delta must be improved. Contaminants, both natural and man-made, inhibit the work of CalFed's ecosystem program, and threaten high-tech manufacturing throughout our region.
- Any solutions within the CalFed process must include storage and conveyance elements. While the Phase II Record of Decision and EIR do include a call for surface storage, it lacks any specifics. This is a crucial element to any fair, balanced plan.

I am here to tell you that S. 976 takes all of these critical factors into account.

The industries and economic success of San Jose are radiating outward. In my area, 77 percent of all households have a computer, and the national figure is increasing. But if the success of Silicon Valley—in manufacturing, research and quality of life—are to take hold in other western communities, the state must improve the ecosystem and water management infrastructure of the Bay-Delta. I cannot stress enough the importance of water to the fulfillment of our promising future, and I cannot stress enough the importance of CalFed.

Environmental restoration and an enhanced water supply are not mutually exclusive goals. They are attainable, but can only be realized with your support for S. 976 and the work of CalFed.

I want to offer you our committed support for efforts to reauthorize the CalFed Program. While it has met with its share of controversy, CalFed still provides the best hope to ensure a reliable, clean water supply in an equitable fashion for the Silicon Valley—and all of California. You are to be commended for holding this

hearing and for fostering an atmosphere of cooperation among the various sectors of the state's economy and major business and environmental stakeholders. Your continued leadership will be essential to create the positive political will to address the water supply problems facing California. Please be a part of those solutions by supporting S. 976.

Thank you.

Senator FEINSTEIN. Thanks very much, Mr. Cunneen. I appreciate that.

Mr. Pace.

STATEMENT OF PHILLIP J. PACE, CHAIRMAN, METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, LOS ANGELES, CA

Mr. PACE. Thank you very much, Senator. Senator Feinstein and the other distinguished members of the committee, I would like to thank you for this opportunity to speak today about S. 976, the California Ecosystem Water Supply and Water Quality Improvement Act.

I am Phillip Pace, chairman of the board of the Metropolitan Water District of Southern California. We provide supplemental water to 17 million people in southern California through our 26 member agencies.

High quality, reliable water is the life blood of Southern California's \$750 billion economy. Metropolitan supports S. 976 and we commend you, Senator Feinstein, for introducing it.

California, like other Western States, struggles with its water resources, striving to balance urban, agricultural and environmental needs. As the largest contractor of California's State Water Project, which provides water via the Sacramento River, the San Joaquin Bay-Delta, Metropolitan has a measured stake in the outcome of this process.

The Bay-Delta is the heart and lungs of California's water supply. Besides providing the drinking water for two-thirds of the State, the Bay-Delta nourishes a substantial portion of California's farms.

It is the State's most important fishery habitat and home to more than 10,000 species of migratory fowl. In short, it is a national ecological treasure closely tied to California's economic health.

S. 976 gives us the means to preserve that treasure, while benefiting all of the Western States. I believe it is one of the most important pieces of water environmental resource management legislation that has ever been proposed.

Today, I will focus my remarks on just three issues: First, water quality; second, the need for a CALFED plan to assure our investments in local water resource development is successful; and third, the shifting of California to integrated resource planning.

Metropolitan is committed to finding lasting ways to improve the reliability and quality of water supplies, while restoring the environment.

These reasons are simple. Water quality affects the health and safety of all of our customers. Improvements in water quality are critical to reducing the cost of water treatment and delivery. And improvements in water quality determine whether the billions of dollars already invested in local reuse, conservation and ground water replenishment programs will succeed.

The better our Bay-Delta water source is in quality, the more efficiently we can use the water that we receive from the Colorado River.

Metropolitan's resource plan calls for doubling our efforts in recycling and ground water production. This is simply not possible without reducing the threat of salinity in the Delta water. The increase of salinity from Delta water will degrade our local ground water basins and impede efforts to recycle and reuse these limited supplies. Salinity, as many of you know, is already an issue, a big issue in the Colorado River.

During the last decade, Metropolitan and its members have committed over \$8 billion to resolve Delta issues, to better manage local water resources and to assure that California can live within its 4.4 million acre-foot allocation of water from the Colorado River.

These objectives, however, really need a CALFED plan that coordinates efforts on a local, a State and a national level.

On a recent trip to northern California to meet with agricultural interests, I was part of several discussions that centered on resolving local needs while assuring a State-wide supply of high quality water.

Water policy makers recognize that the health of the economy and the environment are tightly linked, and that there are benefits to this integrated approach.

S. 976 provides encouragement of local and regional partnerships. It requires balanced supply and ecosystem improvements.

Just a decade ago, California endured, as we all know, a scorching 6-year drought. Then because of aggressive water—since then, because of aggressive water management programs, we have averted further water-related crises, so far.

The future of California depends on continuing this progress. The California—the CALFED legislation is really a step in the right direction.

I urge you to move this legislation forward for the benefit of California and for the Nation. And I would like to thank you on behalf of the Metropolitan Water District for all of your hard work. Thank you very much, Senator.

[The prepared statement of Mr. Pace follows:]

PREPARED STATEMENT OF PHILLIP J. PACE, CHAIRMAN, METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, LOS ANGELES, CA

Mr. Chairman, Senator Feinstein, other distinguished members of the Committee, thank you for the opportunity to submit this statement regarding S. 976, The California Ecosystem, Water Supply, and Water Quality Improvement Act. I am Phillip Pace, Chairman of the Board of Directors for the Metropolitan Water District of Southern California. Metropolitan provides supplemental water supplies to the economy of Southern California. Our service area encompasses more than 5,200 square miles and serves the needs of 17 million people through 26 member agencies. High quality, reliable water supplies are the lifeblood of Southern California's \$750 billion dollar economy.

METROPOLITAN SUPPORTS SENATE BILL 976

First, I would like to express Metropolitan's strong support for S. 976 and commend the leadership and commitment that Senator Feinstein demonstrated through the introduction of this legislation.

For decades, California, like other western states, has struggled with conflict over its water resources, striving to find balanced solutions for its urban and agricultural economies and its environment. We recognize that Metropolitan has a major stake

in the outcome of this process. We are the largest contractor of California's State Water Project, which provides water to the Northern and Southern California urban economies and to the state's vast agricultural economy. Additionally, Metropolitan relies on the Colorado River, along with other California agencies and the other six Colorado River Basin states.

The CALFED Framework agreement of June 2000 and the subsequent Record of Decision in August are a significant breakthrough in western water policy. As recently described in briefing materials developed by the California Bay-Delta Urban Coalition, the CALFED Bay-Delta program introduces innovative approaches to meet the needs of both the economy and the environment. This legislation not only serves California, but also our nation's interests. It implements a program that assures comprehensive achievement of regional health, economic and environmental program objectives. It also preserves a national ecological treasure, ensures necessary infrastructure for high-quality and reliable water supplies for our residents, industries and farms, and provides environmental benefits to California and other western states. I believe it is one of the most important pieces of water and environmental resource management legislation in history of the western states.

I would like to focus my remarks today on three issues: water quality; the need for a CALFED Plan to assure our investments in local water resource development will be successful; and, third, the changing paradigm in California to an integrated resource approach.

WATER QUALITY IS OUR TOP PRIORITY!

As a local businessman in Los Angeles County, I have been privileged to serve on Metropolitan's Board of Directors for the past five years, the past three as Chairman. During my tenure, our Board has made a commitment to find lasting ways to improve the reliability and quality of that supply, while restoring California's environment.

Mr. Chairman, members of the Committee, the programs associated with the CALFED process must result in better water quality for our customers. The reasons are simple and the arguments credible:

- Water quality affects the health and safety of all our customers;
- Improvements in water quality are critical to reducing the cost of water treatment and delivery;
- Improvements in water quality will determine whether or not the billions of dollars now being invested in local re-use, conservation and groundwater replenishment programs will succeed in the long run; and
- The better our Bay/Delta water source is in quality, the more efficiently we can use water from the Colorado River, which affects other Western states.

However, increasing public health concerns and drinking water quality regulations have challenged our approaches to providing high quality, low-cost supplies to Southern California residents.

Over the last decade, while drinking water quality regulations have become increasingly more stringent, little progress has been made to reduce contaminants and bring source water quality for Delta exporters in line with national averages.

Increasing concentrations of salinity from Delta water also degrade our local groundwater basins and impede efforts to recycle and reuse our limited supplies. Metropolitan's resource plan also calls for doubling recycling and significantly increasing groundwater production. This is simply not possible without reducing the threat of salinity in Delta water imported into Southern California.

Metropolitan is a nationally recognized leader in funding research and implementing new cost-effective treatment technologies. The technical challenges and costs of removing contaminants from drinking water supplies can be staggering. Currently, the best method to control water quality is at the source.

If urban water agencies are forced to abandon quality at the source and instead rely on alternative treatment technologies, the cost of these alternative technologies will significantly exceed the cost of conventional treatment.

Senator Feinstein's legislation will provide assurances that water quality projects, including those identified as "complementary actions" in the CALFED Record of Decision, are eligible and can effectively compete for funding within the CALFED authorization legislation.

A CALFED PLAN IS ESSENTIAL TO ENSURE OUR LOCAL RESOURCE INVESTMENTS WILL BE SUCCESSFUL

During the last 10 years, Metropolitan and its member agencies have taken key policy steps and committed significant funding to resolve issues in the Delta and

to enhance our water quality and supply reliability through "local" resource programs. Altogether, the people of Southern California have invested more than \$8 billion to better manage local water resources and to assure that California can live within 4.4 million acre-foot allocation of water imported from the Colorado River.

These objectives, however, cannot be achieved without a successful CALFED plan.

THE CHANGING PARADIGM—INTEGRATED STATEWIDE APPROACH

Over the last few years, Metropolitan's Board members and I have actively engaged other water policymakers throughout California and the western states, in an effort to develop new approaches to solving resource conflicts.

On a recent trip to Northern California to meet with agricultural interests, our discussions centered on resolving local needs while still providing statewide water supply, water quality, and environmental benefits. What we are seeing through these discussions is a changing paradigm on how to solve our water resource problems. There is recognition that the health of the economy and environment are inextricably linked, and that resource solutions provide enhanced benefits when resolved through integrated local and regional approaches.

Senator Feinstein's legislation provides an excellent opportunity for implementing lasting solutions to California's water problems that will benefit all western states and the nation. S. 976 encourages local and regional partnerships and requires balanced water supply, water quality and ecosystem improvements and measurable progress in all CALFED Program areas.

CONCLUSION

The energy crisis now gripping our state affords us a unique vantage point to contemplate the potentially severe effects that would ensue if our state were to succumb to a water crisis of similar magnitude. Just a decade ago, California's citizens and economy endured the scorching effects of a six-year drought (1987-92). Since then, thanks largely to aggressive water management programs, we have averted further water-related crises. The future of California depends upon continuing this progress through the enactment of legislation to implement the CALFED Bay-Delta Program.

Your efforts to advance this bill signal leadership in the right direction. We believe the CALFED legislation has the ability to provide dramatic improvements for multiple beneficiaries.

We at Metropolitan are dedicated to working on developing a workable approach to implement a balanced CALFED Bay-Delta program.

Mr. Chairman, Senator Feinstein, members of the subcommittee, I look forward to working with you and members of the House of Representatives to ensure that Congress takes the necessary steps to safeguard California's vital water resources for all beneficial uses. I urge you to move this legislation forward for the benefit of California and the national economy and environment.

Senator FEINSTEIN. Thanks very much, Mr. Pace.

Mr. Davis.

STATEMENT OF GRANT DAVIS, EXECUTIVE DIRECTOR, THE BAY INSTITUTE OF SAN FRANCISCO

Mr. DAVIS. Thank you, Madam Chair. And I certainly admire your stamina and your patience and your drive on this.

Senator FEINSTEIN. Thank you.

Mr. DAVIS. As a former staff member of a member of Congress, I also admire the staff members of the committee that are here sitting through this.

Senator FEINSTEIN. Absolutely.

Mr. DAVIS. So I cannot agree with you more. And also I am privileged to be up here with the distinguished group of colleagues that work on California water.

My name is Grant Davis. I am the executive director of the Bay Institute of San Francisco. We are celebrating our 20th year of working to protect and restore the San Francisco Bay-Delta estuary. And I am very proud of that.

We have been active over the years in efforts to implement innovative approaches to better manage California's water supply. The organization was heavily involved in the development of the Central Valley Project Improvement Act.

And the Bay Institute was one of the three environmental groups that actually signed the Bay-Delta Accord. And as you know, the Bay-Delta Accord was the precursor to CALFED, where we all are here today.

Our concern in doing this during the whole effort has been that to reverse a century, over a century, of destruction of the Bay-Delta environment—and this trend, as we all know, has worsened over the years—and we still want to maintain the economic and social benefits derived from managing the water supplies for multiple uses.

In the interest of time—I noticed that you mentioned that. It is a big panel today. I want to ask that my remarks be submitted for the record.

Senator FEINSTEIN. Absolutely.

Mr. DAVIS. And I have condensed my remarks.

I would like to call attention—I have taken the liberty of providing a special CALFED handout. And I think it is very helpful. This was on our record of decision. It is from the Bay Institute's point of view and helps inform your colleagues and staff members.

But what is most telling is the map that puts the projects that you are discussing in the context of the watershed. And I think you will find it helpful as a good resource tool.

Senator FEINSTEIN. Thank you.

Mr. DAVIS. So I will put that in the record.

Senator FEINSTEIN. Thank you very much.

Mr. DAVIS. I wanted to start off by just reminding members of the committee that we are involved in a tenuous balancing act, and that the Bay Institute and our environmental colleagues, as well as everyone here, have been putting in enormous hours over the years. I would say it is now going on 6 years.

We did reach a tenuous balance in the record of decision. And there are many, many good points of CALFED. I would say the ecosystem restoration program, a water account, a water efficiency program, getting into ground water management, we have made tremendous progress.

But along this theme, just to point out where the concerns continue to arise in the record of decision, many folks are not aware that there really is over 1 million acre feet of surface storage that will likely come on line with the three projects that you are talking about in your bill, which will be the Delta Islands, Los Vaqueros and Shasta expansions, and plus the bypass south of the Delta.

The environmental water account is something we are very proud to have contributed toward, helping to bring on a new tool. But what that also provides—and someone has not mentioned today—are the assurances to south of the Delta users that there will be no additional water supply impacts from endangered species protection measures.

And this year, as you may know, we exceeded the take threefold on winter-run salmon. So we have a lot of work to do to refine these tools that we are bringing online. And we are, in the spirit

of cooperation, willing to do so, and we are interested in continuing to improve and refine the process.

So the message for the Bay Institute and hopefully our colleagues here is while we have concerns and any bill authorizing CALFED, the closer you could make that to the ROD that was agreed upon and be consistent, the more consensus you have.

And to try and do new things that set a precedent are going to lead—I can speak for the colleagues that are currently opposing the legislation. They are about 30 environmental groups, that for the record, are in opposition, but are willing to work with you. They basically are looking for principles that would allow us to, in the spirit of what Congressman Miller and Senator Boxer talked about, not provide new precedent-setting language that could be litigated over and over. We are doing our best to stay out of that.

[The prepared statement of Mr. Davis follows:]

PREPARED STATEMENT OF GRANT DAVIS, EXECUTIVE DIRECTOR, THE BAY INSTITUTE OF SAN FRANCISCO

Mr. Chairman, members of the Committee, I would like to thank you for the opportunity to appear before you today. In particular, Senator Feinstein for the invitation to testify regarding S. 976, The California Ecosystem, Water Supply, and Water Quality Enhancement Act of 2001.

My name is Grant Davis. I am Executive Director of The Bay Institute of San Francisco (TBI), a non-profit organization located just north of the Golden Gate Bridge. This year, TBI is celebrating its twentieth year working to protect and restore the ecosystems of the San Francisco Bay, the Sacramento-San Joaquin Delta and the rivers, streams and watersheds tributary to the estuary.

TBI has been very active over these years in efforts to implement innovative approaches to better manage California's water supply. The organization was heavily involved in the development of the Central Valley Project Improvement Act (CVPIA) and was also one of the three environmental organizations that signed the historic Bay-Delta Accord. As you know, the Bay-Delta Accord set new water quality standards and was the precursor to the CALFED Bay-Delta Program.

Our concern in doing so has been to reverse over a century of destruction of the Bay-Delta environment—a trend that has worsened catastrophically over the last two decades—while maintaining the economic and social benefits derived from managing the state's water supplies for multiple uses.

PUTTING CALFED IN CONTEXT

Prior to providing specific comments regarding S. 976, I feel it is important to provide some context regarding the CALFED Bay-Delta Program:

First, it is important to note that TBI and our environmental colleagues have devoted enormous amounts of time and energy working to help improve and shape the CALFED program. We sincerely want to see this program succeed in restoring the ecosystem and improving California's water supply reliability. We recognize the tremendous complexity of this challenge, the many risks involved, as well as the huge potential of the CALFED program.

I have taken the liberty of enclosing a copy of one of TBI's publications entitled, "CALFED Special: A Guide to the Record of Decision" because Committee Members may find it helpful. This report includes a map of the extensive solution area of CALFED and highlights some of the major program elements contained in the final plan. I have included these elements in order to demonstrate briefly not only what the environmental community likes about this plan, but also to make clear just how much compromise has already occurred in order to strike this tenuous balance and release the Record of Decision.

Some of the main components of CALFED's final plan are:

- a promising Ecosystem Restoration Program, which would restore floodplains and tidal wetlands, acquire water for instream flows and Delta outflows, improve fish passage, and implement hundreds of other actions for endangered species, habitats and ecosystem improvements;
- creation of a promising but also problematic new Environmental Water Account (See Environmental Concerns Below);

- an innovative Water Use Efficiency Program that would use financial incentives to promote aggressive urban and agricultural conservation measures and water recycling;
- recharging the state's mined aquifers and using groundwater in conjunction with surface supplies. This requires a coordinated approach to managing groundwater supplies for their own sake, as well as for conjunctive use. Major new groundwater storage projects in the Central Valley are an integral element of CALFED's approach to water supply reliability. In addition, financial incentives and disincentives would be used to promote completion of groundwater basin management plans and measurement of groundwater;
- a new Science Program created to ensure that state-of-the-art research and analysis guide CALFED implementation. Under this approach, actions will be designed to test competing hypotheses about the most effective management approaches, implementation activities will be monitored, and the results assessed to help guide future actions. Samuel Luoma, Ph.D., a distinguished Bay-Delta researcher with the U.S. Geological Survey in Menlo Park, was hired as CALFED's Science Director.

ELEMENTS OF THE PLAN THAT CONCERN THE ENVIRONMENTAL COMMUNITY

- the proposal to add of over one million acre-feet of expensive surface storage for ill-defined purposes by expanding Shasta and Los Vaqueros Reservoirs, creating new storage on Delta islands, and building a new bypass south of the Delta.
- Environmental Water Account designed to reduce endangered species take at the giant state and federal water project pumps. Delta exporters would receive an unprecedented assurance that there will be no additional water supply impacts from endangered species protection measures.
- a decision to build a controversial new diversion facility on the Sacramento River (which some contend is the first leg of the Peripheral Canal) if vaguely defined fishery protection and water quality goals are not being met over the next few years.
- in increments over the next few years, the State Water Project will be allowed to use the full, currently unpermitted capacity of its pumps in the South Delta, which would increase Delta diversions by over 50 percent. Even the new EWA would not be able to fully mitigate for the additional impacts on endangered species survival and positive flow conditions from this proposed export-pumping regime.

THE CALIFORNIA ECOSYSTEM, WATER SUPPLY AND WATER QUALITY ENHANCEMENT ACT
OF 2001 (S. 976)

I will not spend a great deal of time on specific language of the current bill, because I understand that negotiations currently underway may result in modified language. However, I will offer some principles that help inform our assessment of the bill. While we recognize and commend Senator Feinstein for the improvements that have been made to S. 976, TBI and the environmental community continue to have significant concerns with the legislation. As part of my testimony I have included a copy our letter of opposition to the bill which contains the signatures of over 30 regional, state and national environmental, conservation, and fishing organizations. Clearly there are provisions in this bill that threaten to wreak havoc with the careful balance that CALFED worked so hard to achieve in August of last year when it released its Record of Decision.

A similar number of environmental and fishing organizations support H.R. 2404, the California Water Quality and Reliability Act legislation in the House sponsored by Rep. George Miller.

Principles to assess a final bill authorizing CALFED. The final bill:

- should be consistent with the CALFED Plan and the Record of Decision.
- assure that any new surface storage facilities offered by CALFED receive full Congressional scrutiny after required evaluations are completed. We do not support efforts to eliminate key checks and balances in the congressional review process by preauthorizing facilities. The costs or the benefits they will deliver do not justify these facilities. We strongly support the amendment, which eliminates preauthorization language for new water development in favor of establishing a "beneficiary pays" requirement as was provided in the Record of Decision.
- should not go beyond the CALFED plan in assuring deliveries to CVP agricultural contractors. The current bill reads as a finding that orders DOI to imple-

ment the assurances language. If not amended this would likely end up in litigation.

- must not undermine the water rights of more senior water users. As written, we believe that the bill could undermine the water supplies for the Bay Area, Southern California and other farmers in the Central Valley. We would recommend the assurances section be pulled from the bill.
- must not promise that taxpayers will provide more water than these districts' contracts entitle them to. It is unfair that taxpayers must purchase or otherwise provide water that these contractors are not now entitled to under their contracts.
- must not undermine key decisions regarding environmental protection in the CALFED plan, which form the foundation for the record of decision. If these are changed, the EIS and the biological opinions would no longer be valid. The plan would be legally vulnerable and politically undermined.

In conclusion, the tensions that exist between competing users of water will be exacerbated—if we do not more actively promote the tools available to more creatively manage California's Water supplies. We urge the Committee to help foster this spirit of creativity by supporting and promoting measures to improve agricultural and urban water use efficiency, increase groundwater banking and conjunctive use, create water savings from retiring drainage problem lands, and establish new environmental water assets. By passing CALFED authorizing legislation that more closely follows the guiding principles outlined above we will then be able to move forward.

If agreement cannot be reached regarding CALFED legislation this year, the Committee might wish to consider passing a "clean" piece of legislation that is entirely consistent with the Record of Decision that would just authorize the program for another year.

Mr. Chairman, this concludes my remarks. Thank you again for the opportunity to provide these comments. I would be happy to answer any questions at the appropriate time.

Senator FEINSTEIN. Let me respond to that, because I do not have a problem if we can move the process. But I have now been here long enough to know the games that can be played to prevent something from happening.

And this is what concerns me very much. I mean, I have had discussions. I have had environmentalists tell me "We will never support a new water storage project."

Well, you cannot solve the problem without it. So that is the purpose of the whole balanced approach. And I would very much appreciate your input. Work—you know, work with our staff. We want to be within the ROD.

This is the whole direction. The people who did the drafting of this took—was to—in essence authorized the ROD so that CALFED can go ahead.

But I am absolutely determined that it be balanced. I am determined that these things move ahead concurrently. I do not know who said it earlier, but that once one group gets what they want, then they stop supporting for the others.

And that is why we have particularly worked so that the ecosystem restoration, environment water account, all of the water quality, the storage, the infrastructure, all of that moves simultaneously.

I think it is extraordinarily important that we do that, or we end up spending money and not solving the problem. That is one of my real worries.

So I appreciate all of your testimony.

Patrick Wright, let me just get—because there is some questions here that I would like to give you in writing, but one just to get

in the record—and I do not know whether you know the answers precisely.

What has the Bay-Delta Program expended to date?

Mr. WRIGHT. Let me ask you to turn to the briefing book, if you have it. If you will look on the table—table two in the back under funding.

Senator FEINSTEIN. Give me a page.

Mr. WRIGHT. It is page—well, I guess it is an appendix, so there is no page number. But it is table two.

Senator FEINSTEIN. Okay.

Mr. WRIGHT. It shows the year one funding of—among all of the agencies, both those funds that were explicitly labeled CALFED and those funds from various agencies such as the CVPIA—CVPIA restoration fund that count towards meeting the CALFED objectives across the board.

What this does not include is the roughly \$220 million that were labeled for CALFED previously through the previous authorization.

Senator FEINSTEIN. Can you give me a number? What has CALFED spent to date?

Mr. WRIGHT. I would add \$220 million to the number here.

Senator FEINSTEIN. Which number?

Mr. WRIGHT. To the total of—let me just see if there is a—

Senator FEINSTEIN. State subtotal, \$528 million?

Mr. WRIGHT. Together with the Federal subtotal of \$78 million would give you the grand total between the State and Federal agencies for the first year.

Senator FEINSTEIN. All right. I trust that. Thank you. All right. We have that here then.

And so the total Federal contributions to date are, if this is correct, \$78 million?

Mr. WRIGHT. Yes. Since the record of decision.

Senator FEINSTEIN. \$78 million?

Mr. WRIGHT. Right.

STAFF. Last year. I think that is the Federal contribution for last year.

Senator FEINSTEIN. Last year?

Mr. WRIGHT. Right.

Senator FEINSTEIN. Right. All right. And the total State contributions?

Mr. WRIGHT. Last year was \$528 million.

Senator FEINSTEIN. Thank you. And what other contributions have been made?

Mr. WRIGHT. That is the sum total of all the State and Federal funding. There were some—because there are matching funds that go with a lot of these projects, we have a user local subtotal here that shows \$221 million coming in from local communities, because a lot of these projects are cost-shared.

Senator FEINSTEIN. All right. And I would like to enter this CALFED program into the record.*

I am not going to ask any other questions, but since we have you all back here, can you go ahead on that assurance language? Can you also take a look at the expedited review language with my staff

*The program has been retained in subcommittee files.

and if you have any recommendation, will you let us know, say within 48 hours?

Mr. WRIGHT. We will all be back here next week for the House hearing, and we hope to have something by then.

Senator FEINSTEIN. Okay. All right. Thank you.

And thank you very much, gentlemen. I truly appreciate your being here today. Thank you, ladies and gentlemen. The hearing is adjourned.

[Whereupon, at 4:45 p.m., the hearing was adjourned.]

APPENDIXES

APPENDIX I

Responses to Additional Questions

ASSOCIATION OF CALIFORNIA WATER AGENCIES,
Sacramento, CA, August 10, 2001.

Hon. JEFF BINGAMAN,
*Chair, Senate Energy and Natural Resources Committee, Dirksen Office Building,
Washington, DC.*

DEAR SENATOR BINGAMAN: Attached for your review are the Association of California Water Agencies' responses to questions posed July 30 by Senators Nighthorse Campbell and Kyl, relevant to S. 976.

I appreciate the opportunity to respond to questions on this important piece of legislation, and encourage any members of the Committee to contact me if I may provide further information.

Sincerely,

STEPHEN K. HALL,
Executive Director.

RESPONSES TO QUESTIONS FROM SENATORS BINGAMAN, CAMPBELL AND KYL

Question 1. The Feinstein bill would authorize certain activities outlined in an August 2000 record of decision (ROD) on the CALFED program. However, why does this bill not appear to authorize implementation of the ROD in its entirety?

Answer. ACWA believes S. 976 does have the effect of authorizing the full CALFED Program, by referring to the ROD as its guiding document in the legislation, directing federal agency participation in a governance structure, and by authorizing the full range of program elements within the Bay-Delta Program.

Question 2. How is this going to affect California getting their share of Colorado River water down to the levels of the 4.4 plan which former Secretary Babbitt set?

Answer. By modernizing California's water delivery infrastructure, including water recycling projects throughout the state, S. 976 will enhance the level of self-sufficiency of California's water supply. The programs authorized in the bill will improve Delta conveyance, thereby improving conditions for Delta export, and reducing the tensions between fisheries and water supplies. Eased pressure on endangered species imparts greater operational flexibility to California's entire network of reservoirs, canals and pumping stations. Under this improved scenario, meeting the obligations of the 4.4 plan will become far less onerous and far more likely.

Question 3. It is proposed that this project will increase California water by 3 million acre-feet. Where is this extra water coming from and is there a chance part of this water will come from the Colorado River?

Answer. California and its water agencies are committed to moving forward with the 4.4 plan, and equally committed to living within its 4.4 million acre-foot Colorado River entitlement. The CALFED ROD contains an important balance of water conservation, recycling, ecosystem restoration and surface storage projects that together increase system-wide flexibility and expand the state's available water supply. None of the water supply gains contemplated by CALFED are to be realized through increased diversions from the Colorado River. On the contrary, CALFED will help to lessen them.

Question 4. If this is not enacted, and since California is still obligated to meet its requirements in 4.4 plan, what will California have to do to meet its future needs and how will this affect Colorado water?

Answer. The prospect of failure for S. 976 and the resultant consequences for CALFED are extremely severe. For years now, California's water system has been visibly strained by the burdens of growing population, increasing environmental mandates and looming drought. CALFED was conceived and meticulously planned to remedy this dangerous situation. If the state and federal agencies participating in CALFED were to lose the work and momentum that have gone into the program, there would be an enormous political and social cost. In the short term, California's water community would descend into resumed conflict and drawn out litigation. In the long term, healthy economic growth and environmental progress will all be sacrificed just to meet minimum demands for scarce water.

It is unclear what measures California will have to take in the event of CALFED's failure, but meeting obligations under the 4.4 plan would become more difficult. For these reasons, the federal government must be an active partner in assuring success for CALFED.

Question 5. With the already existing authorized water projects not being completely funded, like ALP in my home state of Colorado, will CALFED get funding before these other already authorized projects?

Answer. CALFED first received federal funding in 1997 under the California Bay-Delta Environmental Enhancement and Water Security Act of 1996, which authorized a total of \$430 million in appropriations for the program over three years. Actual appropriations totaled \$220 million. CALFED received no federal funding in 2001, and has stayed alive with funding from the state budget and two multi-billion dollar California bond measures.

ACWA is keenly aware of the funding backlog for western water projects, and has been a strong supporter of the "Invest in the West" campaign. This is a coalition effort among several western water organizations, with the shared mission of securing the Bush Administration's support for a five-year plan to increase the Bureau of Reclamation's budget to \$1 billion annually. With more resources devoted to water development, projects like CALFED and Animus La Plata can move forward to meet the growing water demands of the arid west. ACWA is committed to working with the Administration and Congress to increase the resources dedicated to western water management, such that CALFED implementation does not adversely impact funding for other projects in the west.

Question 6. What are the cost estimates of these CALFED related projects?

Answer. According to figures from the CALFED Program, costs for the first seven years of program implementation (aka Stage One) are estimated at \$8.6 billion.

Question 7. Who is supposed to pay for the projects?

Answer. These costs are to be shared in thirds among the state government (\$2.57 billion), federal government (\$2.43 billion) and California's local governments and assorted agencies (\$2.56 billion).

Question 8. CALFED determined that beneficiaries should pay for new surface storage projects. What water users have agreed to pay full cost for water from these projects?

Answer. The intent of the CALFED Program is to share costs for program implementation among all of the beneficiaries (the "beneficiaries pay" provision). It is contemplated that the benefits will be identified as part of the detailed feasibility studies to be completed as part of the pre-construction work. At that time it is anticipated that the beneficiaries will agree to pay their part of the costs or the projects will not go forward.

It is likely that the improvements contemplated by CALFED—similar to federal infrastructure investments that preceded the program—will provide substantial returns on the initial investment. For example, the federal Central Valley Project today is the backbone of California's \$27 billion agricultural economy, providing half of the country's fruits and vegetables and generating billions in business activity and trade every year. Infrastructure investments of the type promised by CALFED will ensure that California continues to be an engine of economic growth for the west coast and beyond, and its restored ecosystem a resource of national significance.

Question 9. What would the federal government's share of the cost of these projects be?

Answer. See answer to question #7.

Question 10. Would that federal investment be repaid?

Answer. Yes. See answer to question #8.

Question 11. Is there a signed cost share agreement for these projects?

Answer. There is currently a cost share agreement between the state and federal governments. Other cost share agreements will be developed specific to the individual projects.

Question 12. Why do these projects need an accelerated process for authorization that is not conducted for any other water project?

Answer. This is a programmatic authorization, intended to authorize the full program. There will be additional Congressional review of individual projects, both in the authorizing and appropriating committees, as well as by the full Congress.

In addition, the water supply projects described in S. 976 have already undergone all required environmental review and documentation. Unlike the ecosystem restoration objectives of CALFED, many of which have already been attained, no water supply projects have yet moved forward, despite the multi-year planning process behind the ROD and growing water demands. The authorization process outlined in S. 976 will assure that with proper Congressional review, as additional ecosystem projects are implemented, water supply projects also make commensurate progress. This feature is intended to assure balanced progress among CALFED's four co-equal objectives.

RESPONSES TO QUESTIONS FROM SENATOR KYL

Question. Aren't the ecosystem projects going to be scheduled ahead of water supply projects in the CALFED Program, and if so, what will the incentive be for the environmental community to support water supply projects once the ecosystem projects are completed?

Answer. The challenge of maintaining unified support for CALFED has dogged the program since its inception, particularly on the issue of expanded surface water storage. Based on past experience, ACWA and its members are extremely concerned that the environmental community will have no incentive to support water supply projects if the ecosystem priorities of CALFED are allowed precedence over surface storage.

For this reason, ACWA has sought assurances that water supply projects will be able to move forward in concert with CALFED's sizeable environmental agenda. We will continue to work with Senator Feinstein and the committee on developing appropriate linkage between ecosystem and water supply priorities within this legislation, which authorizes and directs the CALFED program.

Question. What will this do, good or bad, to California's plan to live within a 4.4 million a/f annual Colorado River entitlement?

Answer. This legislation, by authorizing the modernization of California's water delivery infrastructure, including water recycling projects throughout the state, will enhance the level of self-sufficiency of California's water supply. The linkages between ecosystem projects and water supply in this legislation are intended to prevent ecosystem priorities from moving forward while CALFED storage, conveyance and other program elements become stalled. It is only through balanced implementation of CALFED's plan that California and the neighboring basin states can have confidence that California will be able to live within its 4.4 million acre-feet entitlement.

STATE OF CALIFORNIA,
RESOURCES AGENCY,
Sacramento, CA, August 20, 2001.

Hon. JEFF BINGAMAN,
Chair, Senate Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: On behalf of the State of California, I am enclosing responses to twelve questions submitted by Senator Campbell (R-CO) regarding Senate Bill 976 introduced by Senator Feinstein (D-CA). These responses were requested in your letters dated July 30, 2001, sent to both Mr. Patrick Wright, Director of the CALFED Bay-Delta Program and me. Please consider this letter as the official response from Director Wright.

Thank you for the opportunity to respond. If you have further questions or are in need of additional detail, please contact me at (916) 653-7310 or Director Wright at (916) 657-2666.

Yours sincerely,

MARY D. NICHOLS,
Secretary for Resources.

[Enclosure]

RESPONSES TO QUESTIONS FROM SENATOR CAMPBELL

Question 1. The Feinstein bill would authorize certain activities outlined in an August 2000 record of decision (ROD). However, why does this bill not appear to authorize implementation of the ROD in its entirety?

Answer. S. 976 does authorize continued participation by Federal agencies in the CALFED Bay-Delta Program and Program projects costing less than \$10 million.

S. 976 would require the Secretary of the Interior and other Federal agency heads to participate in the administration of the Bay-Delta Program. [§4 (c), "Federal Role,"]. The Bay-Delta Program is defined as programs, projects, and activities included in the Record of Decision (§2 (4) (B), p. 2, *II*. 19-20). Further, S. 976 directs the Federal agencies, subject to availability of funds; to carry out all actions needed to implement "Stage 1" of the Bay-Delta Program. (p. 12, *II*. 12-19). Stage 1 is defined as programs and projects planned for the first seven years of the Bay-Delta Program, as specified in the Record of Decision (§2 (19), p. 5, *I*. 24 through p. 6, *I*. 2).

Question 2. How is this going to affect California getting their share of Colorado River water down to the levels of the 4.4 plan which Babbitt set?

Answer. S. 976 would authorize implementation of the Bay-Delta Program. Implementation of the Bay-Delta Program will involve additional water conservation and water reclamation activities, thereby reducing demand for Colorado River water supplies. These actions could reduce overall demand for water supplies in southern California from all sources, including the Colorado River. Additionally, the Bay-Delta Program will improve the reliability and quality of water delivered to southern California from the Delta. Improved quality of Bay-Delta supplies will allow further expansion in water reclamation, with attendant reductions in demand for water from all sources, again including the Colorado River.

In addition to Bay-Delta Program actions, S. 976 proposes a grant and loan program to help finance local agencies' water supply projects that are not included within the Record of Decision. (§5, beginning on page 33). We anticipate that some of these projects would increase supplies available to southern California and thus reduce demand on Colorado River water supplies.

Question 3. It is proposed that the CALFED program will increase California's water supply by 3 million acre feet. Where is this extra or new water coming from and is there a chance that part of this water will come from the Colorado River?

Answer. About 2/3 of the projected additional supplies would come from better use of existing, developed supplies. The remaining 1/3 would come from construction of additional storage facilities. None of these additional water supplies will come from the Colorado River.

The Bay-Delta Program, if fully implemented, could develop up to 2.9 million acre-feet (MAF) of additional water supplies. Sources include:

- 690 thousand acre-feet (TAF) from urban conservation
- 350 TAF from agricultural conservation
- 310 TAF from water reclamation
- 600 TAF from improvements in conveyance and water facility operations
- 900 TAF from expansion in water storage capacity

All of these estimates are subject to further refinement as project-specific studies are completed.

Water for these additional storage facilities will come from streams and rivers in the Sacramento-San Joaquin River watershed. Increased storage capacity would be used to store water during high flow periods for later release during times of need. The Bay-Delta Program does not include any plans for a net increase in California's allocation from the Colorado River.

Question 4. If this bill (S. 976) is not enacted, and since California is still obligated to meet its requirements under the 4.4 plan, what will California have to do to meet its future needs and how will this affect Colorado water?

Answer. S. 976 would authorize funding for the CALFED Bay-Delta Program. Through implementation of ecosystem restoration programs and water management actions, the Bay-Delta Program will improve the reliability of existing water supplies exported from the Sacramento-San Joaquin Delta to California water-users. Southern California is home to half of California's population, and it is more than 60% dependent on imported water supplies. Much of that supply is from the Delta. Clearly, continued and improved reliability of Northern California exports is imperative.

If S. 976 is not enacted, Southern California water users run a greater risk of reductions in water imported from Northern California. Reductions in Northern California exports would negatively impact the region's economy. More severely, the re-

sponse might include adoption of new programs to fallow hundreds of thousands of acres of highly productive farmlands to provide water for urbanized Southern California. With agriculture providing one of every ten jobs in California, the adverse socioeconomic impacts of this scenario would be widespread and destabilize California's already depressed agricultural markets. Reduced Bay-Delta exports could destabilize the fragile consensus among California's users of Colorado River water, making it difficult to implement the Colorado River Water Use Plan and likely leading to extensive litigation, which could result in a renewal of interstate litigation before the U.S. Supreme Court.

Dissention among the seven Colorado River Basin states would hinder their ability to effectively respond to new claims for use of River water, such as those expressed in pending litigation over extra-territorial application of the ESA to species in Mexico or those for water for the Mexican delta.

We believe the best approach to avoid negative consequences is Congressional authorization and funding for the CALFED Bay-Delta Program. Without implementation of the Bay-Delta Program, through S. 976 or other appropriate legislation, it will be extremely difficult—perhaps impossible—to ensure that California's 4.4 plan will be implemented.

Question 5. With the already existing authorized water projects not being completely funded, like ALP in my home state of Colorado, will CALFED-get funded before other already authorized projects in other states?

Answer. Decisions on Federal funding are the province of Congress. We anticipate that funding for the Bay-Delta Program will be balanced against other competing needs, both within the natural resources arena and the wider arena of all Federal government obligations. We also anticipate that Federal participation in the Program will be authorized this year, and that Congress may wish to appropriate funds for CALFED-related projects under existing authorities.

Question 6. What are the cost estimates of the CALFED related projects?

Answer. CALFED agencies estimate the total costs for all Bay-Delta Program Record of Decision Stage 1 actions to be about \$8.6 billion.

Some projects would be constructed after Stage 1. Construction costs for these projects would be in addition to the \$8.6 billion figure.

Water supply projects authorized by § 5 of S. 976 would be outside of the Record of Decision. We do not yet have an estimate of costs for water supply projects that would be funded under the Water Supply Program (§ 5 of S. 976). These costs would depend on the number and scope of water supply projects that local agencies wish to develop.

Question 7. Who will pay for these projects?

Answer. For projects covered by the Record of Decision, the CALFED agencies have proposed a financing plan that includes about 1/3 of the Program costs to be covered by the State of California (general revenues and bond revenues), about 1/3 covered by the Federal government, and about 1/3 covered by other sources, such as local agency cost-shares and fees and charges on users of Delta resources. The CALFED agencies have not yet developed recommendations for cost allocations for specific projects.

For projects funded under the Water Supply Program (§ 5 of S. 976), it is anticipated that costs would be shared between the project sponsors and the Federal government. It is possible that the State of California would also participate in the funding of these projects. In any case, cost share mandated by S. 976 limits the Federal portion to 50 percent.

Question 8. CALFED determined that beneficiaries should pay for new surface storage projects. What water users have agreed to pay full cost for the water from these projects?

Answer. The CALFED agencies have indicated, "a fundamental philosophy of the CALFED Program is that costs should, to the extent possible, be paid by the beneficiaries of the program actions." (ROD, p. 34.) This fundamental philosophy would apply to all elements of the Program, not exclusively to surface storage projects. Regarding water storage projects, the CALFED agencies have proposed that:

The financing strategy for individual storage projects will vary due to the design and planned operations of each project. Final cost allocations, however, will be made based on the principle of "beneficiaries pay." Generally, the planning and feasibility stages of surface storage projects will be pursued with State and Federal public funding. If a project is determined to be feasible, a cost allocation plan will be prepared as part of the design phase, preliminary cost allocations secured before construction begins, and final cost allocation agreements implemented prior to project completion. (ROD, p. 47).

Therefore, we anticipate that, for any given surface storage project, there will be multiple classes of beneficiaries, including water users and the general public (for example, for environmental restoration uses of the project). Cost allocations cannot be finalized until additional studies of specific projects have been completed to determine potential magnitude and allocation of benefits. Under these circumstances, we do not expect any water user (or any other beneficiary or beneficiary group) to agree to any specific cost allocation at this time.

Question 9. What would the Federal government's share of the cost of these projects be?

Answer. For projects included in the Record of Decision, CALFED agencies have developed a preliminary financing plan that anticipates the total Federal government share to be about 1/3 of the Bay-Delta Program's total costs.

Water supply projects to be authorized in the Water Supply Program (§ 5 of S. 976) would be outside the scope of the Record of Decision. For these projects, the Federal share would not exceed 50 percent as mandated by S. 976. [§ 5(b)(4)(B), p. 37, II, 11-14.]

Question 10. Would that Federal investment be repaid?

Answer. Projects included in the Record of Decision may be financed, in part, by loans from the Federal government to local agencies or non-governmental organizations. We expect these loans would be repaid from the borrower's revenues. Other forms of Federal financial participation for Bay-Delta Program projects might include grants (either in money or in-kind services) to fund all or part of the costs of projects. Grants are usually not repaid.

Costs for new supplies for broad public benefit would be shared by State and Federal governments and would not be repaid.

Funding proposed in the Water Supply Program would be for both grants and loans [§ 5 (b)(4)]. S. 976 does not specify the proportion of funding to be dedicated to each type of support.

Question 11. Is there a signed cost-share agreement for these projects?

Answer. Cost-sharing agreements have been executed for some Record of Decision components, including for example, ecosystem restoration projects and groundwater storage projects.

For water storage projects included in the Record of Decision, some agreements have been completed regarding the sharing of costs of planning and feasibility studies for groundwater storage projects. For reasons stated earlier, no cost-sharing agreements have been signed to date for surface storage projects.

As projects get closer to implementation stage, cost-share agreements will be completed and executed.

Question 12. Why do these projects need an accelerated process for authorization that is not conducted for any other water project?

Answer. Accelerated authorization proposed in S. 976 could be an additional tool to ensure the CALFED Bay-Delta Program maintains balanced implementation throughout Stage 1. CALFED guidelines, already in place, will also ensure a balanced implementation strategy. The State of California believes that the storage projects specified in the bill and labeled for accelerated authorization; that is, enlarging Shasta Dam, enlarging Los Vaqueros Reservoir, and development of new in-Delta storage have merit and deserve further investigation. These projects will be considered during Stage 1. Upon completion of studies, either with or without accelerated authorization, appropriate documentation (including a description of the project, feasibility and operational studies, final environmental impact studies, certification by a statutorily-created public advisory group that the project is consistent with the Record of Decision, a cost-benefit analysis, a description of the project's benefits and beneficiaries, a cost allocation plan for the project, and financing and repayment plans) will be submitted to Congress.

Our expectation is that as program components become ready for implementation, specific projects will be submitted for authorization consideration. In other words, as program components are deemed ready, each will be submitted for authorization.

FRIANT WATER USERS AUTHORITY,
Lindsay, CA, August 20, 2001.

Hon. JEFF BINGAMAN,
Chairman, U.S. Senate, Committee on Energy and Natural Resources, Washington,
DC.

DEAR SENATOR BINGAMAN: This letter is in response to the letter to me from the Committee asking for responses to additional questions posed in follow-up to the

hearing before the Subcommittee on Water and Power held on July 19, 2001 regarding the CalFed Program (S. 976) in California.

Let me first note how much I appreciated being invited to testify before the Subcommittee. This opportunity provided the Friant Water Users Authority an excellent chance to clearly display our overall support for the legislation currently being considered for the authorization of the CalFed Program and to further explain the problems we have with proposed language in the bill that would extend federal "assurances" of a water supply to a certain group of California water users.

In response to the additional written questions raised by Senator Campbell, let me offer that I have reviewed the responses provided to you and Senator Campbell by Steve Hall on behalf of the Association of California Water Agencies (ACWA) who also testified at the July 19th hearing (response to questions dated August 10, 2001). I am in concurrence with the responses provided by ACWA and do not have any further comment to add.

Thank you again for the opportunity to testify. Please feel free to contact me if there are further questions regarding my testimony.

Very truly yours,

RICHARD M. MOSS,
General Manager.

APPENDIX II

Additional Material Submitted for the Record

[Due to the enormous amount of materials received, only a representative sample of statements follow. Additional documents and statements have been retained in subcommittee files.]

TAXPAYERS FOR COMMON SENSE,
Washington, DC, July 13, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Re: Opposition to California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001 (S. 976)

DEAR SENATOR FEINSTEIN: Taxpayers for Common Sense strongly opposes the "California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001." Although we recognize that there is an important role for the federal government in California water issues, we feel that federal participation must be limited, targeted, and cost-effective in order for the taxpayer to be served. S. 976 fails to meet this standard.

We believe that S. 976 abandons CALFED's promise to approach California water issues in a balanced and fiscally responsible manner and instead returns to California's old habit of asking federal taxpayers to pay for its expensive water projects. S. 976 moves away from progress and innovative thinking in solving California's water supply issues in many ways:

- The Bill Comes With an Enormous Price Tag for Federal Taxpayers. Earlier statements have estimated the cost of this bill to be \$3 billion (apparently based on estimates to complete Bay-Delta Program Record of Decision (ROD) Stage 1 projects—FY 2000-07). However, S. 976 comes with a much bigger, hidden price tag for federal taxpayers. The bill writes a blank check by authorizing "such sums as may be necessary to pay for the Federal share", and the federal share of building three major projects, raising Shasta Dam, enlarging Los Vaqueros Reservoir, and in-Delta storage, is 50%.
- S. 976 Allows Fast-Tracking of Major Water Projects. This bill effectively preauthorizes three major water projects and prevents full Congressional review of potentially wasteful and incredibly expensive California water storage projects. To be authorized, studies for enlarging Los Vaqueros Reservoir, raising Shasta Dam, and in-Delta storage need only be approved by one of three authorizing committees, the House Committee on Resources, the Senate Committee on Energy and Natural Resources, and the Senate Committee on Environment and Public Works, cutting the rest of Congress out of the decision-making process. The Secretary of the Interior submits reports for construction projects to each of these committees. Unless all three committees disapprove of the reports within 60 days of submission, the three projects are authorized.
- The Legislation Abandons "Beneficiary Pays". The bill abandons the principle of "beneficiary pays," a key protection for the federal taxpayer in the CALFED ROD. By not requiring the identification of beneficiaries prior to authorizing new projects, S. 976 will perpetuate the wasteful cycle of forcing federal taxpayers, rather than the users who are directly benefiting from the water, to foot the bill for costly water projects.
- The Bill Provides Water Delivery Assurances for Central Valley Water Contractors. S. 976 promises south-of-Delta Central Valley agricultural water service contractors 65-70% of their existing contract in normal years. This section catapults many water users with junior rights to the front of the water line to the detriment of users with more senior rights. Under this section, the delivery of subsidized water to a small group of Central Valley agricultural contractors be-

comes the highest federal water priority in California. The bill also creates a legal entitlement that will almost certainly be used by contractors in existing and future litigation against the federal taxpayer.

- S. 976 Sticks Federal Taxpayers with the Bill for Water Assessment Required by California State Law. Under California State law, the California Water Plan Update, a comprehensive assessment of California water supply needs, must be completed every five years. The bill drags the federal taxpayer into a process required and led by California, and then sticks the federal taxpayer with half the bill for completing the assessment and projects generated by the assessment.

Federal taxpayers should assist California in finding water solutions, but California—and more importantly, water users—must take the lead in implementing and funding these solutions. The “California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001” will launch a new taxpayer-subsidized, dam-building era for water users. Taxpayers for Common Sense will work to find solutions, but, we believe S. 976, unfortunately, is more of a problem than a solution.

We would be happy to further discuss this legislation with you. Please contact me at (202) 546-8500 x130 or aileen@taxpayer.net with questions or comments.

Sincerely,

AILEEN D. RODER,
California Water Project Coordinator.

NATURAL RESOURCES DEFENSE COUNCIL,
San Francisco, CA, July 18, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Washington, DC.

Hon. BARBARA BOXER,
U.S. Senate, Washington, DC.

Re: The New Draft CALFED Reauthorization Bill (July 18, 2001 Draft)

DEAR SENATOR FEINSTEIN AND SENATOR BOXER: We have received the new draft bill that Senator Feinstein just released this afternoon in preparation for tomorrow’s hearing, and we have been asked for our initial analysis. As you know, NRDC has many issues of concern with S. 976, the Senator’s current bill, many of which have been addressed in previous letters and comments. This letter focuses only on a few key issues, including the authorization for new construction actions and the attempt to create a federal statutory directive to increase water deliveries to south of Delta agricultural contractors, both of which are provoking opposition among many stakeholders in the CALFED process. Although we recognize that this draft responds to a number of concerns that were raised about previous drafts, many of the core problems remain.

The new July 18 draft includes revised language on the so-called “west side assurances,” a revised procedure for congressional review of new surface storage, and a blanket authorization for “all actions necessary” to carry out Stage 1 activities in the ROD. As is described more fully below and in our previous letters, NRDC cannot support this new version of the legislation and we urge you to amend it to restore the balance and consensus foundation of the CALFED ROD. Our concerns include the following:

- Eliminates Clean Water Act Review: The draft bill would seriously undermine protections for clean water and wetlands by allowing new and expanded dams to proceed without Clean Water Act permits. Clean Water Act permits are normally required for the construction and expansion of surface storage, because dams destroy wetlands and have other harmful effects on water quality. Rather than requiring the new projects to comply fully with the Clean Water Act’s permitting requirements, the bill’s authorization language would effect an end-run around these requirements, allowing the new dams to proceed without any Clean Water Act permit. There is no valid policy justification for allowing large new dams to proceed without receiving a Clean Water Act permit. There also is no valid policy justification for failing to offer wetlands the highest protections under the law—particularly in California, which has already lost more than 90 percent of its wetlands, more than any other state.
- Eliminates Essential Congressional Review: The draft bill would severely curtail congressional review of projects seeking authorizations. For example, the draft would not require any committee hearings or vote. Given the long history

- of damaging water projects, limiting congressional review is unacceptable. If approved, this language could establish a damaging new national precedent.
- **Encourages Litigation and Threatens Environmental Protections:** The bill is virtually certain to trigger new litigation by south-of-Delta irrigation interests as to the adequacy of their taxpayer-subsidized water deliveries. It does so by directing the federal government to increase water deliveries to those irrigation interests by at least 15 percent or up to 65-70 percent of their existing contract. If deliveries in the future fall short of this new requirement for any reason including preceding dry years or the need to reserve some water to protect water quality or the environment—these irrigation interests will be almost certain to sue to increase their deliveries. This language is nearly certain to trigger litigation to roll back current legal requirements to protect the environment on the Trinity River, the Delta and Central Valley wetlands. It is also likely to lead to an outrageous legal claim that taxpayers must purchase water, at perhaps \$160 per acre-foot and sell that water to CVP contractors at a fraction of that price. Such a legal requirement would represent a new right that would go far beyond the ROD and the capacity of the Central Valley Project. It would also represent disastrous public policy. The bill language about “no effect on contracts or law,” while helpful in some respects, may fail to protect against such lawsuits, for two independent reasons. First, it fails to provide that the requirements in the bill itself do not create new rights to water deliveries for water users. Second, while it provides that nothing in this portion of the bill affects any “right” under federal or state law, it fails to provide that nothing in this portion of the bill affects any existing requirement under federal or state law.
 - **Authorizes Additional Controversial Projects:** The separate authorization for the Bay-Delta Program construction actions in Section 4 of the bill is sweeping and must be considered separately from the procedures created on the three specific storage projects discussed later in the bill. Section 4 directs the Secretary to “carry out all actions necessary to implement stage 1” including various preconstruction and construction activities, without any language of limitation or pre-conditions. The list of actions discussed in the ROD that may be eligible under this part of the bill is extensive. This list could include Sites Reservoir, as well as a screened Delta diversion, which could become the beginning of a Peripheral Canal. Moreover, these actions could be converted by this language into Federal projects, with all the CVP repayment obligations (and subsidies) that might entail, even if CALFED has not decided if there should be any federal role in these projects.

We have had little time to review this new draft. However, we wanted to provide these initial comments as rapidly as possible. In light of these numerous problems, we believe this new draft cannot be supported as written.

Nevertheless, despite our concerns about certain aspects of the proposed bill, we firmly support the need for a consensus of interests in support of CALFED reauthorization that would make it possible to obtain CALFED funding. Unfortunately, this new draft fails to solve the many problems with S. 976 as introduced and will not achieve the needed consensus. We therefore urge you to work for alternate approaches that will achieve truly consensus-based authorization legislation.

Thank you for considering our views.

Sincerely,

BARRY NELSON,
Senior Policy Analyst.
 HAMILTON CANDEE,
Senior Attorney.

ASSOCIATION OF CALIFORNIA WATER AGENCIES,
 Sacramento, CA, July 19, 2001.

DEAR CALIFORNIA CONGRESSIONAL DELEGATION: California business, labor and water leaders strongly support bipartisan federal legislation needed this year to authorize the crucial CALFED Bay-Delta implementation plan. We urge you to become a co-sponsor of H.R. 1985 and to work with us in securing its passage.

California is growing and will quickly outpace the modest investments made to its water infrastructure over the past 30 years. As the energy crisis has shown, there is a tremendous price to pay for being caught without adequate resources. There is broad agreement among our state's elected and opinion leaders that water will be the next crisis for California unless steps are taken now.

With support from business, labor and water interests, California has committed substantial funding to begin that investment through the CALFED Bay-Delta Program. Today, federal action in the form of S. 976 sponsored by Senator Dianne Feinstein and H.R. 1985, by Congressman Ken Calvert, is needed to keep the effort on track and prevent a water supply crisis in California's near future.

Without an adequate water supply our environment and economy will be severely impacted. The Bay-Delta Program is the largest and most comprehensive environmental restoration project in our state's history. At the same time, the plan outlines needed improvements to water supply reliability and quality in the Bay-Delta—vital to public health and our quality of life.

Whether it is megawatts of power or a reliable water supply, we can't afford to neglect our infrastructure. California jobs depend on it.

California's water challenges demand the solutions offered in the Bay-Delta Plan. S. 976 and H.R. 1985 will help make that plan a reality.

Sincerely,

ACTION ON WATER SIGNATORIES.

GEOTHERMAL ENERGY ASSOCIATION,
Washington, DC, July 25, 2001.

Hon. JEFF BINGAMAN,
Chair, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BINGAMAN: We appreciate the interest of the Senate Energy Committee in expanding renewable energy production, and would request that this letter on behalf of the members of the Geothermal Energy Association be included in the record of the Committee's hearings of July 19th. A full list of GEA's members is attached.

Geothermal energy as making a substantial contribution to our energy needs, and has the potential to do much more. Nearly 2,800 megawatts of geothermal power, producing 14-17 billion kilowatt-hours per year of electricity are in operation. High temperature geothermal resources supply about 6% of the electricity in California, 10% of the power in Northern Nevada, about 25% of the electricity for the Island of Hawaii, and significant power in Utah. Lower temperature resources provide substantial heat and energy for schools, homes and businesses throughout the West.

Beyond its energy contribution, geothermal production contributes directly to state and local economies and to the national Treasury. To date, geothermal electricity producers have paid over \$600 million in rentals, bonus bids and royalties to the federal government. Moreover, according to an analysis performed by Princeton Economic Research, it would be reasonable to estimate that the geothermal industry has paid nearly 6 times that amount in federal income tax, for a combined total of over \$4 billion.¹ If the economic multiplier effects were considered, the total benefits of geothermal energy to the local and national economy would be substantially greater.

All of the western states, from Texas to Washington, could see a dramatic expansion of geothermal energy use, including thousands of new megawatts of geothermal electric capacity, with proper incentives, expedited regulatory processing, and a strong research program to enhance technology.

FINANCIAL INCENTIVES: EXTENDING THE PRODUCTION TAX CREDIT TO INCLUDE
GEOTHERMAL ENERGY

The most important measure that the Congress could take to spur the development of new geothermal electricity capacity would be the inclusion of geothermal energy in the list of eligible technologies to receive a 1.5-cent per kilowatt-hour production tax credit under Section 45 of the Internal Revenue Code. Extension of the production tax credit to new geothermal energy facilities would result in significant expansion of private sector investment in new geothermal power in the West.

GEA also supports an inclusion of "incremental" production in the list of eligible technologies. Upgrading and refurbishing older geothermal power plants with higher efficiency turbines and other new technology can result in significant near-term additional generation. The new power production achieved should receive the tax credit.

Extension of the Production Tax Credit to include geothermal energy is proposed in S. 596, the Energy Security Tax Incentive Act of 2001 sponsored by Senator

¹Princeton Economic Research, Inc., *Review of Federal Geothermal Royalties and Taxes*, December 15, 1998. (Figures expressed in 1998 dollars.)

Bingaman, S. 389, the National Energy Security Act of 2001 sponsored by Senator Murkowski and S. 249 the Renewable Energy Development Incentives Act sponsored by Senator Reid.

Expansion of Section 45 to include geothermal energy would help encourage investors to choose taking the risk of investing in new geothermal facilities. Geothermal power plants are capital intensive, costing several times more than a comparable natural gas power plant. Also, geothermal power plants require a significant upfront investment of time and money to define the geothermal resource, an investment that has been estimated to be as much as 40% of the cost of a new "green field" geothermal facility. Extension of the production tax credit to geothermal energy would help overcome these barriers and promote geothermal energy as a cost effective means to address clean air and climate concerns while providing reliable power to our homes and industry.

RESOURCE POTENTIAL, REGULATORY AND PUBLIC LANDS ISSUES

What is the future potential for geothermal energy in the West? What would the benefits of developing these resources be? These are difficult questions to answer, in part because the federal efforts of the U.S. Geological Survey and the Department of Energy to define the U.S. resource base have not been funded for many years. To be reasonably accurate, for geothermal energy a "resource assessment" would involve not only analysis but also surface exploration, selected drilling and updated modeling. While individual companies have conducted some exploration, much of that data is proprietary and since the collapse of power markets in the early 90's there has been little interest in high-risk investment.

Earlier this year, the USGS and DOE testified on these issues before the House Resources Subcommittee on Energy. They restated their 1978 estimate of geothermal potential in the West, over 22,000 MW, which is summarized by state in the attached table. However, the USES also indicated that this estimate is based upon assessment work done largely in the late 1960s and that there have been significant changes in our understanding of geothermal resources since then. Also, as you may notice from examining the attached table, many of the Western states with geothermal potential were never fully assessed by the USGS in its decades old analysis. An obvious conclusion is that a new geothermal resource assessment is needed, if not badly overdue.

But, assuming that half of the estimated geothermal potential could be brought on line, the results would be of significant benefit to the West. A Princeton Economic Research study defines some of the direct economic benefits. The cumulative federal royalties from the new geothermal plants would reach over \$7 billion by 2050, and estimated income tax revenues would exceed \$52 billion in nominal dollars.² For just royalties, alone, that would mean an investment of \$3.5 billion in schools and local government facilities in the Western states through their share of federal royalties.

Whether and when the economic benefits of further geothermal development are realized will greatly depend upon the action, or inaction, of the federal land management agencies. Today, about 75% of U.S. geothermal electricity production takes place on Federal public lands because that is where most of the resource is located. We expect that the resources yet to be developed also will be predominantly located on public lands. While the previous Administration espoused development of more geothermal resources in the West through its "GeoPowering the West" initiative, too little was done to address the underlying problems that prevent investment in geothermal projects on public lands.

New geothermal development requires the timely and reasonable administration of federal leasing, permitting, and environmental reviews by public land management agencies. Unfortunately, the recent past has been one characterized by bureaucratic delay and indecision by public land agencies; as a result, there has been a rapid decline in new geothermal energy development. Tens of thousands of acres of geothermal leases have been applied for in the West, but no action has been taken by federal agencies for years. Permit applications that should have taken days or weeks have taken months or years to process. Environmental reviews have been unnecessarily extensive, costly, and repetitive; and in areas where an EIS has been completed, decisions by federal agencies have been subject to years of delay and appeal.

It is important that the Committee recognize that there are serious problems facing geothermal energy development on the public lands. In many ways, the prob-

² Princeton Energy Research Inc., *Op. Cit.*, volume I, page 17.

lems facing natural gas development are mirrored for geothermal development, if not exacerbated by geothermal energy's higher risk and much higher capital costs.

To mitigate these extraordinary delays and costs, we would encourage the federal land management and regulatory agencies to:

- Ensure that the processing of needed, clean energy projects on public lands are handled with a sense of urgency and priority. It is vital that bureaucratic delays be reduced from years to months if not weeks.
- Eliminate repetition and duplication in the process. One of the most recent projects to go through the federal process was held up repeatedly while the same issues were examined over and over again by different federal and state agencies.
- Strike a more responsible balance between our need for new, clean energy supplies and other uses and values for the public lands.
- Ensure reasonable access to public lands, including military lands, and lease terms that reflect the public interest in developing geothermal energy resources.

RESEARCH AND DEVELOPMENT

The third priority for ensuring the expanded use of geothermal energy is having a strong research program at the Department of Energy. The DOE geothermal energy research program has been seriously underfunded for years. DOE's own geothermal energy Strategic Plan calls for a near-term annual budget level of \$50-\$60 million. This budget level would be consistent with recommendations made by the President's Committee of Advisors on Science and Technology (PCAST) in its 1997 report. Critical technical needs include the development of advanced drilling, exploration and reservoir sensing, energy conversion and metals recovery, and enhanced reclaimed water injection. (By comparison, Japan is spending \$150 million on geothermal energy research and development).

A recent independent review by the National Research Council, *Renewable Power Pathways*, generally agrees with this conclusion. The NRC panel states:

In light of the significant advantages of geothermal energy as a resource for power generation, it may be undervalued in DOE's renewable energy portfolio. Significant amounts of high-grade resources are available, and geothermal power technologies can operate in a variety of duty cycles (from base load to peak load conditions). . . . In addition, the United States has taken the lead in successful commercial demonstrations of geothermal energy for generating electricity and heat at several sites and is the current technology leader in the world among very active competitors in Europe and Japan. (*Renewable Power Pathways*, page 53.)

While DOE's geothermal research program has been undergoing fundamental change, we believe it is moving in a positive direction. However, it needs adequate funds to achieve its objectives and ensure the continued advance of geothermal technology.

CONCLUSION

We appreciate the interest of the Senate Energy Committee in expanding the use of geothermal energy in the West. There are significant untapped geothermal resources throughout the West, and we welcome the opportunity to work with the Committee to develop the laws and policies that will encourage their greater use.

Sincerely,

KARL GAWELL,
Executive Director.

SAVE THE BAY • SIERRA CLUB • LEAGUE OF CONSERVATION VOTERS • CALIFORNIA LEAGUE OF CONSERVATION VOTERS • NATURAL RESOURCES DEFENSE COUNCIL • AMERICAN RIVERS • TROUT UNLIMITED • PACIFIC COAST FEDERATION OF FISHERMEN ASSOCIATION • LEAGUE OF WOMAN VOTERS OF CALIFORNIA • CLEAN WATER ACTION • GOLDEN GATE AUDUBON SOCIETY • THE BAY INSTITUTE • DELTA KEEPER • GOLDEN GATE FISHERMEN'S ASSOCIATION • SAVE THE AMERICAN RIVER ASSOCIATION • ENVIRONMENTAL WATER CAUCUS • CALIFORNIA TROUT • NORTHERN CALIFORNIA ASSOCIATION OF RIVER GUIDES • CALIFORNIA SPORTSFISHING PROTECTION ALLIANCE • PLANNING AND CONSERVATION LEAGUE • COMMUNITY WATER RIGHTS PROJECT • FRIENDS OF THE RIVER • ENDANGERED HABITAT LEAGUE • MONO LAKE COMMITTEE • SALMONID RESTORATION FEDERATION • SACRAMENTO RIVER PRESERVATION TRUST • BUTTE ENVIRONMENTAL COUNCIL • SIERRA NEVADA ALLIANCE • CLEAN SOUTH BAY • NORTHCOST ENVIRONMENTAL CENTER • FRIENDS OF THE TRINITY RIVER • SAN FRANCISCO CHAPTER OF SURFRIDER FOUNDATION

July 12, 2001.

Re: Opposition to S. 976 as Introduced; Request to Support Boxer Amendments

DEAR SENATOR: The undersigned organizations support the CALFED plan and its call for a restored San Francisco Bay and Delta Estuary, as well as improved water supply reliability and quality for cities and farms. For this reason, we urge you to oppose S. 976 as introduced, the California Ecosystem, Water Supply and Water Quality Enhancement Act. We also urge you to support Senator Boxer's proposed amendments.

In its current form, S. 976 would substantially undermine the CALFED Record of Decision (ROD) agreed to by 16 federal and state agencies. If enacted, this bill is likely to continue the debilitating water wars of the last three decades and further decimate California's environment and fishing industry. Major problems with S. 976 in its current form include:

- "Pre-approval" process for major new water development facilities. The bill would bypass the usual congressional review and authorization process for certain water projects and deem them "approved" for purposes of receiving federal appropriations once studies are completed, regardless of the results of these studies, unless all of the relevant committees disapprove the reports within 60 days—a near impossibility given the Congressional calendar.
- No "beneficiary pays" requirement for pre-approved water projects. The bill ignores CALFED's requirement that water user beneficiaries pay for new facilities and would continue the failed policy of subsidizing scarce water, thus encouraging inefficient and environmentally harmful use of that water.
- Extraordinary legislative amendment of contracts giving new guarantees to agribusiness out of water needed for endangered salmon. The bill would give agribusiness a guarantee of 65-70% of their current contract maximums—a benefit not provided by those contracts which recognize that, as the junior users on the system, these contractors are likely to receive less than the maximum amount. This new water right would come at the direct expense of the ecosystem and other water users. This provision is likely to:

Trump environmental protections for endangered fish and wildlife.

Give CVP contractors "first call" on CALFED funding for storage and other water supply reliability tools.

Create a new legal entitlement encouraging further litigation.

- Imbalance in water development and ecosystem restoration benefits. S. 976 focuses primarily on water development and fails to fully implement the restoration, conservation and water quality elements of the CALFED ROD. It also contains an entirely new water supply program—over and above the considerable development authorized as part of the CALFED program. However, there is no parallel program addressing critical ecosystem problems beyond CALFED. Other key omissions include:

No dedicated funding for restoration, in particular the \$35 million annual water user fee called for in the CALFED ROD.

No guarantee for environmental water of at least 100,000 AF per year as called for in the CALFED ROD.

No requirement to implement the CALFED agricultural and urban water conservation programs.

No requirement to establish a comprehensive drinking water policy as called for in the CALFED ROD.

Senator Boxer has introduced amendments addressing two of these issues. The first would eliminate the guarantee of new water to south of Delta contractors and limit litigation. While we believe the better course would be to strike the south of Delta assurances language entirely, the Boxer amendment is a substantial improvement over S. 976.

The second amendment would eliminate the pre-authorization language for new water development in S. 976, and establish a "beneficiary pays" requirement for water projects consistent with the CALFED plan. We strongly support this amendment. Other changes are necessary to ensure that this bill fulfills CALFED's promise, but these amendments are key improvements.

There is a need to authorize the CALFED program. However, in its current form, S. 976 strays far from the agreement reached after six years of study and negotiation. Critically, it is likely to undermine the restoration of the San Francisco Bay and Delta Estuary that CALFED was supposed to achieve. We urge you to oppose S. 976 as currently drafted and to support Senator Boxer's amendments. We understand that discussions are underway that may modify S. 976, and we look forward to productively engaging in those conversations. Thank you for your consideration of our views.

Sincerely,

Cynthia Koehler, Save The Bay; Carl Zichella, Sierra Club; Betsy Loyless, League of Conservation Voters; Sarah Rose, California League of Conservation Voters; Barry Nelson, Natural Resources Defense Council; S. Elizabeth Birnbaum, American Rivers; Steve Malloch, Trout Unlimited; Zeke Grader, Pacific Coast Federation of Fishermen's Association; Roberta Boronovo, League of Woman Voters of California; Marguerite Young, Clean Water Action; Arthur Feinstein, Golden Gate Audubon Society; Gary Bobker, The Bay Institute; Bill Jennings, Delta Keeper; Roger Thomas, Golden Gate Fishermen's Association; Felix Smith, Save The American River Association; Jean Auer, Environmental Water Caucus; Nick Di Croce, California Trout; Craig Bell, Northern California Association of River Guides; Jim Crenshaw, California Sportsfishing Protection Alliance; Gerald H. Meral, Planning and Conservation League; Michael Warburton, Community Water Rights Project; Elizabeth Reifsnider, Friends of the River; Dan Silver, Endangered Habitat League; Frances Spivy-Weber, Mono Lake Committee; Craig Bell, Salmonid Restoration Federation; John Merz, Sacramento River Preservation Trust; Lynn Barris, Butte Environmental Council; Laurel Ames, Sierra Nevada Alliance; Trish Mulvey, CLEAN South Bay; Tim McKay, Northcoast Environmental Center; Byron Leydecker, Friends of the Trinity River; Mike Paquet, San Francisco Chapter of Surfrider Foundation.

CALIFORNIA WATER PROJECTS SINCE 1996

1. American River Watershed (Flood control)
2. Humboldt Harbor and Bay (Navigation)
3. Marin County Shoreline (Restoration)
4. Port of Long Beach (Deepening)
5. San Lorenzo River (Flood control)
6. San Lorenzo River (Restoration)
7. Santa Barbara Harbor (Navigation)
8. Santa Monica Breakwater (Navigation)
9. Oakland Harbor (Navigation)
10. Oakland Harbor (Deepening)
11. San Luis Rey River (Flood protection)
12. Folsom Dam Modification (Flood protection)
13. South Sacramento County Streams (Flood protection)
14. Yuba River Basin (Flood protection)
15. Los Angeles Harbor (Navigation)
16. Murrieta Creek (Flood protection)
17. Pine Flat Dam (Flood protection)
18. Santa Barbara Streams (Restoration)
19. Upper Newport Bay (Navigation)
20. Whitewater River Basin (Restoration)
21. Upper Guadalupe River (Flood protection)

CITY OF SACRAMENTO,
Sacramento, CA, April 17, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Senate Hart Office Building, Washington, DC.

DEAR SENATOR FEINSTEIN: On behalf of the City of Sacramento (City), the County of Sacramento (County) and the East Bay Municipal Utility District (EBMUD), we want to express appreciation for your unwavering leadership in the United States Senate in the water resources area. A strong approach is needed to ensure that California has the tools and resources to manage California's water resources in a manner that will protect our environmental and economic prosperity into the future. We support the approach set forth in your April 5th draft federal authorization and funding measure, entitled the "California Water Supply and Ecosystem Enhancement Act of 2001."

The City, County and EBMUD greatly appreciate the work that you and your staff have undertaken over the past six years to help resolve the water conflicts in California. Your current draft measure is the most recent of many contributions to help resolve these water conflicts in a manner that would provide benefit to all of the various interests. We strongly endorse the inclusion of the Freeport Regional Project in your draft measure, as it is vital to each of our interests and would serve to benefit multiple regions in the State.

The City, County and EBMUD intend to work with all of the other stakeholder interests in California to help create the needed "critical mass" of support for this measure. If California's interests cannot work for the common good, we may find ourselves without the national political support that will be needed to secure enactment of your important measure. If California water interests are unable to work together for a common solution, we may not find another opportunity for such a measure for some time.

As you full well know, we in California (including those of us in the East Bay and Sacramento regions) cannot afford to delay implementing a solution that addresses our mutual water supply needs in an environmentally responsible manner. The City, County and EBMUD look forward to the introduction of your measure and will work closely with you and the other stakeholder interests to advance this important measure through Congress.

Sincerely,

CITY OF SACRAMENTO

ROBERT THOMAS,
City Manager.

COUNTY OF SACRAMENTO

TERRY SCHUTTEN,
County Executive.

EAST BAY MUNICIPAL UTILITY
DISTRICT

DENNIS M. DIEMER,
General Manager.

THE DELTA WETLANDS PROJECT,
Sacramento, CA, April 20, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR FEINSTEIN: On behalf of the Delta Wetlands Partnership, I would like to express our thanks and support for your recent efforts on legislation to reauthorize the CALFED Bay-Delta Program. In particular, Delta Wetlands believes that the legislation that you released on April 6, 2001 represents a significant first step in the effort to reauthorize the CALFED Bay-Delta Program and we urge you to introduce this bill.

There is a real need for continued improvement in the management of California's water system both with respect to increased protections for the environment as well as the development of new water supplies to serve California's future needs. One element of that program must be new water storage projects in California. The California Department of Water Resources estimates that, in the next twenty years, without additional water projects, California's water demand will exceed supply by up to 26% in drought years. In order to address this increasing shortfall, the CALFFD Bay-Delta Program identifies several water storage projects (including the potential acquisition or lease of the Delta Wetlands Project) and sets an ambitious

schedule for implementation that requires that the CALFED agencies continue a high level of effort on the development and implementation of the storage elements. Thus, the urgency of reauthorizing CALFED this year not only lies in Congressional approval of the proposed measures in the Record of Decision but also in the need to continue authorization and funding of the development of these water storage projects so that they can be implemented on a timely basis.

The Delta Wetlands Project can provide immediate water supply, water management and environmental benefits under the CALFED Bay-Delta Program. The Project has the capability of being implemented in the next three to five years and is in the process of receiving final state and federal permits required for construction and implementation of the project. At the same time, the Delta Wetlands Project also will create 9,000 acres of new wetlands habitat in the Sacramento-San Joaquin Bay Delta and be implemented with a series of fishery, habitat and water quality protection measures.

Delta Wetlands appreciates the work that you and your staff, Andy Moran and Warren Weinstein, have done in developing the CALFED Bay-Delta Program reauthorization legislation. Moreover, we fully support your efforts in this regard and look forward to working with you to ensure that reauthorization is achieved in 2001.

Sincerely,

JAMES L. EASTON,
General Manager.

SANTA CLARA VALLEY WATER DISTRICT,
San Jose, CA, April 23, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Subject: California Water Supply and Ecosystem Enhancement Act of 2001

DEAR SENATOR FEINSTEIN: The Santa Clara Valley Water District supports your draft legislation to re-authorize the CALFED program and to provide funding for the enhancement of the water supply and ecosystem in the State of California. We appreciate very much your continued leadership and interest in addressing the State's critical water supply, water quality and ecosystem needs. We concur with your assessment that California's electricity crisis is a stark lesson of failure to plan ahead to meet our growing needs. This lesson should not be repeated with water—our life-blood.

I am pleased to report that my Board of Directors voted to support the introduction of your draft legislation and to continue our dialogue with you and your staff as the bill language gets developed and refined. We are delighted to see that a number of projects and programs critical to Santa Clara County's water supply, water quality and environmental needs are included in the legislation. We would like to continue to work with you and your staff to ensure that all the interests of the stakeholders are addressed and that no particular interest is advanced to the detriment of others.

Thank you again for providing the opportunity to work with you on this important legislation that will provide statewide benefits for many years to come. We look forward to our continuing dialogue with you in the Senate and additional opportunities in the House when similar efforts begin.

Sincerely,

STANLEY M. WILLIAMS,
Chief Executive Officer.

WESTERN MUNICIPAL WATER DISTRICT,
Riverside, CA, April 24, 2001.

Hon. DIANNE FEINSTEIN,
Hart Building, Washington DC.

Support for Calfed Re-Authorization Legislation

DEAR SENATOR FEINSTEIN: I am writing to express our support for your bill to re-authorize the CALFED program and to encourage you to proceed with this critical legislation.

The Western Municipal Water District is a public agency that provides water supply, wastewater disposal, and water resource management to one-half million people within a 510 square mile area of western Riverside County. We were formed by public vote in 1954 to bring imported water supplies to this area. These supplies are

purchased from the Metropolitan Water District and are mostly imported from Northern California via the State Water Project.

Not only does Western import water, but, in our water resource management role, we work to improve and manage our local resources, with the goal of lessening our dependence on imported supplies. The CalFed process can help us succeed in this effort.

A critical component of your proposed legislation is the Southern California Integrated Watershed Program, which would assist in developing significant new water supply and storage capabilities in Southern California, reduce the need to import water supplies, and provide significant environmental and water supply benefits for the Colorado River Basin States, for the San Francisco Bay Delta region, and for California as a whole.

We would like to urge your efforts with this critical legislation that will help us better manage our limited water supplies throughout the state.

Sincerely,

DONALD L. HARRIGER,
General Manager.

SAN DIEGO COUNTY WATER AUTHORITY,
San Diego, CA, April 24, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Senate Hart Office Building, Washington, DC.

California Water Supply and Ecosystem Enhancement Act of 2001

DEAR SENATOR FEINSTEIN: The San Diego County Water Authority supports your efforts to enact the California Water Supply and Ecosystem Enhancements Act of 2001 that would continue implementation of the CALFED Bay Delta program. On behalf of the nearly 3 million San Diego County residents who rely on the Authority for a safe and reliable water supply, we look forward to actively participating in a process that ensures the success of this essential measure and the CALFED program.

The 1987-92 drought proved that Southern California could no longer afford delaying a solution that addresses the state's mutual water supply needs. Your legislation authorizes a comprehensive water supply program that will help to bring water demands and supplies into balance. Your legislation also addresses key CALFED implementation issues in the areas of water quality, ecosystem restoration, storage and conveyance improvement, and conservation and reclamation. It contains appropriate requirements to use credible and objective science and reporting and performance milestones.

We applaud your personal commitment to achieve a balanced solution that protects the essential resources of California. Your efforts and this legislation will result in substantial benefits to the entire state. The Authority looks forward to working with you and Congressman Ken Calvert to find common ground on these important issues. Thank you for your leadership in authoring legislation that will enhance California's environmental restoration, water quality, and water supply.

Sincerely,

MAUREEN A. STAPLETON,
General Manager.

ASSOCIATION OF CALIFORNIA WATER AGENCIES,
Sacramento, CA, April 26, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Office Building, Washington, DC.

DEAR SENATOR FEINSTEIN: Thank you for your letter of April 6, 2001 inviting responses to your draft CALFED Authorization Legislation. We commend you for your leadership on this issue and continue to believe that you are one of only a handful of political leaders who can bring California's diverse interests together on this important issue. We support the introduction of your legislation and believe it could break the longstanding gridlock that has plagued California water policy.

We are particularly heartened by the fact that your legislation recognizes the need to invest in our water infrastructure in order to avert a water supply crisis similar to the energy crisis California is now experiencing. Your legislation authorizes specific groundwater and surface storage projects, improvements to water conveyance, a rigorous program to improve scientific review, improved water project

operational flexibility and demand management measures, all of which will be needed to assure that the water supply and water quality needs of the state will be met. Further, the study and analysis of additional storage and conveyance improvements will help assure that we meet California's future as well as its immediate water needs.

As you know, Congressman Calvert, the chair of the House Water and Power Subcommittee has indicated his intention to introduce similar legislation. We look forward to working with you and Congressman Calvert in developing legislative proposals in the House and the Senate that are compatible and which provide the kind of clear guidance to federal agencies that we believe is necessary for the CALFED implementation plan to be successfully implemented.

Toward that end we have attached a set of principles that ACWA adopted in December of last year. We will use these principles as our guide to assure that the final legislative package authorizes the CalFed implementation plan and the regulatory regime under which it operates in a way that assures a balance among environmental, water supply and water quality needs.

Thank you again for your strong and decisive leadership and for your willingness to work with ACWA and its members in this endeavor.

Sincerely,

STEPHEN K. HALL,
Executive Director.

SAN FRANCISCO BAY AREA WATER USERS ASSOCIATION,
San Mateo, CA, April 26, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Re: CALFED Legislation; Support

DEAR SENATOR FEINSTEIN: The Bay Area Water Users Association (Association) is pleased to support your draft CALFED legislation, the California Water Supply and Ecosystem Enhancement Act of 2001. The Association represents 29 cities, water districts and other agencies in the San Francisco Bay Area. Association members provide water to 1.7 million people, plus business and institutional customers in Alameda, Santa Clara, and San Mateo County.

This legislation is important to their customers because all of our member agencies purchase water from the City and County of San Francisco and many also rely upon other sources of water, including both the State and federal water projects. The bill would authorize significant federal commitments to protecting California's ecosystem in conjunction with improving the water supply reliability situation within California through increases in water use efficiency and water storage.

Your efforts to bring forward balanced CALFED authorization and appropriation legislation to Congress this year that addresses ecosystem restoration, water supply enhancement, and water supply reliability should be applauded and supported. We commend you for the continued leadership that you bring to resolving water supply and ecosystem issues in California, especially those related to the Bay Delta system.

Thank you for the opportunity to work with you and your staff on this important legislation. We look forward to its swift passage and implementation. Please call me if we can be of any further assistance to you.

Very Sincerely,

ARTHUR R. JENSEN,
General Manager.

NORTH COAST COUNTY WATER DISTRICT,
Pacifica, CA, April 27, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Re: CALFED Legislation; Support

The Board of the North Coast County Water District is pleased to support your draft CALFED legislation, the California Water Supply and Ecosystem Enhancement Act of 2001. Passage of this legislation is critical to the future of our great State of California.

The North Coast County Water District applauds your efforts to bring forward balanced CALFED authorization and appropriation legislation to Congress this

year. The legislation would provide an opportunity to implement various water development projects that would not be considered without your legislation.

The residents of Pacifica are expecting the District to meet their present and future water needs. Without assistance at the Federal level the District will be hard pressed to meet those water needs.

Please encourage your fellow Senators to support your efforts on this legislation. The state should not miss this opportunity to build the foundation necessary to support California's water needs into the future. Let us heed the warning signs that were missed by the power industry. The District looks forward to swift passage and implementation of your legislation.

Respectfully,

CHRISTINE L. HAWKINS
President of the Board.

CITY OF MILLBRAE,
Millbrae, CA, April 27, 2001.

Re: Support for CALFED Legislation

DEAR SENATOR FEINSTEIN: The City of Millbrae is pleased to support your draft CALFED legislation, the California Water Supply and Ecosystem Enhancement Act of 2001. The City provides water to businesses and 21,394 residential customers.

This legislation is important to our customers because we purchase 100% of our water from the City and County of San Francisco. The bill would authorize significant federal commitments to protecting California's ecosystem in conjunction with improving the water supply reliability situation within California through increases in water use efficiency and water storage.

Your efforts to bring forward balanced CALFED authorization and appropriation legislation to Congress this year that addresses ecosystem restoration, water supply enhancement, and water supply reliability should be applauded and supported. We commend you for the continued leadership that you bring to resolving water supply and ecosystem issues in California, especially those related to the Bay Delta system.

We look forward to the passage and implementation of this important legislation.

Sincerely,

L.M. SANDRINI,
Director of Public Works.

SAN GABRIEL VALLEY,
Irwindale, CA, June 28, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Building, Washington DC.

Re: S. 976 (Feinstein)—Support

DEAR SENATOR FEINSTEIN: The San Gabriel Valley Economic Partnership (SGVEP) extends its support to S. 976. The Partnership is a coalition of public and private sectors working to sustain and grow the economic vitality of the Valley. Our goal is to attract more businesses, provide more jobs and create a "business-friendly" region. Your bill, "The California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001," authorizes \$3 billion to assist in the restoration of California's endangered water ecosystem and enhance California's water supply, reliability and quality of life for all interest.

In addition, SGVEP is the lead organization in the effort to have several San Gabriel Valley cities designated as general expansion sites of the Port of Long Beach's Foreign Trade Zone #50. Thus, we believe that it's important to take heed of the 2001 state energy crisis, which in many ways foreshadows what could happen with water if California fails to plan for future growth. S. 976 would protect and restore endangered habitats and ecosystems; authorize the State-Federal CALFED partnership; and create off-stream water storage so that more water from wet years can be saved for use during dry years. Such measures ensure continued economic prosperity throughout our state and maintaining the competitive level of California State economy. SGVEP supports efforts to establish a reliable water supply through a balanced program of projects in the following areas:

- Ecosystem Restoration
- Improved Infrastructure
- Improved Water Management

The future of California depends on managing our limited water resources wisely and responsibly. S. 976 represents a comprehensive approach to confront the water issues facing California's economy and overall quality of life. The San Gabriel Valley Economic Partnership appreciates your support of our region and proactive stance on this issue.

Sincerely,

FRANK J. MARQUEZ,
President & Chief Executive Officer.

DUCKS UNLIMITED INC.,
WESTERN REGIONAL OFFICE,
Rancho Cordova, CA, May 2, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Subject: California Water Supply and Ecosystem Enhancement Act of 2001

DEAR SENATOR FEINSTEIN: The Western Regional Office of Ducks Unlimited, Inc., through our Valley/Bay CARE Initiative, has been actively involved in the delivery of projects to protect, enhance, restore, and manage important wetlands and associated uplands in the Central Valley and San Francisco Bay.

The CALFED program has been instrumental in providing the forum and funding to implement these critical ecosystem enhancements, many of which serve to benefit the critical role the Central Valley plays in providing habitat for migratory waterfowl. Absent a continued commitment in meeting the needs of California water supply and ecosystem enhancement, we risk further degradation of Central Valley wetland habitats. Current wetlands support up to 60% of the waterfowl in the Pacific Flyway during their annual migration. Accordingly, Ducks Unlimited, Inc. supports your draft legislation to re-authorize the CALFED program.

We would like to continue to work with you and your staff to assure that actual on-the-ground ecosystem enhancement is continued, recognizing that current and future wetlands conservation is dependent on highly managed water systems that must meet multiple purposes. It is also important to note that agriculture, either through common conveyance and drainage systems or winter flooding of crops such as rice, plays a critical role in maintaining wetland and associated riparian/upland habitats.

Thank you for your leadership on this important legislation that will not only serve California, but also help meet the needs of North American waterfowl in the Pacific Flyway.

Sincerely,

RYAN BRODDRICK,
Director of Conservation, Valley/Bay CARE.

CHAMBER OF COMMERCE,
SAN JOSE SILICON VALLEY,
San Jose, CA, May 11, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Senate Hart Office Building, Washington DC.

Subject: California Water Supply and Ecosystem Enhancement Act of 2001

DEAR SENATOR FEINSTEIN: On behalf of the members of the San Jose/Silicon Valley Chamber of Commerce, I would like to commend you for your continued leadership and interest in addressing the State's critical water supply, water quality and ecosystem needs. By way of background, the San Jose Silicon Valley Chamber of Commerce represents nearly 2,000 companies covering the full spectrum of the business community.

In particular, I write to encourage you to introduce your proposed legislation to re-authorize the CALFED program and to provide funding for the enhancement of the water supply and ecosystem in the State of California. The business community in Silicon Valley concurs with your assessment that California's electricity crisis is a stark lesson of failure to properly plan ahead to meet our growing needs. The business community does not want to see this lesson repeated with water supply.

We are delighted to see that a number of projects and programs critical to Santa Clara County's water supply, water quality, and environmental needs are included in the legislation. Working with the Santa Clara Valley Water District, we look forward to the introduction of your proposed legislation and working with you and your

staff as the bill language gets developed and refined to ensure that all interests of the various stakeholders are addressed, and that no particular interest is advanced to the detriment of others.

Thank you for the opportunity to work with you on this important legislation that will provide statewide benefits for many years to come. Please do not hesitate to contact me should you have any questions or comments.

Sincerely,

JIM CUNNEEN,
President and CEO.

ASSOCIATION OF BAY AREA GOVERNMENTS,
Oakland, CA, June 6, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR FEINSTEIN: The Association of Bay Area Governments recently established the ABAG-CALFED Task Force (see attached roster of current members). Members of the task force and members of the Bay Area public believe that the core of the CALFED solution is restoration of the Bay and Delta. The road to California's water future relies on a long-term commitment to the restoration of the Bay and Delta. This integrated approach, promoted by CALFED, needs your full support.

The Task Force supports the principles and actions proposed in both the CALFED Framework for Action and the Record of Decision. We believe that the CALFED Program provides a vision for how all Californians can work together to improve the Bay-Delta ecosystem, stabilize water supplies and improve drinking water quality through a robust, integrated and balanced program.

We support your efforts to develop federal legislation that will re-authorize federal funding for the CALFED Program over the next several years. Our efforts to achieve critical CALFED objectives in the Bay Area are dependent on a reliable source of both state and federal funding. We believe that all elements of the CALFED Program must move ahead in a balanced manner that reflects both the CALFED Principles of Implementation and the specific programmatic commitments made in the ROD, and that any federal funding authorization for CALFED should be consistent with those principles and commitments. At the same time, at the regional level, we will educate local governments and the general public about the CALFED Bay-Area strategy, and ensure that the CALFED Program is integrated with local environmental restoration and water management efforts.

Thank you again for your continued efforts on behalf of the CALFED Program.

Yours very truly,

MIKE RIPPEY,
*Board of Supervisors, Napa County,
Chair, ABAG-CALFED Task Force.*

SWEETWATER AUTHORITY,
Chula Vista, CA, June 20, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR FEINSTEIN: I am writing on behalf of Sweetwater Authority to express our support for S. 976, the California Ecosystem, Water Supply and Water Quality Enhancement Act of 2001.

As a local water retailer with a strong interest in the protection of both the supply and the quality of drinking water for our customers, Sweetwater Authority fully appreciates the magnitude of the challenges the State of California faces in this area. S. 976 is critical legislation that will provide comprehensive solutions to these pressing water needs in California. By working together on this statewide effort, we can ensure that the continuing growing demand for water is met in concert with the environmental protection, which is important to all.

Thank you for taking the lead on this legislation to improve the availability, quality and reliability of water in our state.

Sincerely,

AL R. SORENSEN,
General Manager.

LONG BEACH WATER DEPARTMENT,
Long Beach, CA, June 21, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Building, Washington, DC.

Re: Senate Bill 976 (Senator Feinstein)—CalFed Authorization—Notification of SUPPORT

DEAR SENATOR FEINSTEIN: It is my pleasure to communicate to you the Board of Water Commissioners' support for Senate Bill 976. The Board of Water Commissioners provides an uninterrupted supply of high quality drinking water to the 461,000 people in California's 5th largest city, the City of Long Beach. The City relies on imports to meet half of its drinking water needs, much of this water coming from the San Francisco Bay/Sacramento Delta watershed.

S. 976 will increase water quality and reliability in the Bay/Delta impact area, which includes Southern California, by creating off-stream storage so that more water from wet years can be stored and used during dry years, and by authorizing about \$3 billion in much-needed Federal spending for hundreds of important projects and programs in this watershed.

On behalf of the Board of Water Commissioners, it is my pleasure to thank you for your efforts to secure long-term water reliability and quality for the people and economy of the State of California.

Sincerely,

STEPHEN T. CONLEY,
President, Board of Water Commissioners.

LOWER TULE RIVER IRRIGATION DISTRICT,
Porterville, CA, June 22, 2001.

Hon. KEN CALVERT,
U.S. House of Representatives, Rayburn HOB, Washington, DC.

DEAR REPRESENTATIVE CALVERT: On behalf of the Board of Directors of the Lower Tule River Irrigation District, I am writing to express our District's support for the Western Water Enhancement Security Act of 2001 (H.R. 1985). In addition, I would like to thank you for taking time to meet with myself and the District's Board President Robert Bowman in Washington D.C. on June 14th of this year.

We believe that the Act goes along way in fulfilling the mission of the CALFED program by authorizing a long-term, balanced effort to address California's water supply and water quality needs. It is encouraging to see proposed legislation that balances the needs of the California water community and is not solely focused on environmental issues.

Your legislation also recognizes the long neglected need of moving aggressively in the development of new storage and conveyance facilities. The strength of California and the future of our state lie in being pro-active in the development of water related systems that are critical to all elements of California.

The success of the comprehensive effort envisioned by H.R. 1985 is vitally important to our District. We serve an agricultural water supply to more than 100,000 acres and countless family farms in the Friant Division on the east side of the San-Joaquin Valley.

We commend you for your leadership on this difficult and complex issue and for your determination to move CALFED legislation forward rapidly. The Lower Tule River Irrigation District pledges to work constructively with you to improve H.R. 1985 to address important issues of concern to our District. .

Very truly yours,

DANIEL G. VINK,
General Manager.

KERN-TULARE WATER DISTRICT,
Bakersfield, CA, June 26, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Subject: Support for S. 976 and H.R. 1985

Dear Senator Feinstein: The Kern-Tulare Water District strongly supports S. 976 and H.R. 1985; bipartisan federal legislation needed this year to re-authorize the CALFED Bay-Delta Program.

The CALFED Program is the largest and most comprehensive water management and environmental restoration project in our state's history. It plans vitally needed improvements of water supply reliability and quality in the Delta, reducing the history of conflict between human water needs and the environment.

Both S. 976 and H.R. 1985 implement the Program's Record of Decision. This document enables work to begin on specific ecosystem and habitat projects, and provides vital loan and grant resources for district projects throughout California. In the Delano area, the CALFED Bay-Delta Program's resources will improve water reliability, assist in upgrading distribution system facilities, improve water use efficiency, and improve energy use efficiency.

As California continues to grow, we will quickly outgrow the investments made in water resources infrastructure over the past 30 years. If something isn't done immediately, the state will soon face critical water shortages on a routine basis. We can't afford to neglect our infrastructure any longer.

California's water challenges demand the solutions offered by CALFED. For that reason, the Kern-Tulare Water District urges your support for S. 976 and H.R. 1985.

Sincerely,

STEVEN C. DALKE,
General Manager.

WOODBIDGE IRRIGATION DISTRICT,
Woodbridge, CA, June 27, 2001.

Hon. XAVIER BECERRA,
Longworth House Office Bldg., Washington, DC.

Re: Support for S. 976 and H.R. 1985

DEAR REPRESENTATIVE BECERRA: The Woodbridge Irrigation District strongly supports S. 976 and H.R. 1985; bipartisan federal legislation needed this year to reauthorize the CALFED Bay-Delta Program.

The CALFED Program is the largest and most comprehensive water management and environmental restoration project in our state's history. It plans vitally needed improvements of water supply reliability and quality in the Delta, reducing the history of conflict between human water needs and the environment.

Both S. 976 and H.R. 1985 implement the program's Record of Decision. This document enables work to begin on specific ecosystem and habitat projects, and provides vital loan and grant resources for district projects throughout California. In our own community, the CALFED Bay-Delta program's resources will improve water quality, assist in flood control, upgrade pumping facilities, promote fish and wildlife restoration, recreation, public safety and drought assistance.

California continues to grow, and will quickly outgrow the modest investments made in water over the past 30 years. As the energy crisis has shown, there is a tremendous price to pay for being caught without adequate resources—whether it is megawatts of power or a reliable water supply. We can't afford to neglect our infrastructure.

California's water challenges demand the solutions offered by CALFED. For that reason, the Woodbridge Irrigation District urges your support for S. 976 and H.R. 1985.

Sincerely,

ANDERS CHRISTENSEN,
Manager.

CALAVERAS COUNTY WATER DISTRICT,
San Andreas, CA, June 27, 2001.

Hon. Congressman JOHN T. DOOLITTLE,
Longworth Building, Washington, DC.

Re: Support for S. 976 and H.R. 1985

CONGRESSMAN DOOLITTLE: The Calaveras County Water District strongly supports S. 976 and H.R. 1985; bipartisan Federal legislation needed this year to reauthorize the CALFED Bay-Delta Program.

The CALFED Program is the largest and most comprehensive water management and environmental restoration project in our state's history. The CALFED program provides for vitally needed improvements of water supply reliability and quality in the Delta, reducing the history of conflict between human water needs and the environment.

Both S. 976 and H.R. 1985 implement the program's Record of Decision. This document enables work to begin on specific ecosystem and habitat projects, and provides vital loan and grant resources for district projects throughout California. Calaveras County Water District (District) is currently completing several surface water and ground water investigations within the Calaveras River watershed. The District intends to incorporate this information into an application to the CALFED Bay-Delta Program for a proposed Calaveras River Conjunctive Use Feasibility Study and Pilot Program. During drought periods New Hogan Reservoir on the Calaveras River does not provide adequate water for the growing areas of Jenny Lind and Rancho Calaveras in Calaveras County. Storing wet weather flow in the 70 square mile groundwater basin located in the Camanche/Valley Springs area of Calaveras County will provide a drinking water supply for these communities during periods of drought. Your support of funding for the above program would provide significant benefits to Calaveras County residents living within the Calaveras River Watershed. The District is looking to S. 976 and H.R. 1985 to provide funding for this essential project.

California continues to grow, and will quickly outgrow the modest investments made in water over the past 30 years. As the energy crisis has shown, there is a tremendous price to pay for being caught without adequate resources—whether it is megawatts of power or a reliable water supply. We can't afford to neglect our infrastructure.

California's water challenges demand the solutions offered by CALFED. For that reason, the Calaveras County Water District urges your support of S. 976 and H.R. 1985.

Sincerely,

SIMON GRANVILLE,
General Manager.

ALAMEDA COUNTY WATER DISTRICT,
Fremont, CA, June 28, 2001.

Hon. PETE STARK,
Cannon House Office Bldg., U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE STARK: The Alameda County Water District (ACWD) strongly supports S. 976 and H.R. 1985; bipartisan federal legislation needed this year to re-authorize the CALFED Bay-Delta Program.

The CALFED Program is the largest and most comprehensive water management and environmental restoration project in our state's history. It plans vitally needed improvements of water supply reliability and quality in the Delta, reducing the history of conflict between human water needs and the environment.

Both S. 976 and H.R. 1985 implement the program's Record of Decision. This document enables work to begin on specific ecosystem and habitat projects, and provides vital loan and grant resources for district projects throughout California. In our own community, the CALFED Bay-Delta program's resources will improve water quality, water supply reliability and assist in new water conservation programs.

California continues to grow, and will quickly outgrow the modest investments made in water over the past 30 years. As the energy crisis has shown, there is a tremendous price to pay for being caught without adequate resources—whether it is megawatts of power or a reliable water supply. We can't afford to neglect our infrastructure.

California's water challenges demand the solutions offered by CALFED. For that reason, ACWD urges your support for S. 976 and H.R. 1985.

Sincerely,

JAMES G. GUNTHER,
Board President.

RIO ALTO WATER DISTRICT,
Cottonwood, CA, June 29, 2001.

Hon. WALLY HERGER,
U.S. House of Representatives, Washington DC.

Re: Support for S. 976 and H.R. 1985

DEAR REPRESENTATIVE HERGER: The Rio Alto Water District strongly supports S. 976 and H.R. 1985; bipartisan federal legislation needed this year to reauthorize the CALFED Bay-Delta Program.

The CALFED Program is the largest and most comprehensive water management and environmental restoration project in our state's history. It plans vitally needed improvements of water supply reliability and quality in the Delta, reducing the history of conflict between human water needs and the environment.

Both S. 976 and H.R. 1985 implement the program's Record of Decision. This document enables work to begin on specific ecosystem and habitat projects and provides vital loan and grant resources for district projects throughout California. In Tehama County, the CALFED Bay-Delta program's resources will improve water quality, assist in flood control, upgrade pumping facilities, promote fish and wildlife restoration, recreation, public safety and drought assistance.

California continues to grow, and will quickly outgrow the modest investments made in water over the past 30 years. As the energy crisis has shown, there is a tremendous price to pay for being caught without adequate resources—whether it is megawatts of power or a reliable water supply. We can't afford to neglect our infrastructure.

California's water challenges demand the solutions offered by CALFED. For that reason the Rio Alto Water District urges your support for S. 976 and H.R. 1985.

Sincerely,

ROGER SHERRILL,
General Manager.

MOJAVE WATER AGENCY,
Apple Valley, CA, July 3, 2001.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Building, Washington, DC.

DEAR SENATOR FEINSTEIN: Thank you for your commitment to improving the quality and reliability of California's water supply through S. 976. Mojave Water Agency (MWA) applauds you for your foresight in planning for California's water future.

California's water supply needs strong legislation like S. 976 to ensure our water future. MWA is especially interested in the "comprehensive" nature of the bill, which will fund projects in all parts of the State for the improvement of water supply reliability.

With proper planning carried out collectively by local, State and Federal stakeholders, California can avoid a disaster happening to the water industry similar to what has occurred to the energy industry. S. 976 is an important part of this plan. Thank you for introducing this important legislation.

Sincerely,

KIRBY BRILL, P.E.,
General Manager.

WATER REPLENISHMENT DISTRICT
OF SOUTHERN CALIFORNIA,
Cerritos, CA, July 12, 2001.

Hon. DIANNE FEINSTEIN,
Hart Senate Building, Washington, DC.

Re: S. 976 Support

DEAR SENATOR FEINSTEIN: The Water Replenishment District of Southern California (WRD) appreciates the leadership that you have demonstrated with the introduction of S. 976. We are pleased to report that the WRD is in full support of your legislation. We are also in support of H.R. 1985 (Calvert) and commend the bipartisan effort to reauthorize the CALFED Bay-Delta Program.

The WRD manages groundwater, which meets 40% of the water demand needs for 4 million residents in south Los Angeles County. As the regional groundwater management agency for 43 cities, WRD ensures that a reliable supply of high qual-

ity groundwater is available through our clean water projects, water supply programs, and effective basin management principles. Additionally, the WRD seeks to optimize the groundwater basins to decrease the region's dependence on imported water and increase usage of local water resources.

The WRD looks to the CALFED Program as a vehicle to help reduce the conflict between the water needs of our state's population, economy, and the environment. As the largest and most comprehensive water management program and environmental restoration project in our state's history, the CALFED Program will provide for critical improvements to water supply reliability and Delta water quality.

Both S. 976 and H.R. 976 implement the program's Record of Decision. This document enables work to begin on specific ecosystem and habitat programs, and provides vital loan and grant resources for local projects throughout California. For our own region, the CALFED Bay-Delta Program will help to improve water quality and overall water supply reliability.

A secure California water future requires the full range solutions offered by CALFED. The WRD have and will continue to contact other members of our congressional delegation to urge their support on your legislation and H.R. 976 to reauthorize CALFED.

Sincerely,

BRUCE A. MOWRY, PH.D., P.E.,
General Manager.

UNITED WATER CONSERVATION DISTRICT,
Santa Paula, CA.

Hon. ELTON GALLEGLY,
Rayburn Building, Washington, DC.

Re: Support for S. 976 and H.R. 1985

DEAR REPRESENTATIVE GALLEGLY: The United Water Conservation District strongly supports S. 976 and H.R. 1985; bipartisan federal legislation needed this year to re-authorize the CALFED Bay-Delta Program.

The CALFED Program is the largest and most comprehensive water management and environmental restoration project in our state's history. It plans vitally needed improvements of water supply reliability and quality in the Delta, reducing the history of conflict between human water needs and the environment.

Both S. 976 and H.R. 1985 implement the program's Record of Decision. This document enables work to begin on specific ecosystem and habitat projects, and provides vital loan and grant resources for district projects throughout California. In our own community, Ventura County, the CALFED Bay-Delta program's resources will improve water quality, assist in flood control, upgrade pumping facilities, promote fish and wildlife restoration, recreation, public safety and drought assistance.

California continues to grow, and will quickly outgrow the modest investments made in water over the past 30 years. As the energy crisis has shown, there is a tremendous price to pay for being caught without adequate resources—whether it is megawatts of power or a reliable water supply. We can't afford to neglect our infrastructure.

California's water challenges demand the solutions offered by CALFED. For that reason, the United Water Conservation District thanks you for your support for S. 976 and H.R. 1985.

Sincerely,

DANIEL C. NAUMANN,
President of the Board.