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RECEIVED

CALFED Bay-Delta Program

May 10, 2002

Mr. Dan Ray
CALFED Bay-Delta Program
1416 Ninth Street, Suite 630
Sacramento, California 95814

Subject: CALFED Bay-Delta 2002 ERP PSP, Proposal No. 96, American Basin Fish Screen and Habitat Improvement Project – Response to Review Comments

Dear Dan:

We would like to take this opportunity to respond to several comments contained in Proposal Reviews for Natomas Mutual Water Company's (Company) American Basin Fish Screen and Habitat Improvement Project, Proposal No. 96.

1. Fish Screen and Passage Technical Review – The following responses are offered to the proposal review comments with regards to the technical review.
 - ▶ *Item No 3, Implementability* – The comments recommended coordination of the screen design with a Technical Advisory Team. The Company has been coordinating the screen design with the Anadromous Fish Screen Program Technical Team and will continue this coordination process through completion of the facility. The Company has also incorporated a design submittal process in the project schedule. The Company is committed to fully coordinating an evaluation of their proposed screen design accordingly.
 - ▶ *Item No 4, Cost/Benefit Analysis* – The comments state that the project budget is complicated by the need to “separate funds between that which is necessary fish protection versus that which involves agricultural improvements.” All of the improvements proposed for funding are for fisheries protection. To minimize the costs, and provide maximum fisheries benefit, the Company's diversions will be consolidated into two screened facilities. The only modifications proposed to the irrigation system are those necessary to return the diverted water from the new diversions to its existing point of use.



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To eliminate the irrigation system modifications would require that each existing diversion facility be individually screened. This would be more costly than the proposed project and would not provide equivalent fisheries protection benefits.

2. Land Acquisition – The following responses are offered to the proposal review comments with regards to Land Acquisition.
 - ▶ *Other Comments* – The comments suggest that the project may involve a physical change in land use. The land involved is currently in agriculture use. The facilities proposed are irrigation facilities completely compatible with current land use which is exclusively agricultural.

3. Environmental Compliance – The following responses are offered to the proposal review comments with regards to Environmental Compliance.
 - ▶ *Item No. 1* – The comments state that a Grading Permit and a State Lands Commission Lease may be required. Grading work required for the project consists of irrigation ditch construction which is not governed by grading permits. Reclamation District No. 1000 who is responsible for flood control in the area is involved in the design process and will have design approval, but does not issue grading permits.

The project, as stated in the application, will obtain a 404 permit from the U.S. Army Corps of Engineers and an Encroachment Permit from the State Reclamation Board. A separate State Lands Commission Lease is not required if either of these permits is obtained for the in-river facilities.

The Company fully intends to comply with all necessary permit requirements and obtain all required permits prior to start of construction.

I hope this information is helpful. Although this will not necessarily change the outcome of the proposed review, it is important that our response is incorporated into the public record.

If you have any questions, please do not hesitate to call.

Sincerely,

for
Peter J. Hughes

SRS/PJH:sjb



*To promote the economic, social and environmental viability of Northern California
by enhancing and preserving the water rights and supplies of our members*

May 10, 2002

Mr. Patrick Wright
Executive Director
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

RE: CALFED ERP 2002 PSP Selection Panel Recommendations

Dear Patrick:

The Northern California Water Association (NCWA) is very concerned with the CALFED Ecosystem Restoration Program 2002 PSP Selection Panel Recommendations. We are particularly concerned with the apparent disregard for local input from the Sacramento Valley.

As you know, NCWA represents 68 water suppliers and individual farmers who collectively irrigate 860,000 acres of fertile Northern California farmland. Several of our members also deliver water to state and federal wildlife refuges and a large portion of this land serves as important seasonal wetlands for migrating waterfowl, shorebirds and other wildlife.

We were generally pleased with your utilization of regional panels as part of the Ecosystem Restoration Program (ERP) project selection process, although we believe the earlier CALFED process, including the ecosystem roundtable, was a more meaningful process to assure local and regional input. For regional strategies to succeed in the CALFED process, CALFED must be diligent to assure that projects, including projects to benefit the ecosystem, are locally generated from within the region and have broad local support.

To start, we strongly endorse the selection panel's determination to fund the Meridian Farms Water Company's Positive Barrier Fish Screen Project and the Yuba County Water Agency (YCWA) Narrows 2 Powerplant Flow Bypass System, and partially fund the Sutter Mutual Water Company Tisdale Positive Barrier Fish Screen and Pumping Plant and YCWA's Yuba Goldfields Fish Barrier Replacement Project. These are examples of CALFED support for regional priorities. The regional panel identified each of these projects as "high" priority.

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On the other hand, our concerns arise from the full or partial funding totaling \$2,216,447 for four projects ranked as "low" priorities by the Sacramento regional panel. Local interests determined that the projects would provide limited or no local value, did not reflect regional priorities, or were poorly written. But, this evaluation was overridden and the projects were nonetheless funded. The funding of these projects does not reflect the role local support should play in the CALFED process as directed in the Record of Decision (ROD).

Our frustration with the selection of these projects is compounded by the fact that there were 19 projects the regional panel determined to be "high" priorities that were not recommended for funding by the CALFED Selection Panel. There are six projects that were not recommended for funding that are of special concern to NCWA. These projects provide considerable regional benefits and, as a result, the Sacramento regional panel considered most of them "high" priorities. The projects include: Ducks Unlimited White Mallard Dam and Associated Diversions Phase III Construction, Orland Unit Water Users' Association Northside Diversion Dam Fish Passage Feasibility Study, Pleasant Grove-Verona Mutual Water Company Positive Barrier Fish Screen Design and Environmental Review, Reclamation District No. 108 Wilkins Slough Positive Barrier Fish Screen Sediment Removal Project, Tehama-Colusa Canal Authority Fish Passage Improvement Project at the Red Bluff Diversion Dam, Phase III, and YCWA Narrows 2 Powerplant Intake Extension.

The next step in the selection process--distributing the remaining ERP funding to "Considered as Directed Action" projects--provides CALFED with an opportunity to better incorporate regional panel recommendations in the decision-making process. NCWA is particularly interested in three projects that are "Considered as Directed Action," the M&T Chico Ranch/Llano Seco Fish Screen Facility Short-term/Long-term Protection Project, the Natomas Mutual Water Company American Basin Fish Screen and Habitat Improvement Project and Reclamation District No. 108 Consolidated Pumping Facility and Fish Screen. Each of these projects received a "high" priority ranking by the Sacramento regional panel, and each is specifically designated as a priority in the Ecosystem Restoration Program Draft Stage 1 Implementation Plan (August 2001).

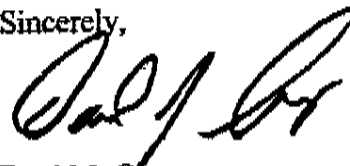
The "Consider as a Directed Action" category also includes three projects that received a "low" rating from the Sacramento regional panel. They are S.P. Cramer & Associated, Inc. Assessment of Life-History Characteristics and Genetic Composition of *Oncorhynchus mikiss* Throughout California, The Nature Conservancy's Implementing a Collaborative Approach to Quantifying Ecosystem Flow Regime Needs for the Sacramento River, and U.S. Geological Survey Assessing the hazards of mercury and selenium to the reproductive success of birds. As was the case with funded projects receiving a "low" priority rating from the Sacramento Regional Panel, these projects were determined to provide limited or no local value, did not

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reflect regional priorities, were poorly written, or were already being performed through another CALFED program.

As CALFED moves forward with the remaining funding selections for the 2002 PSP and into future funding cycles, we hope that it will reexamine the regional panels and other local input from the Sacramento Valley and, as a result, regional priorities in the CALFED EPR will receive the appropriate consideration as part of the selection process.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Guy". The signature is fluid and cursive, with the first name "David" being the most prominent.

David J. Guy
Executive Director

cc: Dan Ray