



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

March 22, 2004

Mr. Jeremy Arrich
Department of Water Resources, DPLA
PO Box 942836
Sacramento, CA 94236-0001

Sent Via Email

RE: In-Delta Storage Program State Feasibility Study Comments

Dear Mr. Arrich:

The Northern California Water Association (NCWA) has concerns with the level of detail and methodology used for the economic benefit and cost analysis for the Draft In-Delta Storage Program State Feasibility Study, and the broader implications it could have on other Integrated Storage Investigation (ISI) project studies.

NCWA represents 70 agricultural water districts and agencies, private water companies, and individual water rights holders with senior rights and entitlements to the surface waters of the Sacramento Valley. NCWA's members also have overlying and appropriative water rights to groundwater resources in Northern California, from the Northern reaches of Shasta County to Sacramento County, from the edge of the Sierra Nevada Mountains in El Dorado County to Glenn County which extends to the Coast range.

As you know, NCWA and its members throughout Northern California have offered a local framework to help advance the North of Delta Off-Stream Storage (Sites Reservoir) program and an enlarged Lake Shasta. We believe that an appropriately structured partnership, including various entities throughout the state, could design and operate these projects to meet the various objectives in the CALFED program. This strategic partnership, however, will only emerge if we look at these projects differently than past projects, and instead focus on the important values that these projects may offer – meeting multiple needs and providing flexibility in the Bay-Delta system for the benefit of various water demands.

More specifically, some effort has to be made to quantify the benefits storage provides towards the CALFED objectives. It will be difficult to justify the development of any storage project through the use of a benefit/cost analysis, if the project's contribution to CALFED objectives is not quantified. Importantly, this would be the case for any CALFED activity and is

not just limited to the ISI. Increased storage capacity, in Northern California for example, will provide considerable and measurable benefits to water quality, both aquatic and terrestrial ecosystem quality, and water supply reliability. If CALFED expects projects to provide these benefits, they must be quantified. Most importantly, the value of operational flexibility for all of the various needs will be significant, particularly during prolonged dry years. Value must be assigned to these benefits if a true assessment of the projects is to occur.

Not quantifying all of the project benefits leads to the confusing benefit/cost summary provided in the Conclusions section of the draft Executive Summary for the project study, where the reader gets the impression that the benefits associated with the project totaled approximately a third of the projects annual cost. All of the project benefits need to be quantified, a more accurate range of total potential benefits should be used, or a better and more thorough explanation of the potential benefits that have not been quantified needs to be presented prior to the listing of the quantified benefits and costs.

The methodology and analysis used in the Feasibility Study for the In-Delta Storage Program is critical not only to the project being studied, but also has implications on other ISI Projects. It is critical that CALFED use accurate and defensible criteria for determining the benefits and costs associated with these projects.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd N. Manley". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Todd N. Manley
Director of Government Relations