GOVERNOR ARNOLD SCHWARZENEGGER

August 17, 2009

The Honorable Darrell Steinberg
President pro Tempore
California State Senate
State Capitol
Room 205
Sacramento, California 95814

The Honorable Karen Bass
Speaker
California State Assembly
State Capitol
Room 219
Sacramento, California 95814

Dear Senator Steinberg and Speaker Bass,

The current drought, combined with an aging infrastructure and increasing restrictions on water supply by regulatory agencies and the federal courts, has brought into stark relief the fragility of California's water management system. Our water system, built for a population of 18 million, has been the backbone of California's success. But that system is now stretched to the breaking point and must be upgraded to serve a population that will reach 50 million.

This third year of dry conditions along with the realities of climate change, seismic vulnerability of the Delta and the condition of Delta fish species, has made our water resources less reliable at a time when our struggling economy and growing population need greater reliability. We are seeing unemployment at historic levels throughout the state. In some places, be they farms with land lying fallow or projects that cannot be built for lack of water, our unemployment rate is made much worse by our broken water system.

The longer we wait to make changes, the narrower our range of options becomes. The Legislature has been debating a comprehensive fix to our water system now for years. I introduced a water infrastructure package as part of the Strategic Growth Plan in January of 2006 and we have debated these issues every year, including holding a special legislative session in 2007, because the imminent collapse of the Delta ecosystem and continuing drought demanded urgent action. Last year Senator Feinstein and I joined together to offer a water infrastructure and ecosystem restoration package that combined the best thinking of all the stakeholders and compromises we've been debating for two years. We are out of time and out of excuses for failing to act.

This year action has been delayed to allow for debate on a new governance structure for the Delta. This debate was supposed to conclude by the end of May so the Legislature could vote on a comprehensive plan before the summer recess. It is now August and we have four weeks left to take action. After more than a year of intense analysis, public

discussion and expert contributions, my Delta Vision Blue Ribbon Task Force identified seven goals that virtually everyone agrees should guide our efforts:

- Delta restoration must be founded on the co-equal goals of water supply reliability and ecosystem restoration.
- Recognize and enhance the unique cultural, recreational and agricultural values of the Delta as an evolving place.
- Restore the Delta ecosystem as the heart of a healthy estuary.
- Promote statewide water conservation, efficiency and sustainable use.
- Build facilities to improve the existing water conveyance system and expand statewide storage; operate both to achieve the equal goals.
- Reduce risks to people, property and state interests in the Delta by effective emergency preparedness, appropriate land uses and strategic levee investments.
- Establish a new governance structure with the authority, responsibility, accountability, scientific support and secure funding to achieve these goals.

We have studied the Delta literally to death. It is time to act. I will continue to work with you on the specifics on a legislative solution, but any water package that reaches my desk must be comprehensive and it must address specific critical elements for me to provide my signature.

**Water Infrastructure**

I cannot sign a comprehensive water package if it fails to include a water infrastructure bond that expands our water storage capacity – both surface storage and groundwater - funds habitat restoration, water quality and conservation. After years of intense negotiations, we narrowly missed the placement of a water bond on the ballot last year. The five water bond bills introduced in the Legislature early this year demonstrate a remarkable level of consensus achieved on this topic. I believe we could resolve any remaining differences in an hour, and I will not sign a water bill without the infrastructure necessary to improve supply reliability.

**Delta Governance Structure**

It is clear that Delta governance and addressing our antiquated conveyance system is a key issue and one that cannot be deferred. My administration began the environmental analysis for a natural community conservation plan/habitat conservation plan (NCCP/HCP) for the Delta more than a year ago. The Bay Delta Conservation Plan (BDCP) and the environmental impact analyses to implement that plan are being developed pursuant to existing federal and state regulatory and National Environmental Policy Act/California Environmental Quality Act (NEPA/CEQA) requirements. The years of work already

completed in this area must be recognized by any new Delta governance body and in any new Delta plan.

As currently written, these bills impose significant obstacles to completing the BDCP, subjecting it to criteria that are burdensome, ambiguous and difficult to achieve in a timely fashion. It supersedes the authority of our regulatory and management agencies to complete and certify the Environmental Impact Report on the BDCP and essentially gives a newly-created Delta Council the authority to start the whole process over again. This is a fatal flaw. I support establishment of a new governing Council, but it must not result in further delay in implementing critically needed actions in the Delta.

**Delta Plan**

The central organizing feature of any attempt to fix the Delta must be a legally enforceable Delta plan founded on co-equal goals of habitat restoration and water supply reliability. As history has taught us, any governance body in the Delta that proceeds without the legal authority to develop and enforce such a plan will fall short of what is necessary to drive the major changes that the system needs. Unfortunately, the legislation as currently drafted does not reflect the co-equal goals of habitat restoration and water supply reliability.

**Conservation and Water Use Efficiency**

I believe a strong water conservation component is fundamental to any comprehensive water plan. Last year, in my letter to leadership, I asked for a bill that would require a 20 percent reduction in per capita water use by 2020. We came very close to achieving agreement, so I am confident that we can work together to put 20 percent conservation into law this year in a manner that reflects past regional conservation accomplishments in order to equitably achieve statewide savings.

Given the importance of the Delta and the magnitude of harm if we fail to act, I ask that we accelerate our efforts, work together and finalize a comprehensive package of Delta-related legislation this session. After so many years of study and debate there is no rational reason for further delay. California's deteriorating Delta ecosystem and the communities that depend upon reliable water supplies cannot wait. We must act now.

Sincerely,

Arnold Schwarzenegger

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cc: The Honorable Dennis Hollingsworth
The Honorable Sam Blakeslee