



United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Region
South-Central California Area Office
1243 N Street
Fresno, CA 93721-1813

IN REPLY REFER TO:

MP-440
WTR-4.00

FEB 15 2014

Mr. Steve Chedester
San Joaquin River Exchange Contractors Water Authority
P.O. Box 2115
Los Banos, CA 93635

Subject: 2014 Notice of Water Supply Conditions and Availability - Critical Year Water Supply Reduction – Second Amended Contract for Exchange of Waters – Contract No. I1r-1144 – Central Valley Project, California - Water Year 2014

Dear Mr. Chedester: *Steve*

Current water supply conditions throughout the State of California are uncharacteristically dry with a very low probability of full recovery to normal conditions this water year. This is evidenced by the declaration of a Drought State of Emergency announced by Governor Edmund G. Brown Jr. on January 17, 2014, and the 0 percent allocation announcement by the California Department of Water Resources (DWR) made on January 31, 2014, for all 29 public water agencies that buy from the State Water Project (SWP).

The state is entering the third consecutive year of below average precipitation and snowmelt runoff. 2013 proved to be one of the driest years on record for many areas of California and 2014 is one of the driest to date. Many of the state and federal natural resource agencies are implementing unprecedented measures in response to this severe drought condition. It is imperative that management of the record low storage levels is carried out in a manner that maximizes conservation throughout the year to assure at a minimum that all aspects of public health and safety are not compromised.

The following is just a snapshot of the actions the Bureau of Reclamation (Reclamation) is taking in response to the 2013-14 drought:

- On December 31, 2013, created a Reclamation drought team to track and address all water resource areas affected by the drought and to timely communicate status to the public;
- On January 29, 2014, filed a joint petition with DWR, to the California State Water Resources Control Board (SWRCB) requesting a Temporary Urgency Change in License and Permit Terms;
- On or about January 29, 2014, sent letters to all Central Valley Project (CVP) Municipal and Industrial (M&I) users requesting updated information for purposes of calculating unmet public health and safety water demands;
- On February 4, 2014, Reclamation released the 2014 Water Plan which identifies specific measures that are being undertaken in response to the current drought conditions;

- Convene weekly meetings with DWR to identify all opportunities for facilitating water transfers and exchanges between the state and federal water projects;
- Partner with the Natural Resource Conservation Service to secure federal funding for water districts to conserve water and improve water management;

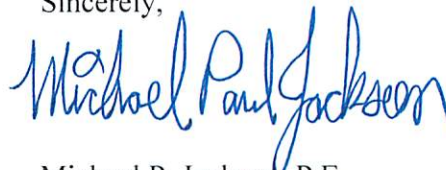
Pursuant to Contract No. 11r-1144 dated December 6, 1967, Reclamation is required to provide notification of a Critical Year as defined in the contract. As of February 1, the full natural inflow to Shasta Reservoir is about 697,000 acre-feet, well below the critical level. Reclamation acknowledges that the contract provides for about a 25 percent reduction in supply and does not include provisions to address any reductions made necessary by the extremely dry conditions such as those currently being experienced. Due to the current and projected hydrologic conditions and the need to assist in the public health and safety demands of our users, Reclamation can only allocate **40 percent** of the stated maximum contract entitlement of 840,000 at this initial stage of the water year which equals **336,000 acre-feet** rather than the maximum 650,000 acre-feet critical year entitlement. Reclamation intends to hold regularly scheduled meetings to discuss how the timing of water deliveries can be accomplished to satisfy the needs of your water users while maintaining the objective of conserving storage for this year and into the next. Reclamation will also provide you or make available status reports of the hydrology to date including explanations of our operations.

On January 17, 2014, the SWRCB sent out informational letters to all water right holders in the state of California, (including Reclamation) providing advance notice of possible curtailments in water use pursuant to each water right due to the lack of sufficient water supply available in the watersheds of the state. Final notices are anticipated to be issued by the end of February 2014. In addition, the SWRCB will be conducting workshops to obtain additional, up to date information on the operations of the state and federal water projects. Based on the uncertainty of these actions, Reclamation, along with other junior and possibly senior water right appropriators may be compelled to comply with the curtailment notices and other orders from the SWRCB. This could further complicate Reclamation's ability to service all CVP users, including deliveries under your contract.

The full extent of the current dry conditions are impossible to predict as well as its impact on water users and the environment. In response, Reclamation is allocating all of our available resources to address the impacts the drought is causing on all of our water users. We applaud your efforts to agree to work with us, the state, and other water users to identify actions that can be taken to mitigate, to the extent possible this unprecedented low water supply year. We will be contacting you soon to schedule our next meeting and will continue to monitor hydrologic conditions and notify the San Joaquin River Exchange Contractor Water Authority immediately if allocations change.

Please continue to implement all required contingency plans and water conservation measures within your water service areas. If you have any questions regarding this letter, please contact Ms. Erma Leal at 559-487-5195, elead@usbr.gov, or at 800-735-2929 for the hearing impaired.

Sincerely,



Michael P. Jackson, P.E.
Area Manager

cc's are noted on the following page.

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