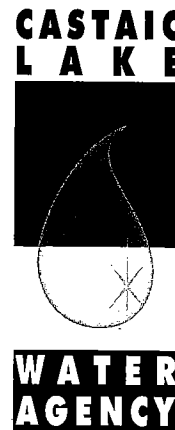

**CLWA Letter to the Los Angeles County Department of Regional
Planning Regarding Availability of Future Water Supplies in the
Santa Clarita Valley, February 5, 2008**



February 5, 2008

Mr. Bruce W. McClendon, FAICP
Director of Planning
Los Angeles County
Department of Regional Planning
320 West Temple Street
Los Angeles, CA 90012

Subject: Availability of Future Water Supply in the Santa Clarita Valley

~~Dear Mr. McClendon:~~

In your September 21, 2007 letter (copy attached), you noted that reductions in local water supplies "...may invalidate portions..." of environmental impact reports for pending and future developments. This is the result of the reliability of water supply from the State Water Project (SWP) having been impacted by an injunction issued by a federal court. As a result, deliveries of SWP water were reduced starting last year.

On May 25, 2007, the court had ruled that a biological opinion (BO) supporting the "incidental take" of Delta smelt by SWP pumping operations was not in compliance with the federal Endangered Species Act. Accordingly, the court ordered the preparation of a new BO so that a permit could be granted to the SWP for the incidental take of the fish by the pumps. The injunction will be in effect until the new BO is completed. The same federal court issued a written court order on December 14, 2007 setting forth the "interim remedies" to protect the Delta smelt. It is the implementation of these interim remedies that reduces the availability and reliability of the SWP water supply.

In the meantime, CLWA and the four local water retailer staffs have been meeting with County and City of Santa Clarita planning staff over the last three months to coordinate water supply and land use planning activities for the Santa Clarita Valley. On January 28, 2008, the California Department of Water Resources (DWR) issued its "Draft State Water Project Delivery Reliability Report 2007" (Reliability Report), an assessment of the SWP supply availability and reliability. *Based on this new information, CLWA has determined that, while the injunction is in effect, there are sufficient water supplies available for pending and future residential and commercial developments within the CLWA service area for the foreseeable future through 2030 as set forth in the Santa Clarita Valley (SCV) Urban Water Management Plan (2005 UWMP).*

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The Reliability Report addresses the effect that the injunction will have on SWP water availability. The purpose of the Reliability Report, which is updated and issued biennially, is to indicate how much SWP water is available for various hydrologic scenarios (i.e., normal, dry and critically dry years). This report is used by water agencies that have contracted for SWP water to determine SWP water supply availability and reliability as part of their determinations of *overall* water supply availability and reliability.

The Reliability Report includes additional and updated information that was not available in earlier Reliability Reports, along with an assessment of the impact of climate change on the SWP supply. This additional data, in conjunction with a more exact analysis of the operational impacts of the federal court injunction, will reduce the available water to CLWA from the SWP, but not as much as had been previously estimated.

The 2005 UWMP uses a 77% reliability factor for the SWP supply, which is taken from DWR's 2005 Reliability Report. In other words, CLWA's available SWP supply in the 2005 UWMP is equal to 77% of CLWA's SWP contract amount.

The Reliability Report, factoring in the effects of the injunction and using the most conservative of four climate change scenarios modeled by DWR, reduces that reliability to 66%. Using this lower figure (and certain changes and updated information regarding other sources of supply) to update the water supply figures in the 2005 UWMP, CLWA and the local purveyors believe there will be adequate supplies to meet demand as forecast in the 2005 UWMP through the year 2030. Therefore, while the injunction is in place, proposed projects can once again cite the 2005 UWMP, with the additional information provided by the Reliability Report, in their environmental documents as evidence of adequate water supplies to serve the projects under consideration.

The discussion of water supply in environmental documents should be tempered, though, by noting that the Reliability Report represents a reasonable scenario as required by the California Environmental Quality Act (CEQA), and would close the gap between the available supply and the demand in the future, thereby making the CLWA service area more subject to shortages in certain dry years. Accordingly, the reduction in SWP supply reinforces the need to continue diligent efforts to conserve potable water and increase the use of recycled water, both to meet the goals in the 2005 UWMP and to maximize utilization of our potable water supplies. CLWA and the purveyors will continue to work diligently with the County and City in preparing a Water Conservation Ordinance and the enforcement mechanisms to aggressively implement water conservation in the CLWA service area.

The injunction will be in force until the BO is issued, which is currently anticipated at the end of 2008. At that time, long-term reductions in SWP water availability will probably result from the mitigation requirements for the take permit that DWR is required to obtain to comply with the Endangered Species Act. These long-term reductions will likely require another update of the Reliability Report and water supply planning documents that affect land use planning decisions in the Santa Clarita Valley. It is expected that the mitigation requirements in the BO will be no greater than the operational restrictions of the injunction (i.e., the interim remedies); as such,

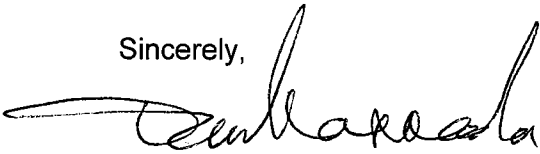
the reductions in SWP water supply as a result of the granting of the Endangered Species Act permit should also be no greater than those required by the injunction.

After the long-term water supply reliability has been reassessed based on the mitigation requirements of the BO, CLWA will confirm that DWR's current estimate of SWP reliability is still applicable or if it needs to be updated, presumably by another Reliability Report. CLWA would then use this information to amend its 2005 UWMP, which would include identification of potential additional supplies to replace any necessary portion of CLWA's SWP supply that would have been lost as a result of the BO mitigation requirements.

In the meantime (i.e., during 2008 and part of 2009), based on the revised Reliability Report, local water retailers should be able to provide affirmative responses to requests for SB 610 Water Supply Assessments (WSAs) and SB 221 Water Verifications (WVs) for proposed projects. CEQA Lead Agencies may also rely on the 2005 UWMP, with the additional information provided by the Reliability Report, for the analysis of water supply impacts in CEQA documents, and in making a determination as to the adequacy of water supply for land use projects.

CLWA and the local water retailers – CLWA Santa Clarita Water Division, Los Angeles County Water Works District #36, Newhall County Water District and Valencia Water Company – look forward to working with the County in allocating water to proposed development in a consistent and equitable manner while at the same time ensuring that no water supply disruptions occur to our existing customers.

Sincerely,



Dan Masnada
General Manager

Attachment

cc: Mr. Paul Brotzman, Planning and Economic Development Director
City of Santa Clarita, Department of Regional Planning
Mr. Steve Cole, General Manager, Newhall County Water District
Mr. Robert DiPrimio, President, Valencia Water Company
Mr. Dean Efstathiou, Chief Deputy Director, Los Angeles County Department
of Public Works
Mr. Mauricio Guardado, Retail Manager, Santa Clarita Water Division
Mr. Paul Novak, Planning Deputy, Los Angeles County Board of Supervisors



Los Angeles County
Department of Regional Planning

Planning for the Challenges Ahead



September 13, 2007

Bruce W. McClendon FAICP
Director of Planning

Castaic Lake Water Agency
Dan Masnada, General Manager
27234 Bouquet Canyon Road
Santa Clarita, CA 91350-2173

REC'D SEP 21 2007

Subject: Availability of Future Water Supply

Dear Mr. Masnada:

The recent decision handed down by U.S. District Judge Oliver Wanger appears to have significantly reduced the amount of water that Southern California will receive from the State Water Project. The Department of Regional Planning is requesting that your agency inform this Department of impacts that may affect pending and future residential and commercial developments within your agency's service area.

Possible reductions in local water supplies may invalidate portions of environmental impact reports related to development proposals currently awaiting public hearing. Therefore, it is urgent that your agency respond as soon as a reasonably accurate determination can be made.

Should you have any questions, please feel free to contact Mr. Paul McCarthy of my staff at (213) 974-6461 between 7:30 a.m. to 5:30 p.m., Monday through Thursday. Our offices are closed on Friday.

Sincerely,

DEPARTMENT OF REGIONAL PLANNING

Bruce W. McClendon, FAICP
Director of Planning

BWM:JS:FM:PM:rs

Attachment

C: County Counsel
Department of Public Works