

November 28, 2011

The Honorable Dianne Feinstein
United States Senate
Washington, DC 20510

COPY

Re: Water Transfer Discussions

Dear Senator Feinstein:

Thank you for taking the time to meet with the group from Modesto Irrigation District and City and County of San Francisco. It was a pleasure to talk with you and we appreciate the opportunity to brief you on our discussions regarding a potential water transfer. I especially enjoyed viewing your wonderful painting of the Hetch Hetchy Valley. Thank you for that treat and for the signed photograph to commemorate our visit.

As we discussed, MID and San Francisco have developed some key points for a potential sale of Tuolumne River water that San Francisco could take through its existing Hetch Hetchy pipeline facilities, with the revenue for MID being used to finance necessary irrigation distribution infrastructure improvements that also would achieve system and water use efficiencies to produce sufficient water to serve San Francisco.

MID conducted a series of public outreach meetings to provide information about the discussions with San Francisco, and to solicit as wide a variety of opinions and comments as possible. Attached are the final presentation materials used in those meetings. The meetings were very well attended. The key issues raised, as anticipated, were protecting MID water rights, making certain its customers, including the City of Modesto, are served during dry periods, and ensuring there would be no significant impact to the River or the environment. We have developed a set of "frequently asked questions" and responses, which is also attached for your information.

The next steps would be to complete negotiations with San Francisco and present the deal points to MID's Board of Directors to consider initiating a small 2,200 acre foot transfer as well as a new environmental review process for a subsequent larger water transfer up to 25,000 acre-feet. We will certainly keep you apprised of any developments.

As always, if you have any questions or if we can provide additional background, please contact my office.

Very truly yours,



Allen Short
General Manager

Enclosures

Copy: Michael Carlin