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July 13, 2009

The Honorable Arnold Schwarzenegger
Governor, State of California
State Capitol Building
Sacramento, CA 95814

Re: Furloughs of State Employees Critical to the State Water Project

Dear Governor Schwarzenegger:

The Kern County Water Agency (Agency) respectfully requests that you grant an exemption in the implementation of furloughs for California Department of Water Resources (DWR) staff that are critical to the operation and maintenance of the State Water Project (SWP).

The Agency has a responsibility to provide safe and reliable water supplies to the people of Kern County. The Agency is a public entity governed by a Board of Directors (Board) that is elected by the general population of Kern County. As such, the Agency Board represents the water views and concerns of nearly one million Californians. The Agency was formed in 1961 to, among other things, be the local contracting entity for Kern County for SWP water supplies. The Agency holds contracts with thirteen local water districts that rely upon the efficient operation of the SWP for approximately one-quarter of their water on a long-term average.

Without question, the SWP water supplies are one of the most essential resources to Kern County and the entire State of California. These facts have compelled the Agency to write you regarding the serious negative impacts that the State's furloughs are having on the operation of the SWP and the corresponding health, safety, and economic well being of the citizens of California. In addition, these monumental impacts impose greater economic risk to the State economy with no cost savings to the State's General Fund.

(661) 634-1400

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P.O. Box 58
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The SWP is one of the world's largest water conveyance systems and is comprised of dams, canals, pipelines, hydro-powered generators, and electric pumps. The operation of the SWP is extensive and extremely complex and is accomplished by highly experienced employees working within DWR. As with almost all utilities, the SWP is designed to be continuously operated (24 hours per day, 7 days per week), with slow, gradual transitions in water flow to correspond to supply and demand changes. Similarly, the water agencies that take delivery of SWP water and disperse it to the users within California have designed their conveyance and storage systems to operate continuously to provide a dependable water supply. The furloughs imposed on DWR to date have impeded operation at a time when the SWP is challenged to maintain ample staff qualified to meet the around-the-clock operational demands. Action by labor to walk off the job, which essentially would shut down the SWP, is a daily expectation. DWR's attempts to cover the labor shortage caused by the furloughs will require extensive use of overtime which results in a greater strain on the remaining employees. The alternative of shutting down the SWP or reducing deliveries at this time of peak need, due to the growing season and drought, is simply not an option. This risk of further economic impacts to the State comes with absolutely no benefit to the General Fund or the efforts to solve the State's on-going budget crisis.

The bottom line is that all operation, maintenance and repair costs associated with the SWP are paid for by non-State funds provided by the SWP contractors, not the General Fund. Ironically, the furloughs of DWR employees potentially cause further harm to the State's economy by interrupting/delaying water supplies to the agricultural users of the San Joaquin Valley region of the State. Many of the San Joaquin Valley farming communities, including Mendota and Fresno which you've recently visited, rely on the SWP for portions of their Federal Central Valley Project supplies. Their economic plight will be even further exacerbated if the SWP has to reduce operations and/or becomes less reliable due to the furloughs.

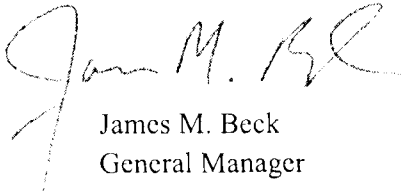
Another long-term negative effect, supported by recently observed trends, is that the SWP skilled workers, who have been demoralized by the furloughs, will simply leave DWR permanently to go work for utilities that recognize their unique skills and dedication. This will almost certainly lead to long-term increased costs for all consumers of the SWP supply due to the need for increased training, overtime, and higher priced on-peak energy in an attempt to make-up water deliveries lost to inefficiencies caused by the inexperienced or inadequate staffing. Once again, the Agency believes furloughing SWP employees will accelerate the exodus of experienced journeymen from the SWP to the private sector.

To reiterate, the Agency respectfully requests that you grant an exemption in the application of furloughs for DWR staff that are critical to the operation and maintenance of the SWP. The Agency is cognizant of the dire status of the State's economy and the difficulties caused by a delayed budget. However, because SWP employees are not paid from the General Fund, the exemption the Agency is seeking will in no way

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exacerbate the State's budget deficit. The Agency appreciates your attention on this matter. Please have your staff contact me if there are any questions regarding this matter at (661) 634-1400.

Sincerely,



James M. Beck
General Manager

cc: Kern County Legislative Delegation
Ms. Susan Kennedy
Mr. John Moffatt, Governor's Office
Debbie Endsley, Department of Personnel Administration
Paul Feist, Chief Deputy Cabinet Secretary, Governor's Office
Mike Chrisman, Secretary for California Resources Agency
Lester Snow, Director, Department of Water Resources
Sue Sims, Chief Deputy Director, Department of Water Resources
Ralph Torres, Deputy Director, Department of Water Resources
Jim Libonati, Deputy Director, Department of Water Resources
State Water Contractors, Inc. Member Agencies