

April 14, 2004

Mr. Patrick Wright, Director
CALFED Bay-Delta Authority
650 Capitol Mall, 5th Floor
Sacramento, CA 95814

Mr. Thomas Pinkos, Executive Officer
Central Valley RWQCB
11020 Sun Center Drive, #200
Sacramento, CA 95670-6114

Improving Dissolved Oxygen Levels in the Stockton Ship Channel

Gentlemen:

Pursuant to commitments in the April 1999 Bay-Delta Protection and Toxic Clean-up Plan and August 2000 CALFED Record of Decision, the Bay-Delta Authority (CBDA) has been supporting a group of interested stakeholders via a Dissolved Oxygen TMDL Steering Committee to develop solutions to depressed dissolved oxygen in the San Joaquin River Deep Water Ship Channel (Channel). As part of an overall effort to develop a Dissolved Oxygen TMDL for the Channel, the Stakeholder group has endorsed design and construction of an aeration project to boost dissolved oxygen levels in the Channel to meet water quality objectives. This device will complement other efforts to reduce the causes of dissolved oxygen deficits in the Channel, including provision of recirculation flows via the State and Federal water projects by adding flow to the lower reach of the San Joaquin River by flows introduced at the Newman wasteway on the California Aqueduct, upstream source monitoring, development of additional pollutant control at the Stockton regional wastewater treatment plant, and installation of permanent operable head of Old River barrier as part of a South Delta Improvements Project.

It is anticipated that the Port of Stockton will be investing in refurbishment of the existing aerator in the Port as a portion of mitigation for development of its West Complex by early 2004. This will provide approximately 25% of the maximum dissolved oxygen needs for the Channel. CALFED has committed to pursue a demonstration project designing and installing an aerator to provide the full oxygen demand, about 10,000 lbs. per day of need. This important next step is the subject of an ongoing CBDA feasibility study and should be pursued with vigor.

The undersigned recognize the importance of addressing the dissolved oxygen objectives in the Channel and its part in providing overall water quality improvements. Toward this end, the undersigned indicate their commitment to execute a funding agreement among themselves and other interested parties, subject to ultimate approval of respective governing boards, that would provide the mechanism to support operation of a permanent aerator at a cost expected to be in the annual range of \$250,000 - \$400,000. It is anticipated that operation of a properly designed and constructed aerator working in conjunction with augmented lower San Joaquin River flows via recirculation would eliminate depressed DO impairment in the Stockton Ship Channel. The undersigned propose to develop an operating entity for the aerator and a specific funding mechanism allowing for equitable distribution of costs among the parties and providing for additional

contributions from other parties. Once the CBDA has committed funding to permit, design, and install the aerator as currently envisioned the parties would be in a position to execute a funding and operating agreement.

We look forward to working with the CBDA to bring the necessary resources to bear to solve the dissolved oxygen problem in the Channel as well as other efforts outlined in the CALFED Bay-Delta Program.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Erlewine".

Terry Erlewine
State Water Contractors

A handwritten signature in black ink, appearing to read "Richard Aschieris".

Richard Aschieris
Port of Stockton

A handwritten signature in blue ink, appearing to read "Daniel Nelson".

Daniel Nelson
San Luis and Delta Mendota Water Authority,
San Joaquin Valley Drainage Authority

A handwritten signature in black ink, appearing to read "Allen Short".

Allen Short
San Joaquin River Group Authority