

EXHIBIT 4



December 29, 2006

Rudy Schnagl
Central Valley Regional Water Quality Control Board
11020 Sun Center Drive #200
Rancho Cordova, CA 95670-6114

Subject: Waste Discharge Requirement Order No. 5-01-234, Update of Long Term
Drainage Management Plan.

Dear Rudy,

The above Waste Discharge Requirements (WDR) requires submission of an update of the long-term drainage management plan for the Grassland Bypass Project. The WDR's were issued to the San Luis & Delta-Mendota Water Authority (Water Authority) and the U. S. Bureau of Reclamation. The Water Authority members that participate in the Grassland Bypass Project are hereafter referred to the Grassland Area Farmers.

The long-term drainage management plan was submitted on September 30, 1998 in compliance with WDR No. 98-171. The plan was updated on July 1, 1999, January 1, 2000, January 1, 2001, December 31, 2001, December 24, 2002, December 31, 2003, December 31, 2004, and December 30, 2005.

842 SIXTH STREET

Milestones since Last Update

SUITE 7

The milestones that have occurred for the Grassland Bypass Channel Project since the December 30, 2005 update are as follows:

- ◆ The Grassland Area Farmers have reduced the discharge of selenium from the Grassland Drainage Area by 70% since the beginning of the project as measured at the end of Water Year 2006, despite wet weather conditions which caused a 25% increase in flow within a 48 hour period. Strong storm systems dropped significant rainfall over the Grassland Drainage Area in December 2005, and January and March 2006, resulting in a selenium load exceedance in January 2006 by 310 pounds (147%). The wet winter and spring continued to aggravate drainage conditions through summer months, however, drainage management activities implemented by the Grassland Area Farmers prevented any additional monthly exceedences and, based on our projections, the annual load target was not exceeded.
- ◆ The Grassland Area Farmers have continued to develop funding for the Westside Regional Drainage Plan as described in our 2004 and 2005 annual report. The Water Authority on behalf of the Grassland Area Farmers have submitted proposals

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for funding under Proposition 40 and 50, and are currently on the list to receive \$26 million in funding through those programs.

- ◆ The Grassland Area Farmers continue to utilize and expand the San Joaquin River Water Quality Improvement Project (SJRIP). The total cropped acreage of the SJRIP has been increased in 2006 to approximately 3,500 acres and the project reused more than 9,100 acre feet of subsurface drain water.
- ◆ The Grassland Area Farmers are continuing to work closely with the U.S. Bureau of Reclamation to develop an in-valley drainage solution for the Grassland Drainage Area. The In-Valley Solution Plan includes irrigation improvements, seepage reduction, land retirement, recirculation, drainage reuse, and drainage treatment.
- ◆ The discharge from the Grassland Bypass Project in Calendar Year 2005 was 4,290 pounds of selenium with a load limit of 4,566 pounds.

Statement of Goals

The principal goal of the Grassland Area Farmers remains as described in the September 30, 1998 long term drainage management plan. This goal is summarized as providing for the achievement of the water quality objectives fixed by the Regional Board and their Basin Plan related to subsurface drainage discharges from the drainage area while maintaining viable agricultural production in that area.

Meeting Water Quality Objectives within Grassland Area Channels

The Regional Board has established a two parts per billion monthly average selenium objective for water delivery channels within the wetland areas. Previous long term drainage management plans discussed the activities within the Grassland Drainage Area to meet this water quality objective. The objective has been exceeded on a few occasions. During 1997 and 1998 there were storm water discharges caused by excessive rainfall and discharge from coastal streams. Subsequent to that time the Grassland Area Farmers have taken actions as submitted to the Regional Board to prevent discharges to wetland areas during non-storm event periods. This has been successful in eliminating discharges from the Grassland Drainage Area that might cause exceedence of the two parts per billion water quality objective. However, in February of 2005, significant storm events required the Grassland Area Farmers to divert water through the Agatha Canal. No diversions into wetland channels have been made since that time.

Uncontrolled Discharges

The Grassland Area Farmers are continuing to work with the USBR and USGS to identify sources of high drainage flows in extreme wet weather events. In September,

2005 the USGS issued a draft of their report "Update Of A Ground-Water Flow Model For The Central Part Of The Western San Joaquin Valley, California". This is the first product of the work that is supposed to assist in identifying these sources. Another source that continues to be of interest is contribution from seepage out of the San Luis Canal/California Aqueduct. This issue was described in the 2004 annual report.

Future Regulation and Milestones

The Regional Board has adopted a TMDL for salt and boron and one for dissolved oxygen. These TMDLs have subsequently been approved by the State Board and the State Office of Administrative Law. These regulations encompass discharges from a much larger area than the Grassland Drainage Area. The Grassland Area Farmers are a participant in these processes.

Discharge during Water Year 2006

Table 1 sets forth discharges from the Grassland Drainage Area for the period Water Year 1995 through Water Year 2006. The Grassland Bypass Project began in Water Year 1997. The volume of drainage has been reduced significantly since this time including a selenium load reduction of 70% in Water Year 2006 compared to pre-project discharges in Water Year 1996. The volume of drainage discharge was reduced by 55%, the salt load by 49%, and the boron load by 38% when compared to pre-project (WY 1996) discharges. Selenium load discharged from the Grassland Drainage Area compared with 2006 monthly targets in WDR 5-01-234 are shown in Figure 1. Selenium discharges were exceeded in January. Figure 2 shows the 2006 discharged load along with historic discharges and the "glidepath" in the Use Agreement incorporating the load values from the August 4, 2005 request for revision of the TMML for selenium. Figure 3 compares actual discharges to the revised load values starting in 2002. Figure 4 shows an estimate of the impact of control activities that occurred during Water Year 2006. Conservation, which includes improved irrigation application, tiered water pricing, tailwater controls and our tradable loads program accounted for a reduction of approximately 4,000 pounds of selenium from historic loads. Reuse and treatment, which includes recycling, use of subsurface drainage water on salt tolerant crops and displacement of subsurface drainage water such as for wetting of roadways for dust control, resulted in a 5,100 pound reduction in discharge in Water Year 2005. The remaining 3,600 pounds was discharged to the San Joaquin River through the Grassland Bypass Project. Figure 3 also shows the estimated impact of the San Joaquin River Water Quality Improvement Project, as well as the impact of an additional 2,000 acres of reuse area.

Water Year 2006 was designated a wet year type in accordance with the Waste Discharge Requirements. During Water Year 2006 the 4-day average selenium concentration at Crows Landing did not exceed 5 ppb in all months where data was available. This is in compliance with the October 1, 2005 water quality objective for above normal and wet year types.

Tools to be used For Long Term Drainage Management

Conservation, reuse and treatment, and river discharge will continue to be the main tools available to the Grassland Area Farmers during the next several years.

During Water Year 2001, Panoche Drainage District on behalf of the other Grassland Area Farmers implemented the San Joaquin River Water Quality Improvement Project (SJRIP). Table 2 shows the usage of subsurface drainage water within the SJRIP area in 2006. The project resulted in a displacement of 2,825 pounds of selenium. The SJRIP is a multi-phase project, which was initiated with the purchase of 4,000 acres of land in the year 2000 within the Grassland Drainage Area by Panoche Drainage District. During 2006, 3,500 acres were irrigated within the 4,000 acre area. Additionally, the Grassland Area Farmers are in the process of designing and constructing a number of infrastructure projects that will increase the operational flexibility and efficiency of the SJRIP. Future phases call for installing subsurface tile drainage systems in the remainder of the SJRIP area to maintain a salt balance within the soil and for disposal of the collected water through treatment and salt disposal options. Panoche Drainage District and Firebaugh Canal Water District have partnered with the USBR to fund USDesal (a private company) in the investigation of a treatment process to treat drain water. Significant funding is still required to complete the SJRIP Project and other components of the drainage solution, and the Grassland Area Farmers are aggressively seeking this additional funding.

Panoche Drainage District is also taking the lead in expanding the acreage of the SJRIP. This includes seeking funding through implementation of the Westside Regional Drainage Plan through the efforts of the San Joaquin River Water Quality Management Group.

Future Needs

In order to maintain the drainage control strategy for the Grassland Area Farmers, there are several needs. They are as follows:

- ◆ The completion of the SJRIP Project including the planting and construction of subsurface drainage systems.
- ◆ Purchase of additional SJRIP lands of up to 2,000 acres for planting of additional cropping to be irrigated with subsurface drainage water.
- ◆ Implementation of treatment and disposal of salt from the SJRIP lands. The USBR is a partner with Panoche Drainage District and other areas in the Grassland Drainage Area working on further research and implementation of these treatment and disposal options. The USBR is also proceeding with their San Luis Drainage Feature Re-evaluation process, which includes options for future salt disposal.
- ◆ Investigations need to be completed on the identification of contributions to subsurface drainage within the Grassland Drainage Area from other sources,

primarily the uncontrolled discharges described above. Once this has been determined, then control and participation by other parties will need to be identified.

- ◆ Retirement of land could be part of the ultimate solution to the problem within the Grassland Drainage Area. The Grassland Area Farmers have developed a land retirement policy that was identified and described in the September 30, 1998 Long Term Drainage Management Plan. In addition to this plan, Broadview Water District has recently been purchased and has been fallowed. Other lands within the Grassland Drainage Area are also being considered for fallowing.
- The Grassland Area Farmers and other local interests have been participating with the USBR in their San Luis Drainage Feature Re-Evaluation Program. The goal of the Grassland Area Farmers is to develop local projects that can be implemented to meet the selenium load reduction targets, while still a viable agricultural economy.

Recent Developments

There are three recent and on-going developments related to efforts of the Grassland Area Farmers to meet the regulatory requirements of the Waste Discharge Permit and the Use Agreement. The first two were indicated in the 2004 annual report.

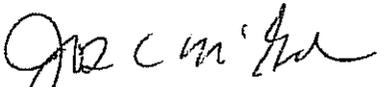
- ◆ The Westside Regional Drainage Plan has been developed by the San Joaquin River Exchange Contractors Water Authority, the Broadview Water District, Panoche Water District and Westlands Water District. This process is meant to complement the USBR San Luis Drain Feature Re-evaluation process and to help resolve long standing drainage issues within the area. The Grassland Area Farmers are aggressively pursuing funding opportunities to implement the Westside Regional Drainage Plan, and have met on a number of occasions with the USBR to move this plan forward.
- ◆ The San Joaquin River Water Quality Management Group was formed out of the "UOP Discussions" between statewide water interests and Delta interests to develop a plan to meet Vernalis salinity objectives. There are many components to this plan that is being developed, one of the major ones being the future reductions of discharge from the Grassland Drainage Area.
- ◆ In the Spring of 2006, the Grassland Area Farmers submitted proposals to the Proposition 40 Consolidated Grants program and the Proposition 50 Integrated Regional Watershed Management program. As of November, 2006, the Grassland Area Farmers have been notified that some of these projects are being recommended for \$26 million in funding.
- ◆ In December, 2006 the Grassland Area Farmers complied with the requirement in the Use Agreement that a Mud Slough Compliance Plan be developed by 2006 to meet Mud Slough water quality objectives. This letter also outlined a process to continue discharges to the San Joaquin River beyond the term of the current Use Agreement, which expires in December, 2009.

Conclusion

The Grassland Area Farmers are committed to a reasonable process that will meet the goals as earlier stated. This includes maintaining efforts to meet current monthly and annual selenium targets while at the same time aggressively pursuing the long term solutions and funding that will be necessary to meet the future requirements.

If you should have any questions please feel free to call. I can be reached at (559) 582-9237.

Very Truly Yours,



Joseph C. McGahan
Drainage Coordinator
Grassland Area Farmers

JCM/jcl

Cc: Dan Nelson, SL&D-MWA
Grassland Basin Drainage Steering Committee
Mike Delamore, USBR
Kirk Rodgers, USBR

Table 1
Discharge Comparison from Grassland Drainage Area
Values October thru September

	WY 95	WY 96	WY 97	WY 98	WY 99	WY 00	WY 01
Volume (AF)	57,574	52,978	39,856	48,289	32,317	31,342	28,235
Se (lbs)	11,875	10,034	7,096	9,118	5,124	4,603	4,377
Salt (tons)	237,530	197,526	172,602	213,533	149,081	139,303	142,415
B (1,000 lbs)	868	723	753	983	630	619	423
Se (ppm)	0.076	0.070	0.066	0.068	0.058	0.054	0.057
Salt (µmhos/cm)	4,102	3,707	4,306	4,308	4,587	4,420	5,016
Boron (ppm)	5.5	5.0	7.0	7.3	7.2	7.3	5.5

	WY 02	WY 03	WY 04	WY 05	WY 06	Reduction from WY 96 to WY 05
Volume (AF)	28,358	27,345	27,640	29,957	25,995	55%
Se (lbs)	3,939	4,032	3,860	4,305	3,583	70%
Salt (tons)	128,411	126,500	121,138	138,908	120,258	49%
B (1,000 lbs)	544	554	530	585	540	38%
Se (ppm)	0.051	0.054	0.051	0.053	0.051	
Salt (µmhos/cm)	4,503	4,600	4,358	4,611	4,600	
Boron (ppm)	7.1	7.5	7.1	7.2	7.6	

Note: WY 97, 98, & 05 include discharges through Grasslands
 Note: GAF quality data used where RWQCB data was missing or pending.

Table 2
San Joaquin River Water Quality Improvement Project
Calendar Year 2006

MONTH	WATER APPLIED (AF)		SELENIUM LBS	SALT TONS	BORON LBS
	DRAIN	OTHER TOTAL			
JAN 06					
FEB	451	478 929	93	2,705	6,790
MAR	1,159	210 1,369	324	5,900	24,180
APR	1,104	0 1,104	300	5,679	20,704
MAY	737	382 1,119	263	4,786	18,435
JUN	1,630	642 2,272	556	9,784	31,232
JUL	1,534	727 2,261	417	8,456	32,240
AUG	1,395	642 2,037	479	7,962	30,610
SEP	914	486 1,410	322	5,375	17,764
OCT	215	68 283	71	1,235	2,334
NOV					
DEC					
TOTAL	9,139	3,645 12,784	2,825	51,882	184,289

Figure 1
Discharge from the Grassland Drainage Area
October 2005 through September 2006

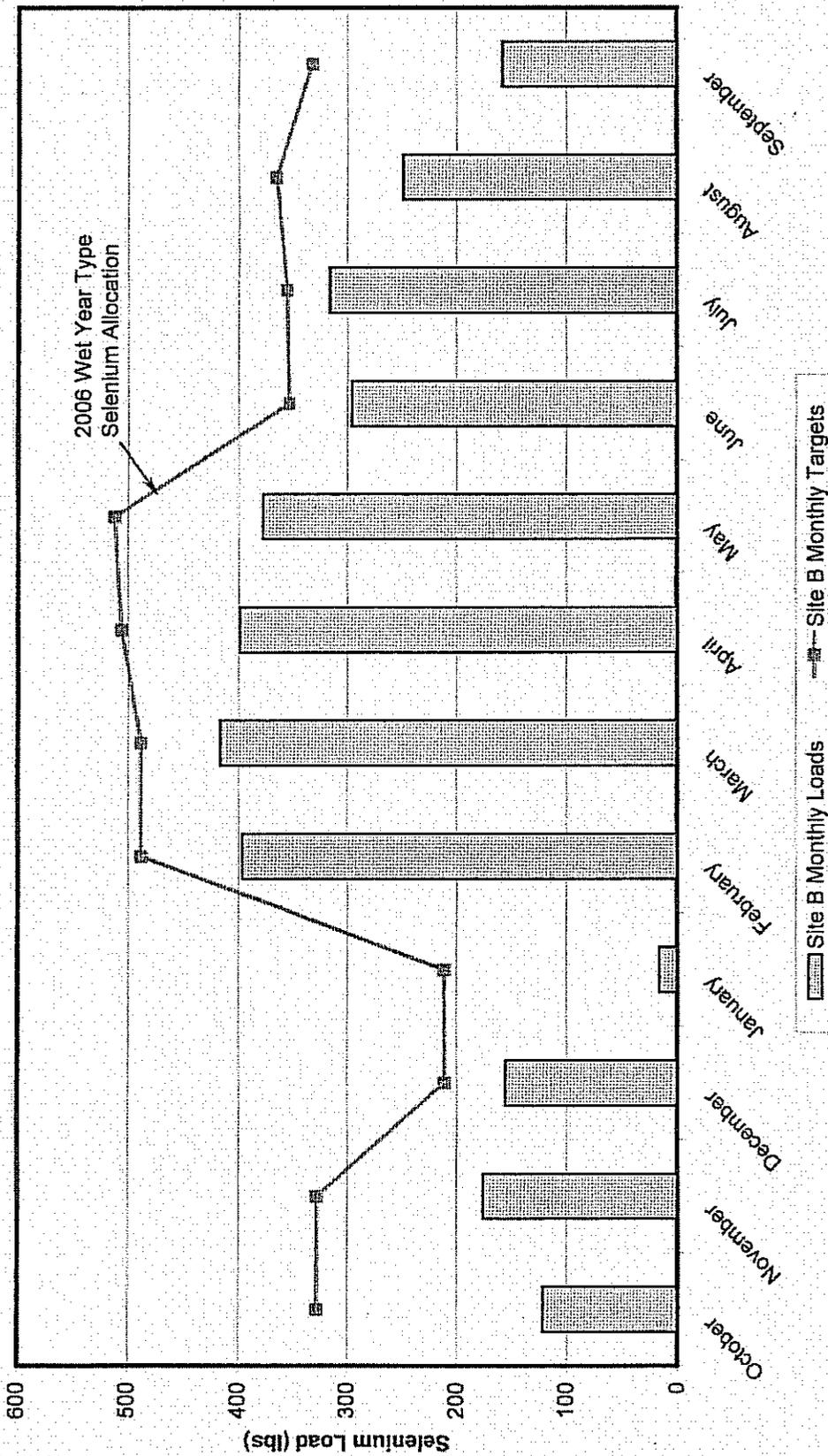


Figure 2
Grassland Drainage Area
Selenium Discharge and Targets

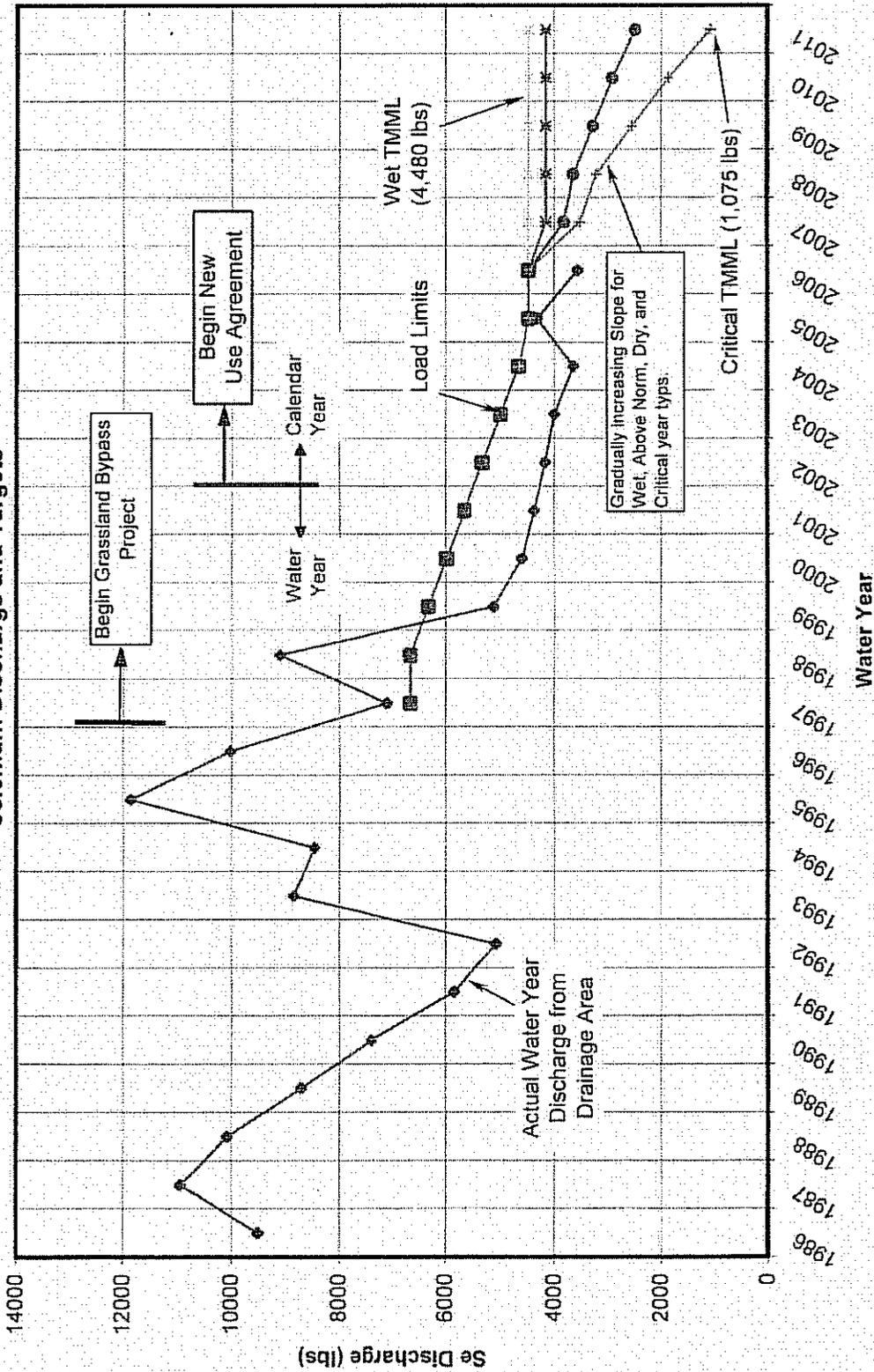


Figure 3
Grassland Bypass Project
Annual Selenium Load Discharge and Values

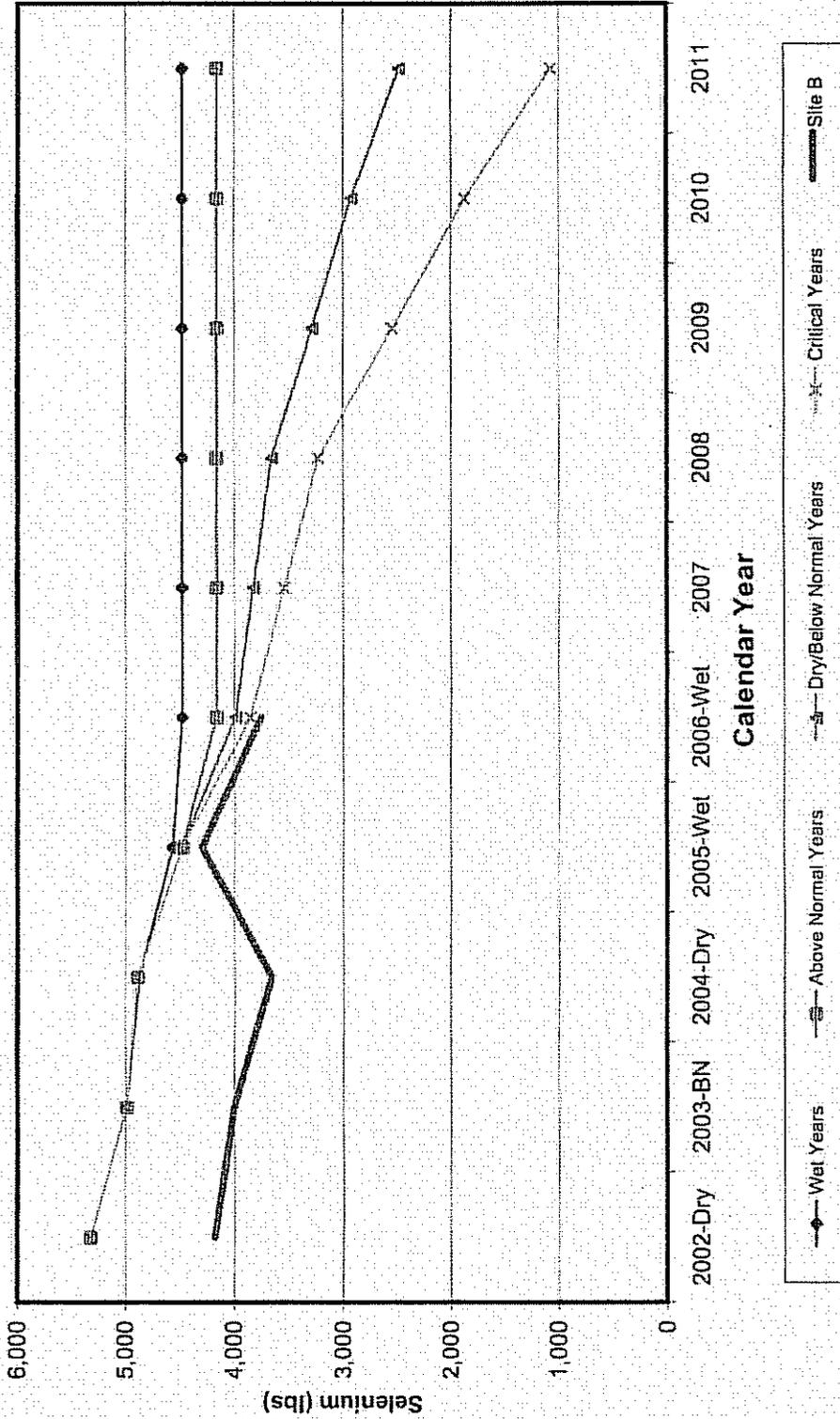


Figure 4

