



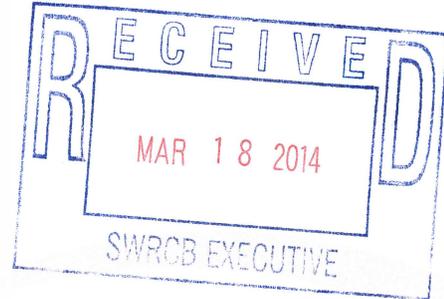
DWR  
Helping Our Members Prosper!

800 W. Monte Vista Avenue  
Turlock, CA 95382  
P.O. Box 3278  
Turlock, CA 95381  
Office: 209-667-2366  
Fax: 209-634-9612

www.yosemitfarmcredit.com

March 14, 2014

Tom Howard  
Executive Director  
State Water Resources Control Board  
1001 I Street  
Sacramento CA 95814



Dear Mr. Howard:

Yosemite Farm Credit is a \$1.9 billion agricultural cooperative lender and part of the Farm Credit System. We have 3,600 loans, primarily in Stanislaus and Merced Counties. Many of our Member's farming operations are irrigated with water from the Central Valley Project (CVP).

As a lender in the Central Valley, we are very concerned about California's State Water Resources Control Board (State Board) attempt to take control of state water rights by limiting the permitted uses of the CVP. Due to the drought, the State Board wants to prohibit, or severely limit the CVP from conveying and pumping water that they have the legal right to use.

The State Board is attempting to reallocate water within the State based on undefined rules and regulations that are inconsistent with long established water rights and priorities.

This reallocation, without regard to water right priority, will have a devastating effect on some of our Member's farming operations that will be felt throughout our local economy, primarily affecting the underserved areas of the Central Valley. In addition to providing food and fiber to our state, nation, and the world our farmers provide many jobs that will go away without water.

As a lender we rely on the water rights and priorities when we assess risk and sustainability of our borrower's operations. Disregarding water right priorities leaves Yosemite Farm Credit with a higher exposure to risk i.e. losses. Increased exposure to losses will curtail our ability to lend to farming operations that rely on CVP water. Disregarding water right priorities also results in the substantial depreciation of land values and the ensuing losses of property tax revenue. All Central Valley residents, many of them underserved, rely on the benefits funded by property tax revenue.

We understand the need to balance the interests of all stakeholders. We encourage you to make a decision that considers the short term effect of taking water from the Central Valley economy that relies heavily on agriculture. We also encourage you to consider the impact on long term reliability on water rights if you proceed with your proposed rule.

Tom Howard  
March 14, 2014  
Page 2

We do not believe that the State Board needs to implement the proposed plan to legally divert and deliver water for Health and Human Safety, agriculture and M&I. The Bureau of Reclamation has the expertise to operate and balance competing interests; thus, the State Board should not reallocate water priorities. The State Board should allow the Bureau working in conjunction with the Department of Water Resources to operate both the federal and state projects for its intended purposes. Through this collaboration the projects will be maximized for all beneficial uses while working within the limitations of current and projected snow pack and rain fall.

We request that you advise the Governor on this issue, it is imperative that he require the experts, with the knowledge and ability, to manage and allocate the water, not the State Board.

Sincerely,



Leonard Van Elderen  
President and CEO

cc: Governor Edmund G. Brown, Jr.  
Karen Ross, Secretary, California Department of Food and Agriculture  
Felicia Marcus, Chair, State Water Resources Control Board  
Dorene D'Adamo, Member, State Water Resources Control Board  
Tam M. Doduc, Member, State Water Resources Control Board  
Steven Moore, Member, State Water Resources Control Board  
Frances Spivy-Weber, Vice Chair, State Water Resources Control Board

---