March 11, 2018

Senator Elizabeth Warren
309 Hart Senate Office Building
Washington, DC 20510

Senator Richard Blumenthal
706 Hart Senate Office Building
Washington, DC 20510

Senator Kamala Harris
112 Hart Senate Office Building
Washington, DC 20510

Dear Honorable Senators Warren, Blumenthal and Harris:

Thank you for your recent demand for a full and comprehensive investigation into conflicts-of-interest between David Bernhardt, Acting Secretary of the Interior and Secretary-Designate (Notice of Intent issued March 81), and Mr. Bernhardt's former client the Westlands Water

1 https://www.whitehouse.gov/presidential-actions/president-donald-j-trump-announces-intent-nominate-personnel-key-administration-posts-72/
District (Westlands). In addition to the broad range of potential conflicts you outline in your request to the Inspector General, we would like to draw your attention to two items in need immediate investigation: (1) Westlands’ predictable pending request for a permanent water supply contract for more than 1 Million Acre-feet (MAF), and (2) the urgent need for repayment of the $84.8 million in federal taxpayer dollars that were paid by Interior to cover Westlands' (and three other federal water contractors) Delta water tunnel planning costs.

As the Bernhardt nomination comes to the US Senate, a dark ethical cloud hangs over the nomination. Numerous conflicts of interest, violations of ethics recusals, and a pattern of repeated favoritism--extended to almost all of Bernhardt’s former clients--has been extensively reported.

No matter how the Bernhardt nomination is addressed, further investigation is required for a very current and pending matter—the conditions under which Westlands is seeking final approval for a permanent Central Valley Project water contract.

That contract, for over a million acre-feet of water from Interior, is aimed at eliminating federal oversight. These current negotiations are being done without standard water, finance, and repayment policies that normally apply to federal water contractors in the western states--including limitations on acreage to be irrigated with federally subsidized water and when full cost pricing rules are applicable.

Westlands is aggressively pursuing this permanent water contract to replace their existing two-year interim water supply contract. If approved, it comes at the expense of other irrigators in and South of the Delta, Native Americans, the fisheries and numerous environmental protection policies. According to public records, the Secretary could rule as soon as April 2019 on the new

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3 [https://www.eenews.net/stories/1060122205](https://www.eenews.net/stories/1060122205) Did Bernhardt once try to blow up Endangered Species Act?


terms and financial conditions for this permanent water supply contract. Currently records show Reclamation is awaiting approvals for the delegation of this authority from Deputy Assistant Secretary and Secretary Nominee, David Bernhardt.⁴

Yet, the terms and conditions for this pending Westlands' contract have not been made public. These are public resources. The lack of public disclosure and lack of transparency is worse than alarming. These secret negotiations (of millions of dollars and acre feet of water) will lead to more conflict and litigation--pitting one region against another--resulting in water policy instability.

The almost total lack of public disclosure for over a million acre feet of water to be permanently granted to Westlands needs to be investigated prior to any final decision. This is roughly enough water to serve 1-2 million households. Before such a permanent title to over 1 million acre feet of water is decided, full disclosure and all the impacts need to be disclosed. Further, the impacts of the allowing irrigators who farm in excess of 960 acres and the elimination of full cost pricing must be disclosed.

In fact, Interior Department’s Acting Inspector General Mary Kendall has repeatedly raised questions about the lucrative federal water contract repayment provisions afforded to Westlands.⁵ Most recently, in 2017, Kendall found $84.8 million of federal appropriations were redirected to fund Westlands’ (and three other federal contractors’) share of the Delta tunnels.

⁴http://sldmwa.org/OHTDocs/pdf_documents/Meetings/Board/Minutes/2018_1108_Board_Minutes_Appproved.pdf "Mizuno reported that Reclamation has received their delegation of authority for contracts of less than 100,000 acre-feet from the Commissioner, but is still waiting on another delegation of authority for larger contracts from the Assistant Secretary of Interior." pg 6.

This redirection of funds was not sanctioned under state law which similar to federal statute required beneficiaries to pay for the construction and planning of such projects.7

We urge you to request a full investigation and public disclosure specifically into this particular aspect of the pending permanent water contract and required repayment amounts. Kendall and her IG’s staff found Reclamation improperly redirected $84.8 million of Congressional funds, but then no effort was made to get Westlands and the three other federal contractor to pay the funds back.8

Not only were federal laws violated, but also state laws were not followed. Claims that no public funds were being spent on planning for the tunnel expenditures were false. These public subsidies by Reclamation were unauthorized payments of Westlands’ share of planning costs for the current and controversial and now abandoned Delta tunnels project, counter to requirements of State law that all costs, including planning costs, are to be paid by project beneficiaries.9

Another matter to be investigated.

The Bernhardt nomination should not be considered by Congress until full disclosure is made, an investigation into the Westlands permanent water contract is conducted and reported, ethical issues directly related to the nominee are fully resolved, and the public is given its rightful place at the table.

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“USBR could not provide us with a rationale for its decision to subsidize (California) water contractors, other than the water contractors asked USBR to pay,” the audit noted.

The actions by the Bureau of Reclamation, which is part of the Interior Department, mean that federal taxpayers paid a third of the cost of the project’s planning up to 2016, the audit said.

Meanwhile, Central Valley water districts that were supposed to pay 50 percent of the tunnels’ planning costs contributed only 18 percent, the audit found”.


"USBR’s submission of inaccurate annual Calfed Bay-Delta certified financial reports has now been disclosed through our report. Further, we believe USBR’s commitment regarding appropriated funds for the BDCP is acknowledgement of the validity of our findings that the actions it took to fund BDCP planning costs and subsidize CVP water contractors were neither transparent nor consistent with the “beneficiaries pay” principle underlying Reclamation Law." pg 2

9 Section 85089 of the Water Code, relating to the Sacramento-San Joaquin Delta.
These subsidies, paid by the (Interior) Department, were actually unauthorized payments of Westlands’ share of planning costs for the current and pending state-wide water tunnels projects in direct contraction of the beneficiary pays policy adopted under State law. This is yet another matter to be investigated.

Please demand a full investigation and public disclosure specifically into this particular aspect of the pending permanent water supply contracts and required repayment amounts. The David Bernhardt nomination for Secretary of Interior nomination should not be considered until (1) full disclosure is made regarding all his potential conflicts and federal activities have been fully vetted, (2) an investigation into the pending Westlands permanent water contract is conducted and reported, (3) ethical issues directly related to the nominee are fully resolved, and (4) the public is given its rightful place at the table before any permanent public water supplies are dedicated to these roughly 350 specific irrigators.10

Further documentation of the above-cite facts are readily available and we stand ready to assist.

If you have any questions or need further information please contact Jonas Minton, Planning and Conservation League Senior Water Policy Advisor at 916-719-4049 or Patricia Schifferle at 530-550-0219.

Sincerely,

Jonas Minton
Senior Water Policy Advisor
Planning and Conservation League
jminton@pcl.org

Noah Oppenheim
Executive Director
Pacific Coast Federation of Fishermen’s Asso.
noah@ifrfish.org

Kathryn Phillips
Executive Director
Sierra Club California
kathryn.phillips@sierraclub.org

Barbara Barrigan-Parrilla
Director
Restore the Delta
Barbara@restorethedelta.org

Carolee Krieger  
Executive Director  
California Water Impact Network  
caroleekrieger7@gmail.com

Osha Meserve  
Attorney  
Local Agencies of the North Delta  
Osha@semlawyers.com

Conner Everts  
Executive Director  
Southern California Watershed Alliance  
Environmental Water Caucus  
connere@gmail.com

Caleen Sisk  
Chief and Spiritual Leader of the Winnemem Wintu Tribe  
caleenwintu@gmail.com

Bill Jennings  
Chairman Executive Director  
California Sportfishing Protection  
deltakeep@me.com

Barbara Vlamis  
Executive Director  
AquAlliance  
barbarav@aqualliance.net

Stephen Green  
President  
Save the American River Association  
gsg444@sbcglobal.net

Lloyd G. Carter  
President, Board of Directors  
California Save Our Streams Council  
lcarter0i@comcast.net

Frank Egger  
President  
North Coast Rivers Alliance  
fegger@pacbell.net

Larry Collins  
President  
Crab Boat Owners Association  
papaduck8@gmail.com

Cc:  
Governor Gavin Newsom  
Senator Joe Manchin (D-WV), Ranking Minority Member, Senate Energy and Natural Resources Committee
Senator Tom Udall (D-NM), Ranking Minority Member, Senate Appropriations Subcommittee on Interior, Environment and Related Agencies
Senator Chuck Schumer (D-NY), Senate Minority Leader
Senator Dick Durbin (D-IL), Senate Minority Whip
Senator Wyden (D-OR)
Senator Cantwell (D-WA)
Senator Sanders (I-VT)
Senator Stabenow (D-MI)
Senator Heinrich (D-NM)
Senator Horono (D-HI)
Senator King (I-ME)
Senator Cortez-Masto (D-NV)
Speaker Nancy Pelosi
Congressman Grijalva
Congressman Huffman