

Congress of the United States
Washington, DC 20515

July 11, 2012

The Hon. Ken Salazar
Secretary
U.S. Department of the Interior
1849 C Street, NW
Washington, DC 20240

The Hon. Jerry Brown
Governor
State of California
c/o State Capitol, Suite 1173
Sacramento, CA 95814

The Hon. Rebecca Blank
Acting Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

The Hon. John Laird
Secretary
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Dear Secretary Salazar, Governor Brown, Acting Secretary Blank, and Secretary Laird:

We write in response to Dr. David Sunding's presentation "Benefit Analysis of Bay Delta Conservation Plan (BDCP) Project Alternatives" at the recent BDCP public meeting that took place on June 20, 2012 in Sacramento, California. Dr. Sunding's analysis was completed at the request of State in order to determine whether the benefits of a conveyance facility were large enough to make the project worthwhile for key water exporters. While we are pleased that State and Federal agencies have finally begun to engage in a discussion about economics, we believe that Dr. Sunding's analysis was incomplete at best, and the project Dr. Sunding analyzed threatens water districts, fishermen, agriculture, landowners, and other stakeholders in Northern California by assuming massive increases in water exports and regulatory assurances that would shift the mitigation burden to other water rights holders. Only with a comprehensive statewide view of both the costs and benefits to all stakeholders will we understand how our stakeholders will be impacted by a conveyance facility.

Dr. Sunding concluded that the "analysis demonstrates that the benefits of BDCP exceed the costs borne by the agencies funding the isolated conveyance facility." A closer look, however, finds several issues with various aspects of his calculations. First, the smallest conveyance facility analyzed would deliver 5.3 million acre feet (MAF) of water to south of Delta exporters per year. Our understanding is that this is approximately 1 MAF of water more than what the resource agencies have indicated is safe for the Delta. Secondly, the BDCP alternatives analyzed are only economically justified if and when regulatory assurances are provided to exporters, meaning that water deliveries of 5.3 MAF, in this case, would need to be guaranteed. We strongly object to the notion of these assurances because impacts would simply be redirected to other water rights holders and/or the Delta environment, which would be degraded as a result.

Our understanding is that regulatory assurances are not currently part of negotiation discussions, leading us to ask why then these assurances would be included in the benefits analysis.

A separate cost-benefit analysis conducted by Dr. Jeffrey Michael, Director of Business Forecasting Center at University of the Pacific, came to quite a different conclusion than Dr. Sunding's. Taking into account in-Delta and upstream impacts, while not including the benefits of regulatory assurances, Dr. Michael found that "costs of the tunnel are 2.5 times larger than its benefits, and thus the project is not economically justified due to a benefit-cost ratio of 0.4." It is worth noting, however, that if one discards the "benefits" of unjustified and damaging assurances included in Dr. Sunding's analysis, these two efforts reached remarkably similar conclusions about the lack of cost effectiveness of the large facility currently under consideration by the BDCP.


The discrepancies between these two studies, as well as the issues raised with Dr. Sunding's benefits analysis demonstrate the necessity of a comprehensive, statewide cost-benefit analysis that considers the impacts on all stakeholders, rather than just the beneficiaries. These issues pose additional questions that must be answered prior to settling on a preferred project. We ask that you carefully consider the following questions and provide us with a detailed response prior to the pending July 25th announcement.

- Why did Dr. Sunding's analysis not include a range of diversions from 4.5 – 5.5 MAF? Why did it not include the 4.3 – 4.4 MAF level of exports that the state and federal fisheries agencies have identified as possibly scientifically justified? Can you please provide an analysis based on lower export levels?
- Why are assurance benefits included in Dr. Sunding's analysis, if, as we understand, regulatory assurances are not now being contemplated?
- If you are contemplating assurances, how would they affect other water rights holders? How would such assurances be consistent with an adaptive management approach?
- Why did Dr. Sunding's analysis fail to include a full analysis of costs, particularly costs to Delta and northern California counties?
- Why did Dr. Sunding's analysis not include less costly options, such as a single 3,000 cfs intake coupled with a single tunnel that could be operated at a level that fish agencies have indicated could be permitted? Can you please provide an analysis based on lower intake capacities?
- Why did Dr. Sunding's analysis fail to consider water sources such as conservation and water recycling as alternatives to a large facility? These are proven water sources, and several Southern California water agencies are planning to use these sources to enable them to reduce their reliance on Delta water, pursuant to State law.

- Is the State planning on engaging in a thorough, peer reviewed cost-benefit analysis? If so, when can we expect that report? If not, why?

As you know, California Congressional Members have written many letters to the state and federal agencies regarding our concerns about the BDCP, and we have yet to receive a response to letters dated May 16, 2012 to Department of the Interior (DOI) and June 22, 2012 to DOI and Department of Commerce (DOC). In closing, we would like to request: 1) a briefing with you and other relevant agency heads before July 25th; 2) written answers to the questions in this letter; and 3) a commitment to delay announcing a new draft project until the state and federal agencies have completed the analyses requested in this and previous letters.

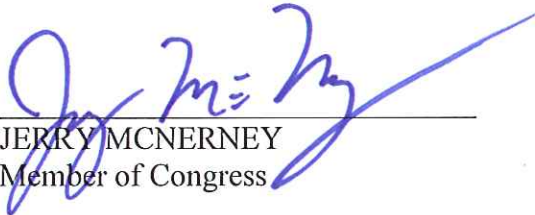
Sincerely,



JOHN GARAMENDI
Member of Congress



GEORGE MILLER
Member of Congress



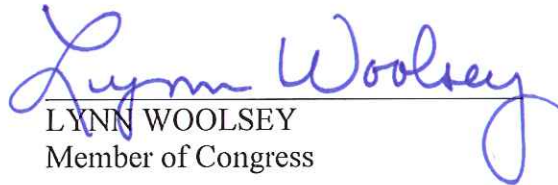
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ANNA ESHOO
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Cc: The Hon. Nancy Sutley, Chair, Council on Environmental Quality
Dr. Jerry Meral, Deputy Secretary, California Natural Resources Agency