



January 16, 2013

Attention: Imported Water Committee

Bay-Delta Update. (Information)

Background

The Delta Stewardship Council has released a draft Delta Plan for public comment. The Bay-Delta Conservation Plan has been postponed, while the state and federal governments negotiate the conditions under which the federal government can issue Endangered Species Act permits for the Delta fix.

Discussion

Delta Stewardship Council

The Delta Stewardship Council adopted a final draft Delta Plan on September 13. Water Authority staff commented on the final draft Delta Plan on January 11, 2013. Previously, the Water Authority had commented on the third, fifth, and sixth staff drafts, as well as the draft Environmental Impact Report. Staff also participated in an ACWA Ag-Urban Coalition, which was successful in obtaining modifications of portions of the Delta Plan.

Bay-Delta Conservation Plan

The Bay-Delta Conservation Plan has slipped behind schedule. The state Natural Resources Agency and the state and federal water contractors are still negotiating with the federal fisheries agencies on a plan that could be permitted under the federal Endangered Species Act. As a result, the release of drafts the Conservation Plan and associated environment impact report/environmental impact statement (EIR/EIS) for public comment have been delayed from the fall of 2012 to some indefinite time in the spring of 2013.

Financing the BDCP

In 2012, the Natural Resources Agency commissioned a report by economist David Sunding to identify whether the benefits of the project to the SWP and CVP contractors exceed the costs of the project. Dr. Sunding has not completed his report, but he presented some tentative conclusions at a public meeting in Sacramento on June 20 and again on November 29. The report has not been completed because the Agency and the state and federal water contractors are still negotiating with the federal government over the concept of a "decision tree," which will determine what will be the ultimate yield of the Delta fix project. Without knowing what the range of possible yields might be, it is impossible to compare the benefits of the project with the costs.

In his report, Dr. Sunding has tentatively concluded that the value of water supply reliability, especially in Southern California, will exceed the cost of the project. Another economist, Dr. Jeffrey Michaels of the University of the Pacific, also presented a study that showed the costs of the project far exceeding the benefits to the state as a whole. Dr. Michaels did not study the value

of water supply reliability as part of his report. He was hired by local Delta interests that are generally opposed to the BDCP.

In response to requests from various interests in the Delta region, the Natural Resources Agency has also commissioned a statewide cost-benefit study from Dr. Sunding. Dr. Sunding began work on the study on December 1, and will present preliminary concepts regarding the scope of the study to a Finance Working Group on January 23. The Water Authority is represented on the Working Group and will present a list of issues that should be addressed in the study.

Next Steps for the BDCP

The Natural Resources Agency has announced a revised schedule for the BDCP. The Agency intends to release an “administrative draft” of the conservation plan by the end of January. The schedule calls for the release of the public comment draft of the conservation plan at an indefinite time later in the spring of 2013, along with the environmental documents. When the public comment period has run and the Agency has responded to the comments, the BDCP may be ready for approval in the late fall of 2013.

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