Secretary Ken Salazar
Department of the Interior
1849 C St, N.W.
Washington DC 20240

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

Commissioner Michael Connor
Bureau of Reclamation
1849 C Street NW
Washington DC 20240

Deputy Secretary Jerry Meral
California Natural Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

January 16, 2013

Re: **A Portfolio-Based Conceptual Alternative for BDCP**

Dear Secretary Salazar, Secretary Laird, Deputy Secretary Meral and Commissioner Connor,

We represent a coalition of business and environmental organizations. We are writing to request that the attached conceptual alternative be considered in the BDCP process, including as a stand-alone alternative in the required CEQA/NEPA analyses and Clean Water Act Section 404 alternatives analysis. Our constituents believe strongly in the need for a science-based, cost-effective BDCP plan to help achieve the co-equal goals of restoring the Bay-Delta ecosystem and salmon fishery, and improving water supply reliability for California. None of us believes that the status quo in the Delta is acceptable.

Although many stakeholders have recommended that BDCP consider certain elements that are included in the attached document, we thought it would be most helpful at this point in the BDCP process to offer a *package* of actions and investments that, taken together, represent an alternative that could attract support from a diverse coalition of interests. This is a conceptual alternative, not a proposed BDCP preferred project. We believe that analysis of this alternative will assist BDCP in developing the most cost-effective, environmentally beneficial final BDCP project with the best chance of implementation.

At the heart of the conceptual alternative are two simple principles. First, BDCP must be grounded in the best available science regarding ecosystem management. This approach is essential to designing a successful, long-term plan for a water supply system and ecosystem as complex and dynamic as the Bay-Delta. This approach is also essential to ensure that the BDCP plan can meet legal requirements and receive permits. We applaud Governor Brown and Secretary Salazar for emphasizing their commitment to a science-based approach to BDCP in their July 25, 2012 announcement.

The second core principle is that the BDCP make fiscal sense. The final BDCP plan must be both affordable and financeable or it will ultimately fail. We believe it is imperative at this point in the BDCP process to avoid the economics and financing issues that plagued CALFED and contributed to its eventual failure.

This conceptual alternative was also developed with two practical realities in mind. First, the conceptual alternative has been developed based on the reality that many California water suppliers are looking closer to home to meet their long-term water supply needs and are planning to reduce their demand for water imported from the Bay-Delta. The second reality is that cities and water agencies, as well as federal, state and local budgets are facing significant financial constraints. We believe that it is critically important to balance the timing and need for investments in the Delta with a strategy that also advances continued water agency investments in local water supply development.

This "portfolio-based' approach reflects the real world desire of water suppliers and the public to evaluate the relative benefits of investments both within and outside of the Delta, and is consistent with the increased discussion in BDCP, over the past six months, of South of Delta water supply alternatives.

One of the cornerstones of the conceptual alternative is a proposal to evaluate a 3,000 cfs, single-bore North Delta diversion facility. This facility would produce significant financial savings, in comparison with a larger conveyance facility, while still providing water reliability benefits. In fact, we believe it could produce greater overall benefits at a lower cost, with some of the savings invested in local water supply sources, new South of Delta storage, levee improvements and habitat restoration. For example, investments in proven, cost-effective local water supply strategies can both increase export area water supplies and reduce the risk of disruption from earthquakes and other disasters. Southern California 2010 Urban Water Management Plans have already identified 1.2 MAF of potential additional local supply projects, only a small fraction of which have been factored into Delta planning.

Many of these local investments could provide significant, broad and long-term benefits. For example, a relatively small investment (in comparison with the cost of a new Delta facility) in Delta levees would provide significant water supply benefits beyond those achievable by the BDCP as currently conceived. The BDCP currently anticipates that, even with a large facility, on average, approximately half of the water exported from the Delta would still be pumped by the South Delta facilities (with more than three quarters of exported water pumped from the

South Delta in critically dry years). Therefore, reducing the vulnerability of Delta levees would provide significant water supply reliability benefits for South of Delta water users, particularly in dry years. Such an investment, in combination with local and public funds, would provide additional local benefits in the Delta. We believe that BDCP should include such "win-win" opportunities to collaborate with in-Delta interests.

It is essential not to delay an evaluation of the likely yield of a new Delta facility. The conceptual alternative also calls for the careful analysis of the best science available today regarding water project operations with a new facility. In particular, this approach calls for the analysis of an operations proposal developed by state and federal biologists to conserve and manage a full range of covered Delta fish species, including consideration of the need to protect upstream fisheries resources. We understand that state and federal biologists have undertaken an extensive effort to prepare such an operational scenario. The signatories to this letter have not endorsed these proposed operations. Rather, given that this operational scenario represents an important effort by state and federal biologists, it should be analyzed in the BDCP EIR/EIS, the Effects Analysis and the 404 analysis.

This conceptual alternative includes initial cost estimates that suggest that this approach could provide superior environmental results, increased water supply and greater reliability at a reduced cost. By expanding benefits and lowering costs, this portfolio approach could assist with project financing. We encourage BDCP to include this approach in its analysis of economics and financing issues, and to refine the cost estimates included in this conceptual alternative.

We sincerely believe that this conceptual alternative has the potential to produce superior benefits at a similar or lower cost to water users and the public. Because it is based on the best available science, we believe it would be more readily permittable. It also promises to deliver benefits more rapidly. And, finally, we believe that this approach will be helpful in attracting broader support for BDCP, both within and outside of the Delta.

We request that this conceptual alternative be analyzed as a stand-alone alternative in BDCP's environmental documents. In addition, we recommend that BDCP use this portfolio approach to compare the potential benefits and impacts of multiple alternatives, including a full range of different conveyance facility capacities. Such comparisons are needed so decision-makers can fully understand the choices they face and can select the optimum portfolio of actions that will best serve the state.

Thank you for your hard work to design an effective plan to meet the challenges we face in the Delta. We hope that this conceptual alternative will continue to advance the discussion. We look forward to an opportunity to discuss the conceptual alternative with you, including how it may best be incorporated into BDCP's analysis.

Sincerely,

Barry Nelson, Senior Policy Analyst
Natural Resources Defense Council

Tony Bernhardt
Environmental Entrepreneurs

Linda Best, President and CEO
Contra Costa Council

Gary Bobker, Program Director
The Bay Institute

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