

Barry Nelson's Blog

Coalition Releases a New Portfolio-Based Conceptual Alternative for the Bay-Delta

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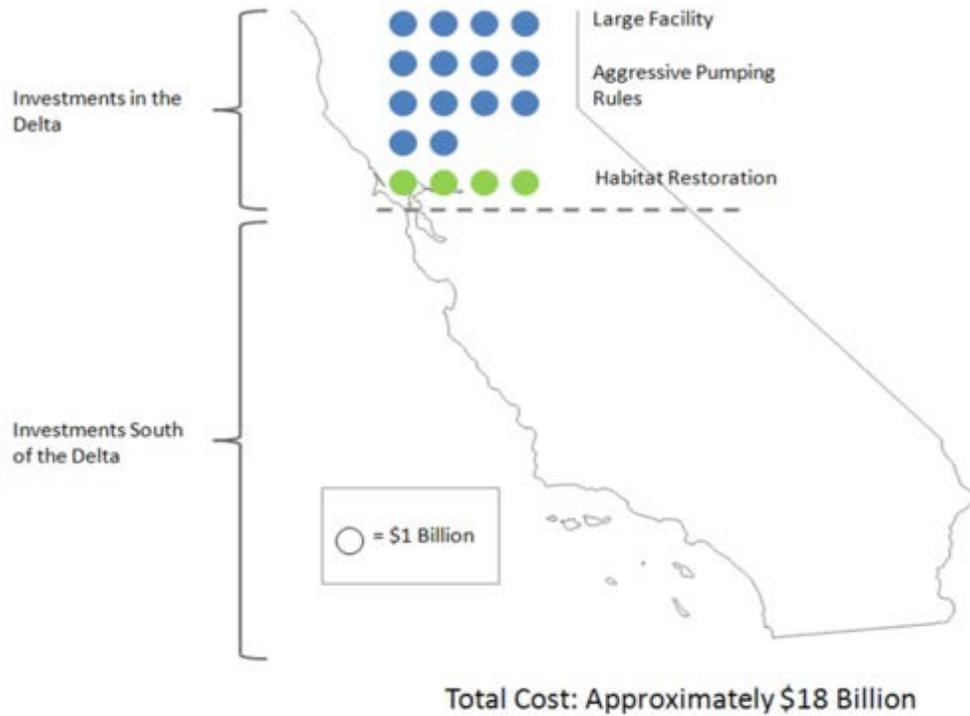
Today, a diverse coalition of [environmental and business groups](#) and urban water agencies released a new “[portfolio-based](#)” [conceptual alternative](#) to meet the ecosystem and water supply challenges facing the Bay-Delta, and to help California provide reliable water supplies for a healthy economy. (Here are the cover letters from [environmental and business groups](#) and from [water agencies](#)). In concept, this new approach is simple. Rather than focusing exclusively on a large Delta facility and Delta habitat restoration, as the Bay-Delta Conservation Plan largely has, this approach proposes a more diverse portfolio of investments, both in and outside of the Delta. The results of our initial analysis are promising.

This conceptual alternative shows how California can develop a plan that would shrink the size of a Delta facility, strengthen protection for the Bay-Delta ecosystem, lower total costs and deliver more water to water users. This approach is supported by a remarkably diverse group, including four environmental groups, two business organizations, six urban water agencies in Northern and Southern California and Mayor Filner of San Diego. Congressman George Miller has also stated:

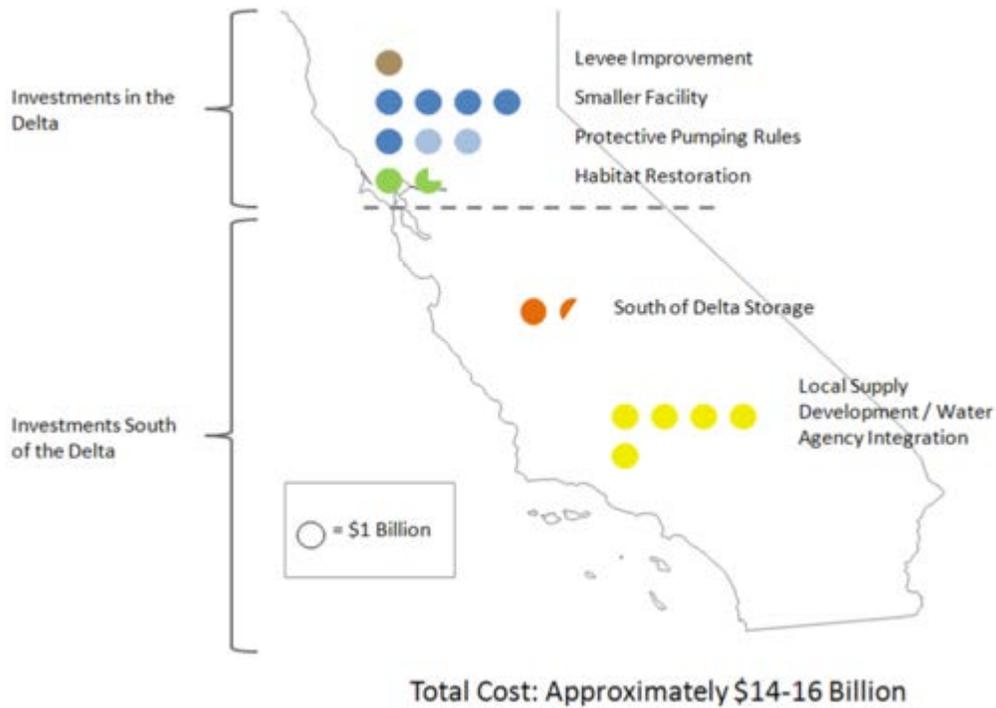
“This is the kind of fresh approach that is needed to protect the Bay-Delta environment, state taxpayers, and meet California’s water needs. I know how powerful it can be when thoughtful environmentalists, business leaders and urban water agencies reach common ground on the water solutions that are so critical to our state’s future.”

The current BDCP approach and this new portfolio-based approach are summarized in these two graphics.

Current BDCP Approach



Conceptual Alternative Portfolio Approach



In short, this new alternative proposes the analysis of a smaller, less expensive new Delta

facility – a 3,000 cfs diversion facility and a single tunnel designed to transport 3,000 cfs without the need for a separate energy source. It also proposes to restore 40,000 acres of Delta habitat, driven by the best available science, over the next 15-20 years. Although ambitious, this restoration program would be half of the maximum in the current draft BDCP plan and would be focused on the near term, which is when we need habitat restoration to occur. The scientific community has questioned the scientific foundation for the BDCP's current focus on very large scale Delta tidal marsh restoration. This new approach recommends a focus on the restoration efforts with the strongest scientific basis and allows us to test the results of that effort before committing to larger-scale restoration.

By reducing the size – and cost – of a Delta facility and habitat restoration, billions of dollars could be saved and invested in a range of additional actions, including reinforcing Delta levees, [dramatically increasing water recycling, conservation and other local sources south of the Delta](#), improving cooperation among water agencies, and developing new South of Delta water storage. This “portfolio” approach allows the comparison of the relative benefits of investments within the Delta in comparison with the benefits of larger investments in the export water areas in Southern California, the Central Valley and the Southern Bay Area.

This proposal is designed to work within the budget of the current BDCP proposal, which envisions a capital investment of approximately \$18 billion. This conceptual alternative, based on [initial cost estimates](#), could cost \$14-\$16 billion. We believe that this approach has the potential to cost less, deliver greater benefits and attract broader support.

It's not an accident that this approach emphasizes the economic bottom line. All of those involved in these discussions recognize that the CALFED effort to resolve Bay-Delta issues floundered in part because of its failure to resolve economic and financing issues. The reality is that a successful plan for the Bay-Delta must be environmentally and scientifically credible, implementable and financeable. (An explanation of the cost and yield estimates in this proposal [can be found here](#)).

This conceptual alternative [also relies on proposed pumping rules](#) developed by state and federal fisheries agency scientists to meet the needs of the Bay-Delta ecosystem and its fisheries, based on the best science available today.

In summary, [the potential benefits of this approach](#) include:

- A less expensive, more cost-effective plan.
- More water for export water users.

- Faster water supply benefits.
- More local control of water supply and less reliance on imported water.
- More reliable dry year water supplies.
- Reduced vulnerability to earthquakes, sea level rise and climate change impacts.
- Better environmental results that are supported by science.
- Greater likelihood of permits from state and federal regulatory agencies.
- Greater potential to attract funding partners and reduced pressure for public funding.
- The potential for broader support in Delta communities.
- Thousands of new jobs in the communities that will pay the majority of costs of a Delta plan.

It's important to note that this is not a proposed project, ready for permits and ribbon-cuttings. This is a conceptual new approach. In some areas, little information is currently available. For example, BDCP has not evaluated the potential cost-effective approach to South of Delta storage included in this proposal. Nor has it determined if one million acre-feet of new storage is the right number. The right answer could be more or less. That's why we're asking for analysis in the BDCP environmental review. Likewise, none of the supporters of this new approach are ready to endorse the new agency-developed operations proposal. It is, however, a credible starting point for a debate over the right science-based pumping rules. In these and several other areas, additional analysis of costs and benefits is needed to design the optimal plan. In addition, more stakeholders should be involved in the discussion of a final plan for the Delta. But this conceptual alternative lays out a promising, new approach to finding a solution for the Delta that could work.

The next step is for BDCP to incorporate this conceptual alternative in its upcoming analyses, including a recently initiated cost-benefit analysis, the draft EIR/EIS, the Clean Water Act Section 404 analysis and more. The result, we hope, will be a more affordable, effective, implementable and financeable plan with broader support.

Bay-Delta issues have become increasingly polarized in the past decade. That's why this new approach is so encouraging. In the past, when environmental and business groups have reached common ground with water agencies, it has led to major breakthroughs like the Central Valley Project Improvement Act, [the 2009 Delta Reform Act legislative package](#), and the creation of the [California Urban Water Conservation Council](#).

In the investment community, it is accepted wisdom that a diversified portfolio of investments is a wise strategy to minimize risk and obtain an acceptable return. For many years, the BDCP has focused on putting billions of dollars of eggs largely in two baskets in the Delta – a large new conveyance facility and a massive investment in Delta habitat restoration. This portfolio approach is testing the theory that a more comprehensive approach could be more effective and affordable.

The problems in the Bay-Delta are extraordinarily important and complex. Given the estuary's significance as an ecosystem and a water supply source, solving those problems is essential. Many have speculated that the Gordian knot in the Bay-Delta is too complex to untangle and too important to walk away from. A new approach has been needed. Today, a diverse group of water stakeholders may have found that approach