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Brown Administration Releases Draft Statewide Economic Report of Costs, Benefits of Bay Delta Conservation Plan

Report Shows Overall Net Benefits of Roughly \$5 Billion; More than 1 million Jobs Tied to Reliability of Delta Water Supplies

SACRAMENTO, Calif. – A new economic analysis of the costs and benefits of Gov. Edmund G. Brown Jr.'s plan to revitalize the Sacramento-San Joaquin Delta ecosystem and stabilize water deliveries shows a net benefit to California residents of \$4.8 billion to \$5.4 billion statewide.

Key findings of the analysis include:

- creation of 177,000 construction- and habitat restoration-related jobs in the Delta, resulting in \$11 billion in additional employee compensation;
- avoidance of water shortages that could cost over 1 million jobs in counties that depend upon Delta water; and
- a net increase in statewide economic activity of \$84 billion over 50 years, even after factoring in the effects of paying for the Bay Delta Conservation Plan (BDCP).
- increased hiking, birding, boating, and other recreation in the Delta;
- reduced emissions of greenhouse gases

All of these benefits are anticipated over the 50-year duration of the BDCP.

At the request of the California Department of Water Resources, The Brattle Group and ICF International examined a variety of economic impacts of the BDCP. The plan seeks the conservation of 57 different Delta wildlife and plant species. It is an application to federal and state wildlife agencies to permit the continued operation of the Delta-based Central Valley Project (CVP) and State Water Project (SWP) under the U.S. Endangered Species Act and the California Natural Community Conservation Planning Act. Those water projects supply two-thirds of California's population with at least some of their water supply and provide water to irrigate 3 million acres of farmland in the Central Valley.

No regulation requires such a statewide economic analysis, but it is part of the extensive economic research undertaken by the state to design the plan, weigh its economic impacts, inform the public, and help guide policymakers. The report released Monday is draft and may be revised based upon public comments.

The conservation plan includes 145,000 acres of habitat restoration and protection in the Delta and construction of three new intakes and two tunnels to divert water supplies in ways less harmful to native fish species than possible with the current water project infrastructure. The plan seeks to achieve the dual goals defined by the California Legislature in the Delta Reform Act of 2009: provide a more reliable water supply for California and protect, restore, and enhance the Delta ecosystem.

The economic study, available [here](#), concludes that implementation of the \$25 billion conservation plan is a worthy investment for the water districts in the Santa Clara Valley, Bay Area, San Joaquin Valley, and Southern California that would pay 68 percent of the costs. It finds both positive and negative impacts in the Delta, but far larger statewide benefits from implementing the plan.

“This report compares California’s economic outcomes under the BDCP to the conditions we can expect without BDCP,” said California Natural Resources Secretary John Laird. “The result is clear: Achieving the water supply reliability goal of the BDCP is crucial to California’s economic future. But what cannot be quantified in an economic analysis like this is equally important. By safeguarding and enhancing the fish and wildlife of the largest estuary on the West Coast, we act in the interest of all Californians to come.”

Impacts to the largely agricultural Delta region are significant in terms of temporary, construction-related air pollution and traffic delays and the loss of farm jobs as land is converted to tidal wetlands and other habitat. An estimated 37,000 farm jobs could be lost as habitat restoration is implemented, according to the economic analysis. The economic cost of traffic disruption is estimated at \$53 million to \$79 million over a nine-year construction period. The study also predicts that the total costs of changes in regional air quality will range up to \$16 million.

Overall changes in salinity in Delta waterways due to implementation of the BDCP is expected to cost \$1.86 million per year in farm revenues – a decline of less than one-half of one percent of total annual farm revenues in the Delta.

The biggest economic stimulus of the conservation plan would be centered in the Delta. The Delta would be home to an estimated 110,600 construction jobs (over 7.5 years), 11,300 operations and maintenance jobs (over 40 years), and 55,800 jobs related to restoration (over 50 years). (A job is defined in the economic analysis as a position equivalent to one full-time worker for an entire year.)

Measures to protect, restore, and enhance wildlife habitat are expected to provide a net increase to boating, picnicking, wildlife viewing, waterfowl hunting, fishing, and other recreational activities, with net economic benefits estimated at \$222 million to \$370 million over a 50-year period.

One of 22 conservation measures described in the BDCP involves building three new intakes along the Sacramento River near Hood and twin 35-mile-long tunnels to carry water to the existing SWP and CVP pumping plants in the south Delta near Tracy. The new northern intakes would be screened to protect juvenile salmon and other passing fish species. Use of the new intakes would allow water project operators to reduce pumping in the south Delta, where reverse flows in nearby channels can directly entrain and disorient fish.

The new water delivery system proposed by the conservation plan would also help safeguard water deliveries in the event Delta levees were breached by flood, earthquake, or other forces.

“Because the ultimate economic benefits of the BDCP depend on factors that cannot be known with certainty (e.g., demand growth, future hydrology, future regulations, climate change), an exact quantification of the direct benefits of the BDCP is elusive,” states the economic analysis. “Nonetheless, given the available evidence, two conclusions seem certain. First, the BDCP will result in substantial net benefits to the water contractors that rely on the Delta for at least a portion of their water supplies. Second, implementing the BDCP will reduce a range of risks

that are of great consequence to the public. These risks include the vulnerability to floods or earthquakes in the Delta region that may disrupt water exports for an unknown period of time; gradual, long-term sea level rise that could progressively restrict Delta water exports unless mitigating action is taken; and an increasingly strict regulatory environment under the state and federal Endangered Species Acts that could further restrict exports from the Delta.”

Among the key assumptions made in the economic analysis is that operational components that may be implemented as part of the conservation plan to help native fish species recover – including higher seasonal flows to the ocean – may be imposed by federal and state wildlife agencies even if the conservation plan is not implemented. The imposition of such regulations on the current delivery system would significantly reduce the water supplies that could be provided south of the Delta.

Additional economic analysis may be found in Chapter 8, “Implementation Costs and Funding Sources,” and Chapter 9, “Alternatives to Take,” of the administrative draft conservation plan. Chapter 9 analyzes alternative ways to avoid harm to endangered species. The entire conservation plan was posted [here](#) this spring to give the public ample time for review before an official public review draft is released this fall.

Proponents of the plan also have posted an administrative draft Environmental Impact Report and Environmental Impact Statement (EIR/EIS). The 20,000-page document analyzes 15 plan alternatives. Most involve new water intakes, canals, or tunnels of varying capacities to divert water from the Sacramento River in the north Delta.

A robust public participation process, including in-Delta office hours, educational workshops, and formal public comment hearings, will accompany the release of the public review draft of the plan and EIR/EIS this fall.

For more information about the Bay Delta Conservation Plan, please visit www.baydeltaconservationplan.com.

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