



California Sportfishing Protection Alliance

"An Advocate for Fisheries, Habitat and Water Quality"

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Mr. Don Nottoli, Chair
Mr. Michael Machado, Executive Director
Delta Protection Commission
14215 River Road
P.O. Box 530
Walnut Grove, CA 95690
espcomments@pacific.edu

VIA: Electronic Submission
Hardcopy if Requested

RE: Comments on the Second Administrative Draft of the Economic Sustainability Plan for the Sacramento-San Joaquin Delta

Dear Messrs. Nottoli and Machado:

The California Sportfishing Protection Alliance (CSPA) appreciates the opportunity to comment on this second administrative draft of the Economic Sustainability Plan for the Sacramento-San Joaquin Delta (Plan). While much of the work to date is praiseworthy, there are significant omissions.

The purpose of the Plan is to provide "information and recommendations that inform the Delta Stewardship Council's policies regarding the socioeconomic sustainability of the Delta region." In other words, the State Legislature envisioned that the Plan would provide the socioeconomic information necessary for the Delta Stewardship Council (Council) to determine whether proposed actions to achieve the coequal goals are consistent with the objective of protecting and enhancing the economic sustainability of the Delta region.

We believe the Delta Protection Commission (Commission) has interpreted its mandate far too narrowly. While the draft Plan addresses economic impacts of several conceptual proposals to Delta agriculture, recreation, infrastructure, etc., it ignores other significant impacts. For example, further degradation of water quality, resulting from the loss of Sacramento River dilution flow, would increase the costs of wastewater and municipal drinking water treatment in the Delta and could limit the ability of Stockton to divert water.¹ It would likely impact the Port of Stockton.² Decreased water quality could reduce recreational activity, depress real estate

¹ The diversion of relatively good quality water from the Sacramento River around the Delta will inevitably increase pollutant concentration and the residence time for those pollutants to act on the environment. Sacramento River water, as it is drawn to the export pumps, presently dilutes pesticides, nutrients, pathogens, oxygen demanding constituents and other pollutants in the Delta.

² The dissolved oxygen deficit in the impaired reach of the Stockton Ship is presently mitigated by water from the

values and adversely affect the health of the subsistence fishing community.³ The Plan should identify and quantify the potential economic impacts from the broad suite of potential water quality impairments, not simply salt.

However, the largest omission in the Plan is that it focuses solely on a subset of economic impacts and ignores the economic value of ecosystem services and the economic valuation of the estuary. These are real “costs” that must be incorporated in any evaluation of projects designed to ensure sustainability and achieve the coequal goals. Both economic value and impact costs are intrinsic in any balancing of the public trust and both should be included in any economic sustainability plan.

The Delta Reform Act of 2009 states that the constitutional principle of reasonable use and the public trust doctrine shall be the foundation of state water project management policy. The Council’s Delta Plan serves as both a strategic and regulatory document. It includes explicit regulatory policies and requires that proposed projects, plans and covered actions be consistent with the Plan. As such, the Council, as a trustee agency, is charged with protecting and balancing the public trust.

The inescapable reality is that consumptive water rights issued by the State Water Resources Control Board exceed unimpaired flow into the Delta; contracts for state and federal water project water are greater than available supplies and the delivery capacity of the systems; increased pollutant mass loading to the estuary has degraded water quality; and excessive diversions have led to the collapse of estuary’s biological tapestry. Two recent state agency reports, developed through extensive public processes, conclusively establish that an increase in Delta outflow is necessary to protect and restore the estuary’s aquatic ecosystem.⁴

California’s water system is seriously oversubscribed, operating in deficit and incapable of meeting competing demands on the system. The Council’s charge is to resolve this imbalance. Economics is the science of choice and the study of the allocation of scarce resources among competing demands. Any Economic Sustainability Plan for the Delta falls short if it fails to capture both the full scope of impacts costs and the market and non-market economic costs and benefits provided by the Delta’s public trust resources. Absent both economic impacts and value, it cannot provide the Council with the critical information necessary to make difficult decisions regarding the distribution of limited water resources.

We know what a comprehensive economic assessment entails because its been done before. The Mono Lake proceeding was a classic public policy proceeding of allocating a scarce resource

Sacramento River. Elimination or reduction of those flows will exacerbate oxygen depletion thereby impacting operations and potential future expansion at the Port of Stockton.

³ Pollutant levels in certain species of fish already exceed human health standards for a number of constituents. Increased residence time and reduced dilution and flushing would allow bioaccumulative pollutants more opportunity to be assimilated by aquatic life.

⁴ State Water Resource Control Board. August 2010. *Development of Flow Criteria for the Sacramento-San Joaquin Delta Ecosystem*; California Department of Fish and Game. November 2010. *Quantifiable Biological Objectives and Flow Criteria for Aquatic and Terrestrial Species of Concern Dependent on the Delta*.

among competing demands. It identified the ecological uses of trust resources and their biological requirements, examined the relationship between water flows and impacts on ecological uses and compared the costs to the City of Los Angeles acquiring water from other sources with the economic benefits of protecting the ecological values of the lake's public-trust resources. The City claimed that the costs of alternatives to diverting from the lake were prohibitive. However, economic analysis demonstrated that the economic benefits of protecting the ecological uses of the Mono Lake's public trust resources were more than 47 times greater than the costs to Los Angeles.

There is an entire literature devoted to current best economic practices on valuing the market and non-market economic consequences of water projects. These methods are routinely employed by state and federal agencies throughout the nation. For example, the U.S. Environmental Protection Agency has prepared a number of documents detailing the preparation of economic analyses.⁵ The California Department of Water Resources has prepared similar guides.⁶ The National Research Council of the National Academies review of the U.S. Water Resources Council's *The Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies* contains valuable insight into current best economic practices.⁷ The economic literature includes many peer-reviewed studies on non-market and ecosystem valuation.⁸

⁵ Environmental Protection Agency (EPA) Science Advisory Board. 2009. Valuing the Protection of Ecological Systems and Services. EPA-SAB-09-012. May; National Center for Environmental Economics. 2010. *Guidelines for Preparing Economic Analyses*. U.S. Environmental Protection Agency. EPA 240-R-10-001. December; U.S. Environmental Protection Agency (EPA). 1993. *Guide for Cost-Effectiveness and Cost-Benefit Analysis of State and Local Ground Water Protection Programs*. U.S. Environmental Protection Agency, Office of Water, and Office of Ground Water and Drinking Water. April.

⁶ California Department of Water Resources (CDWR). 2008. *Economic Analysis Guidebook*. The State of California. January; California Department of Water. 2005A. *Ecosystem Valuation Methods. Revised Draft*. Multi-Objective Approaches to Floodplain Management on a Watershed Basis. May; 2005B. *Natural Floodplain Functions and Societal Values Revised Draft*. Multi-Objective Approaches to Floodplain Management on a Watershed Basis. May; 2005C. *Middle Creek Flood Ecosystem Restoration Project Case Study: Benefit and Cost Analysis*. Multi-Objective Approaches to Floodplain Management on a Watershed Basis. May; 2005D. *Floodplain Management Benefits and Cost Analysis Framework. Revised Draft*. Multi-Objective Approaches to Floodplain Management on a Watershed Basis. June.

⁷ National Research Council of the National Academies. 2010. *A Review of the Proposed Revisions to the Federal Principles and Guidelines Water Resources Planning Document*. Committee on Improving Principles and Guidelines for Federal Water Resources Project Planning, Water Science and Technology Board, Division on Earth and Life Studies.

⁸ Loomis, J. 1987. "Balancing Public Trust Resources of Mono Lake and Los Angeles' Water Right: An Economic Approach." *Water Resources Research* 23: 1449-1456. August; Loomis, J. 1997. Use of Non-Market Valuation Studies in Water Resource Management Assessments. Colorado State University; Duffield, J. 2010. *Valuing Ecosystem Services in River and Lake Systems: Methods and Western U.S. Case Studies*. Presentation, Salt Lake City, April 28; Daily, G.C. (ed). 1997. *Nature's Services: Societal Dependence on Natural Ecosystems*. Washington, D.C.: Island Press; Blomquist, G.C. and D.R. Johnson. 1998. "Resource Quality Information and Validity of Willingness to Pay in Contingent Valuation." *Resource and Energy Economics* 20:179-196; Loomis, J., T. Brown, and J. Bergstrom. 2007. "Defining, Valuing, and Providing Ecosystem Goods and Services," *Natural Resources Journal* 47: 329-376.

If time and resources constrain the ability of the Commission to complete a cost-benefit analysis that encompasses both economic impacts and economic values, the Plan should more explicitly identify the limitations of the present study and, at length, narratively describe the necessary components of a comprehensive economic analysis. It should stress that such an assessment is fundamental for achieving the coequal goals and protecting the Delta's economic sustainability.

The Plan should further acknowledge that a full cost/benefit evaluation of the uses and values of exported water and potential alternatives is crucial to providing the requisite information for any balancing of limited resources and protection of public trust resources to occur.⁹ The Council is unlikely to be able to successfully or legally comply with its legislative and constitutional obligations without such information.

In summary, we believe the Plan falls short of capturing the full scope of market and non-market economic costs and benefits of the Delta's public trust resources because it fails to include all potential impacts and fails to consider both economic impacts and economic values. Consequently, it doesn't provide the Council with the critical information necessary to make informed difficult decisions regarding the distribution of limited water resources; i.e., the balancing of the public trust. We urge the Commission to expand the scope of the Plan and describe the necessary components of a comprehensive economic cost/benefit analysis that will facilitate achieving the coequal goals while protecting the economic sustainability of the Delta.

Thank you for considering these comments. If you have questions or require clarification, please don't hesitate to contact us.

Sincerely,



Bill Jennings, Executive Director
California Sportfishing Protection Alliance

⁹ The distribution of limited resources should be evaluated on the basis of societal and economic values. For example, what are the costs/benefits of reclamation, reuse, conservation and development of local sources of water as opposed to exports and dams? What are the societal costs/benefits in providing Kern County, comprising a fraction of one percent of the state's population and economy, the same quantity of limited Delta water as the South Coast, with half the state's population and economy? What are the values to society of using public subsidies to irrigate impaired lands that, by the nature of being irrigated, discharge prodigious quantities of toxic waste that impairs other beneficial uses and entails other costs when compared to irrigating lands without subsidized water and redirected impacts? What is the economic value of using twice the amount of water to irrigate an orchard in the desert than is required elsewhere? What are the costs/benefits of outflow to San Francisco Bay and the commercial fishing industry? Answers to these and other questions are crucial to any balancing of the public trust.