DRAFT COMMENT LETTER

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BDCP Comments
Ryan Wulff, National Marine Fisheries Service
650 Capitol Mall, Suite 5-100
Sacramento, CA 95814

Subject: Comments on the Draft Bay Delta Conservation Plan, Associated Draft Environmental Documents, and Draft Implementing Agreement

Dear Mr. Wulff:

On behalf of the Los Angeles Department of Water and Power (LADWP), thank you for the opportunity to comment on the draft Bay Delta Conservation Plan (BDCP), associated draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS), and draft BDCP Implementing Agreement.

The City of Los Angeles (City) is working diligently to reduce its reliance on water from the Sacramento-San Joaquin Delta (Delta) by implementing a host of local water supply projects and programs outlined in LADWP's 2010 Urban Water Management Plan (UWMP) and the City's 2006 Water Integrated Resources Plan. Those plans identify significant investments in water conservation, water recycling, stormwater capture, and groundwater remediation aimed at reducing by half the City's dependency on imported water purchased from the Metropolitan Water District of Southern California (MWD).

These efforts are consistent with priorities of the California Water Action Plan, issued by the Brown Administration in January 2014, and the 2009 Delta Reform Act, which states:

> *"The policy of the State of California is to reduce reliance on the Delta in meeting California's future water supply needs through a statewide strategy of investing in improved regional supplies, conservation, and water use efficiency."*

Increased local water resource development, conservation, and groundwater cleanup, along with State efforts to ensure reliable deliveries from the Delta, are necessary to secure the City's water future. Local supplies alone will not be sufficient to meet the City's water needs into the foreseeable future, and after fully implementing the local resource development and groundwater remediation programs outlined in the 2010 UWMP, imported supplemental water from the Delta will still be required as part of Los Angeles' water portfolio. That diverse portfolio is particularly important in dry years, when the City will rely on purchased imported water from MWD for up to 50 percent of its supply, with the majority of that purchased water coming from the Delta.

LADWP is the largest municipally owned water and power utility in the nation, serving a 464 square-mile area and delivering water and electricity to nearly four million residents and businesses in the City. The City receives most of its water from the Eastern Sierra Nevada through the Los Angeles Aqueduct, by purchases from MWD, and from locally pumped groundwater. A mix of these sources, along with a strong water conservation ethos and some water recycling, provide the water supply needed to serve the City.

In an average hydrological year, the City now purchases approximately 52 percent of its water supply from MWD, with about 44 percent coming from the Delta and about 8 percent coming from the Colorado River. In dry years, purchased water makes up a much larger percentage of the City's water supply. For example, purchased water will make up about 79 percent of the City's supply during the current year, with about 71 percent coming from the Delta.

The LADWP's experience is that Delta water supplies have already been reduced by about 30 percent in recent years due to concerns about impacts to the Delta fishery system, and we anticipate that maintaining the status quo will result in the continuing decline of the Delta ecosystem and a likely increase in pumping restrictions. The Delta's levee system is at risk from a variety of factors including climate change, sea level rise, land subsidence, earthquake, and storm surge events. In the case of major levee failures in the Delta, water deliveries to Southern California could be disrupted for up to three years. The Los Angeles Economic Development Corporation estimates that a three-year disruption of water deliveries from the Delta could result in a total revenue loss to Los Angeles County of $240 billion.[1]

The City was supportive of the passage of the 2009 Delta Reform Act and continues to monitor the current BDCP process. Consistent with the City's support of the 2009 Delta Reform Act, LADWP supports a solution that provides the following:

- Equitable cost distribution according to a "beneficiary pays" approach.
- Enhanced Delta ecosystem fishery habitat throughout the Delta.
- Increased water supply reliability to the Southern California region.
- Flexible Delta pumping operations to help reduce the inherent conflict between fisheries and water conveyance.
- Improved export water quality to meet stricter urban drinking water standards while also allowing habitat features that promote a healthy food web for fish.
- Reduced climate change risks to export water supplies, including reduced risk from salinity intrusion and levee failure associated with rising sea levels and storm surge events.
- Reduced risks to export water supplies from seismic-induced levee failure, land subsidence, and subsequent flooding.

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[1] "Total Regional Economic Losses from Water Supply Disruptions to the Los Angeles County Economy," July 23, 2013. Report prepared by A. Rose, I.S. Wing, D. Wei, and M. Avetisyan of the Price School of Public Policy and Center for Risk and Economic Analysis of Terrorism Events, University of Southern California for the Los Angeles County Economic Development Corporation. 54 pages.

Proposals identified in the draft BDCP EIR/EIS could meet the principles for a Delta solution that the City supported in 2009. A viable solution will better protect threatened and endangered fish species, and also address the impacts of climate change on the Delta system, which may result in changes in the water volume and runoff pattern of the Sacramento River and Delta watershed, and a decreased proportion of precipitation that is naturally stored as snowpack.

Because implementation of BDCP will not occur in the Los Angeles area, the primary impact to LADWP ratepayers is cost. The draft BDCP documents, including the Implementing Agreement, do not yet address final cost sharing percentages for the state and federal water contractors. ~~Nor do the~~While the draft BDCP documents do include a 36 percent construction contingency ~~protect~~ Los Angeles ratepayers and other beneficiaries will be at risk from ~~the risk of~~ cost overruns and issues with project delivery that exceed the contingency. In past positions on the Delta and BDCP, the City has established a principle of paying a fair share for the construction of conveyance facilities and associated mitigation. LADWP will continue to monitor negotiations, review future drafts of the implementing agreement, and work to ensure that City ratepayers are not required to bear additional or unjustified costs. It is of paramount importance to LADWP that costs associated with a Delta solution do not impact the ability to invest adequately in local resource projects.

Based on the information available, LADWP staff estimates a typical single-family residential household in Los Angeles would expect to see a $2-3 per month increase in their water bill to pay for the construction of the proposed conveyance facility, also called Conservation Measure 1. This estimate is based on several assumptions and variables, including the following:

- Total cost for the conveyance facility is $14.5 billion, with annual debt service costs of $1.1 billion.
- Costs are shared equitably among water exporters based on water deliveries, with MWD's expected share of the state contractor's cost at about 50 percent.
- LADWP continues to purchase water from MWD at current volumes, which is about 15 percent of MWD's total sales.
- LADWP collects revenue to cover this cost through retail water sales.
- A typical single-family residential household in Los Angeles uses about 12 hundred cubic feet per month.

Chapter 8 also recommends that most of the costs associated with Conservation Measures 2 through 22 (Delta habitat enhancement and restoration and other stressors) and other tasks (monitoring, research, plan administration) should be paid for by State and federal funding sources. LADWP staff agrees with this recommendation, given the statewide and regional benefits provided by these measures and tasks.

LADWP firmly believes that ensuring the reliability of Delta supplies is only one component of the City's water supply equation. Preliminary estimates indicate that meeting the local resource development and groundwater remediation goals outlined in

the City's 2010 UWMP will require about $2.5 billion in local projects (capital costs) to reach a total of about 258,800 acre feet per year (AFY) of local water supply, including existing groundwater entitlements. State and federal funding, such as that potentially provided by a 2014 Water Bond, would help to minimize the rate impacts to Los Angeles ratepayers. LADWP urges the state and federal governments to provide additional funding to make local resource development (i.e., water conservation, water recycling, and stormwater capture) and groundwater remediation projects locally cost effective for ratepayers. This funding is critical to reducing future dependence on the Delta.

Local resource development, groundwater remediation, and an improved and reliable Delta water delivery system are complementary efforts and critical to the overall future reliability of the City of Los Angeles' water supply and to the continuing success of its economy. These local efforts are also critical to achieve the environmental benefits that are fundamental to the BDCP by lessening future demands on the Delta. The City's local resource projects go hand-in-hand with a Delta solution and serve to further the Governor's water policy by reducing the City's future reliance on the Delta.

LADWP acknowledges that BDCP is a comprehensive effort to address the chronic water challenges facing both the State Water Project and the Central Valley Project in a manner that also protects the Delta environment. The Delta is currently facing many risks (i.e., earthquakes, levee failure, land subsidence, ecosystem decline, sea level rise, storm surge, climate change, and fish restrictions), which if ignored, will have serious impacts to the City's water supply reliability and economy. There is an opportunity now to implement a long-term solution in the Delta through implemenantation of BDCP. However, ~~but~~ the State must remember that ~~the~~ support ~~of~~ for local water resource projects is a necessary and complementary component of the broader statewide water solution, and that proper cost control and allocation of a Delta solution will be necessary to ensure those local resource projects can be constructed.

We appreciate the extended public comment period for the draft BDCP and associated documents to allow for the input of stakeholders, including export interests, and the thoughtful consideration of public input that has characterized the BDCP development process to date.

If you have any questions regarding these comments, please contact Mr. David R. Pettijohn, Director of Water Resources, at (213) 367-0899.

Sincerely,

James B. McDaniel
Senior Assistant General Manager – Water System