

Congress of the United States
Washington, DC 20515

October 4, 2016

Honorable Estevan López
Commissioner, Bureau of Reclamation
U.S. Department of the Interior
1849 C Street NW
Washington DC 20240-0001

Honorable Mark Cowin
Director, California Department of Water
Resources
P.O. Box 942836, Room 1115-1
Sacramento, CA 94236-0001

Dear Commissioner Lopez and Director Cowin,

Attached to this letter is a benefit-cost analysis prepared by Dr. Jeffrey Michael at the University of the Pacific, which provides insight into the limited financial benefit from the proposed California WaterFix. This analysis raises many critical questions that require thoughtful and comprehensive study before moving forward with the project. Therefore, we respectfully request that the Department of Interior the Department of Water Resources (DWR), and the Bureau of Reclamation (BOR) immediately respond to the following questions:

1. To date, the project proponents have not released a benefit-cost analysis for the California WaterFix – why not? Is such an analysis being prepared and when is it expect to be published?
2. Do your respective agencies agree with the attached benefit-cost analysis? If not, please provide specific comments on the areas of disagreement, and provide detailed alternatives to those factors and assumptions with which you disagree.
3. Do you agree with Table 1 on page 10 of the enclosed report?
4. Do you agree with the average annual project yield of 225,000 acre-feet used in the report? If not, what yield are you now projecting?
5. Do you agree with the 15 year construction period used in this analysis? If not, what do you believe the construction period to be?
6. Do the most current engineering studies suggest a similar construction cost estimate of \$15 billion?
7. Do you agree with the earthquake risk projected in the attached report and the potential losses beyond water deliveries as described in the report?
8. Do you agree with the costs of seismic improvements to the Delta levees projected by the Delta Protection Commission? Do you agree that investment in seismic improvements to the levees would benefit many urban communities, reduce threats to human life, protect critical infrastructure, including Central Valley Project and State Water Project delivery

systems? If so, should the absence of this investment in seismic improvements to the levees in the California WaterFix be considered a flaw in the project?

9. The attached report does not consider the cost of future interest payments as a result of project financing. Should this cost be added to the benefit-cost analysis?
10. Please provide comments on all other specific issues that you agree or disagree with.

In addition to the economic analysis done by the University of the Pacific, recent media reports have brought to light a 2015 analysis prepared by David Sunding, which was commissioned by the State but never released to the public. This report includes troubling information and assumptions about funding sources for WaterFix which again, demand responses.

1. Contrary to assurances given by the project proponents that the project beneficiaries would cover the cost of Waterfix, the analysis “assumes that the federal government or some other entity makes a roughly \$3.9 billion contribution to the capital and operating cost of WaterFix....” Please explain this assumption.
2. The report notes that the project provides limited benefits to agricultural users even with the assumption of taxpayer subsidies noting “WaterFix does not produce benefits in excess of cost for most agricultural water users.” Given this information in addition to the lack of regulatory assurance stemming from the pivot away from a Habitat Conservation Plan, do you expect agricultural users to provide funding for the project? If not, how do you expect to cover their share of the total cost?

Since the inception of the California WaterFix (formerly BDCP), we have been opposed to the use of federal funds and we remain steadfast in that opposition. Additionally, the anticipated sources of funding must be clearly communicated to the public, especially since the Sundling economic analysis assumes that taxpayers will provide project funding.

Thank you for your attention to this matter and we look forward to your response.

Sincerely,



JOHN GARAMENDI
Member of Congress



JERRY MCNERNEY
Member of Congress



DORIS MATSUI
Member of Congress



MIKE THOMPSON
Member of Congress