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Bay Area Council Releases 10-Point Letter Detailing Opposition to Removal of the Bay Area's Hetch Hetchy Water System

SAN FRANCISCO, July 13, 2005 -- The Bay Area Council today released a ten-point letter it sent to Department of Water Resources Secretary, Mike Crissman, which spells out the organization's opposition to removal of the Hetch Hetchy water system. The Hetch Hetchy water system serves 2.4 million Bay Area residents, or more than a third of the region, and approximately 75,000 Bay Area employers, including some of Silicon Valley's most prominent silicon chip manufacturers. The system is world renowned for its purity and derives 85% of its water from the Hetch Hetchy reservoir.

The letter follows:

July 5, 2005

Secretary Mike Chrisman
California Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Subject: Demolishing O'Shaughnessy Dam

Dear Secretary Chrisman:

As your office prepares to issue its report on the demolition of the O'Shaughnessy Dam and draining of Hetch Hetchy Valley, the Bay Area Council urges you in the strongest terms possible to conclude definitively that *now* is not the time to pursue this proposal. The truly responsible act is to recognize this and turn the focus to immediate environmental challenges we can all agree on and work to resolve together.

Bay Area Council representatives have participated in numerous forums and seminars at this point concerning Hetch Hetchy. I have traveled to Southern California, San Jose, Sacramento and U.C. Davis to explain why, for now, this is such an untimely idea. I have seen that the proponents, sincere and well intentioned as they may be, have misrepresented the alternatives for replacing the water supply, grossly underestimated the costs, and avoided key issues that they would rather not talk about. The answers keep changing, another indication of the confusion associated with the matter.

In the interests of brevity, these are some of the issues and in some instances insurmountable challenges posed by the proposal:

1. San Francisco has no water rights at New Don Pedro reservoir. These are held by the Modesto and Turlock Irrigation Districts (MID & TID). Federal rights for flood control through the Army Corps of Engineers controls any excess capacity.

2. Water presently stored in Cherry and Eleanor reservoirs are unavailable as they are held for use by MID and TID. Hetch Hetchy supplies 85% of the water used by 2.4 million Bay Area residents, two-thirds of whom live outside San Francisco.
3. The water delivered from Hetch Hetchy is outstanding in its quality, has a Federal exemption from filtration, and the consistency of that quality is relied on by families and institutional users, such as several prominent Silicon Valley chip manufacturers. No replacement scenario, even one which incorporates expensive filtration systems (the costs of which are missing from the proposal), will come close to matching this level of water purity.
4. Implementation of this proposal will put more pressure on the Delta, as even the proponents acknowledge. Increased Delta salinity, greater environmental stress on the smelt population, wetlands and marshes will all result. Those impacts will than affect conditions in San Francisco and San Pablo Bay.
5. A railroad had to be built to create the supply system when the Dam was constructed. Excluding consideration of the financial costs, what are the environmental consequences of tearing down a structure built to last centuries?
6. Less publicized, but well known to you, would be the loss of all or a portion of 400 MW of clean, renewable hydroelectric power. The equivalent of 39 million barrels of oil per annum, this power is used by farmers, cities and services like MUNI transit in San Francisco. Elimination of Hetch Hetchy would require new fossil burning plants, and could dictate the continued service of a dirty plant in the economically depressed Hunters Point neighborhood in San Francisco.
7. Federal legislation would be required to amend the Raker Act, as well as millions, perhaps hundreds of millions of Federal dollars to tear down the Dam. Certainly the viability of legislation is problematic, and I believe the likelihood for monetary support nil.
8. The legal challenges that would come with any formal governmental adoption of this drive are predictable and significant. What public policy benefit would be served by the ensuing years of litigation and court dispositions?
9. Scientists project that due to global warming we face a major reduction in our snow pack in the coming decades, making existing capture and storage operations like Hetch Hetchy all the more valuable.
10. The existing Hetch Hetchy system is dated, approaching its 100th birthday. The tunnels and pipelines that convey water to the Bay Area need renovation and rebuilding, a responsibility that the voters have approved with a \$4.3 billion capital improvement program now underway. We cannot allow distraction and the risk of delay from this proposal to demolish a working, gravity driven water delivery network that crosses over four distinct earthquake faults.

I could continue to list more issues, more problems, but these suffice to illustrate why this perilous public policy conversation needs to be terminated. Aside from common sense, all that remains to review is the financial cost of such an undertaking. We know expensive new

filtration plants will be necessary. We know the proponents did not factor in a single dollar for the actual demolition, and they estimate the total cost at \$500 million to \$1.5 billion. Other estimates are several times these figures, reaching more than \$10 billion – the reality is that the true costs, though in the billions, are unknown.

If we even had these billions identified and dedicated for this purpose – which we don't – would it still be the best, prudent and effective use of public funds? Would it produce the greatest public benefit? For instance, wouldn't we choose to fund the billions needed to bolster and enhance the Delta levees from failure? Or perhaps worthy CalFed environmental projects totaling more than \$4 billion that have no funding.

Our organization is celebrating its 60th anniversary this year, and we are proud of our legacy of pragmatic, enlightened business leadership for the region. Representing more than 200 of the Bay Area's largest employers, we are dedicated to improving the quality of life and economic vitality of this critical part of California. With about 7 million people, 2.4 million Bay Area residents depend on Hetch Hetchy for their water. We are about 1/5 of the State's population, yet as the most productive workforce in the world we represent 1/4 of the statewide economy and generate an incredible 1/3 of income taxes.

In the arena of corporate responsibility and social consciousness, the Bay Area Council and its member companies have long embraced the fact that being good to the environment is also good for business. Our advocacy led to the creation of public transportation systems including BART. We have historically worked to improve air quality, and executed the Flex Your Power program here. We have sponsored legislation encouraging transit-oriented development and infill housing, and are currently running a multi-county greenhouse gas reduction project.

Companies and business leaders statewide have registered their opposition to this proposal. We believe if informed and polled, citizens up and down the State would oppose this expensive, wasteful idea. We are pleased that the Southern California Water Committee (SCWC) agrees with our position that it makes no sense at all to pursue the elimination of a working water delivery system – especially at a time when we need additional storage capacity, not less. Please end this potentially divisive discussion with your report so we can concentrate on the array of infrastructure and environmental challenges California faces.

Sincerely,

Jim Wunderman
President and CEO

cc: Members, California State Legislature

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Bay Area Council

Founded in 1945, the Bay Area Council (www.bayareacouncil.org) develops and drives regional public policy initiatives and critical infrastructure issues. Led by CEOs, the Bay Area Council presents a strong, united voice for more than 275 of the largest employers throughout the Bay Area region in promoting economic prosperity and quality of life. Jim Wunderman has served as president and CEO of the Bay Area Council since April of 2004.