

## Is Hetch Hetchy worth \$100 billion?

Draining the Bay Area's water storage in Yosemite could open up a new outdoor mecca.  
Should we do it?

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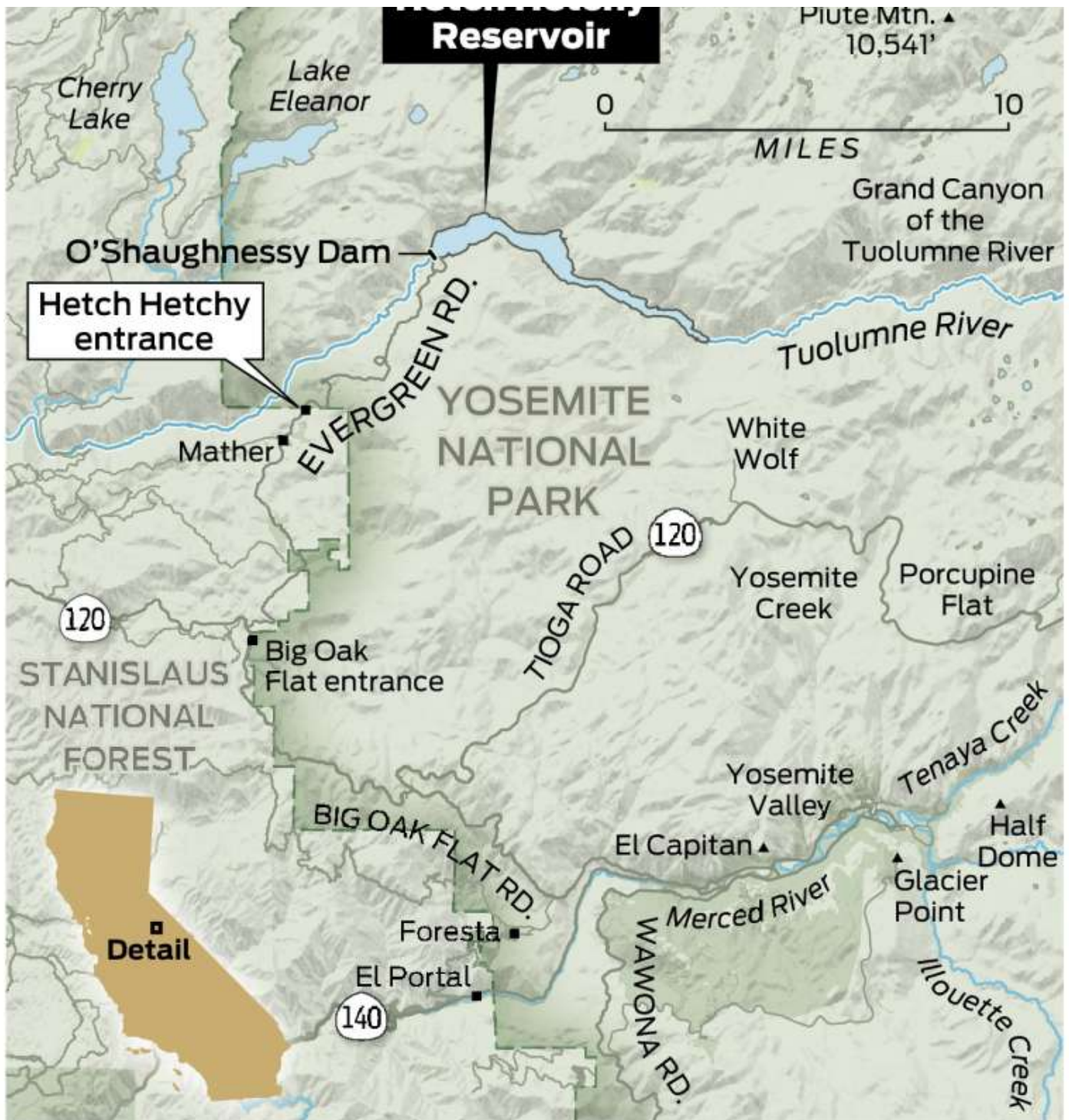
By Gregory Thomas | Aug. 1, 2019

Yosemite's Hetch Hetchy Valley was dammed and flooded nearly 100 years ago, but the prospect of draining the reservoir continues to inspire romantic imaginings about unlocking a brand-new outdoor-recreation mecca in one of the country's most popular national parks. If we could return Hetch Hetchy to a more natural state — of the variety that stirred John Muir's soul a century ago — would we be clearing a path for the emergence of Yosemite Valley 2.0?

The fantasy of Hetch Hetchy's grand return was recently given new dimensions with **the release of an economic assessment** concluding that the valley represents a sunken

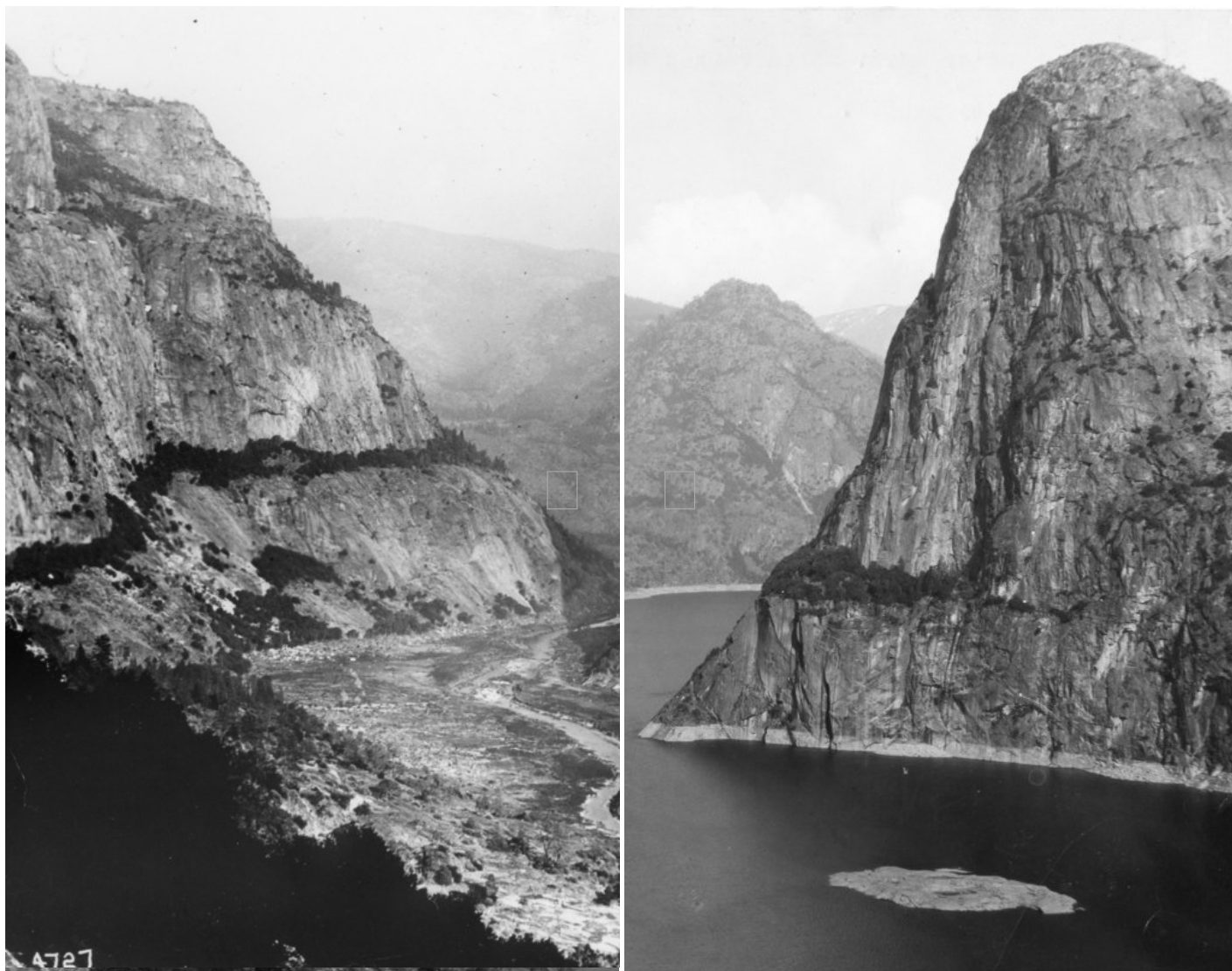
Valley — could amount to as much as \$178 million per year, according to **EcoNorthwest**, an economic consulting firm in Oregon that produced the report.

The report offers several hypothetical figures to account for the potential benefits of draining Hetch Hetchy Valley and opening the area to visitors who would sightsee, camp and explore. (In this scenario, the 96-year-old O'Shaughnessy Dam needn't be removed.) Given the valley's historic significance, cultural prominence and scenic beauty, the upper end of its economic value could eventually exceed \$100 billion, the report says.



John Blanchard / The Chronicle

“It’s not normal to think about putting dollars on the value of something like this, but we thought it was time to do so to get people’s attention,” says Spreck Rosekrans, executive director of **Restore Hetch Hetchy**, a nonprofit group in Berkeley that commissioned the report. “It confirmed what we already know — that this is a tremendous opportunity to



Views of Hetch Hetchy pre dam and post dam, probably standing on the north of the valley looking south/southeast into the canyon.

Despite the setbacks, Rosekrans' group has continued its attempts to open new avenues into the valley. In June, the group filed a letter with the San Francisco Mayor's Office and the federal Department of the Interior requesting that electric-powered ferries and tour boats and canoes and kayaks, as well as trout fishing, be permitted on the reservoir. The reservoir is essentially off-limits to recreation of any kind, but allowing it on the reservoir would lead to more visitors, more revenue and a more equitable use of the area, the group reasons.

Today, Hetch Hetchy Reservoir covers more than 1,900 acres inside the valley and feeds a water supply serving roughly 2.7 million people in the Bay Area. Recreation around the reservoir is restricted to mainly hiking and backcountry camping, guest infrastructure is limited, and the valley sees only about 1% of Yosemite's annual visitors — approximately 44,000 per year. San Francisco city officials maintain that draining the reservoir is a terrible idea and could threaten the Bay Area's water supply.



Wild West

### Should We Drain Hetch Hetchy?

A new report says the valley beneath Hetch Hetchy Reservoir in Yosemite would be worth \$100 billion if we were to drain the reservoir...

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Megaphone

Rosekrans' group has been agitating to drain the valley for two decades, even going so far as to file a lawsuit in 2015 claiming that the reservoir and dam violated a provision in California's Constitution requiring reasonable water use. Last year, that complaint was **thrown out in appeals court** and then **rejected by the California State Supreme Court**, effectively closing off one line of inquiry into the future of Hetch Hetchy. But the group is undeterred.

Rosekrans maintains that the public would be better served if the water in Hetch Hetchy were allowed to flow downstream and be stored elsewhere — the idea being that the valley could be emptied without compromising a cornerstone of San Francisco's water supply. Where the water would go, whether a new reservoir would need to be built, and other pertinent logistics would have to be determined by lawmakers, Rosekrans says.

In a reply last week, the city dismissed the request. “San Francisco has grave concerns about the potential for such human contact activities to create conditions that would result in serious water contamination consequences,” reads the July 25 letter from the San Francisco Public Utilities Commission.

The new report, which Restore Hetch Hetchy commissioned in 2015, seeks to reframe the debate in pure economic terms. Mark Buckley, project director and partner at EcoNorthwest, hopes the report prompts people to ask whether Hetch Hetchy is more useful to society in its current form as a water storage facility — and a hedge against another terrible drought — or whether it is worth retooling our water infrastructure to find out what other untapped value the valley might offer.



Photo: Leah Millis / The Chronicle 2015

millions of Bay Area residents.

“The question is if we’re using Hetch Hetchy in its most valuable way,” Buckley says. “Does the public have the right to Hetch Hetchy in a restored or natural condition? Returning it to a more natural state could have all kinds of benefits that we can’t anticipate.”

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The idea to use Hetch Hetchy Valley for municipal water storage originated in the aftermath of the 1906 earthquake that devastated San Francisco as a way to stabilize the city’s water supply. Installing a reservoir in a national park was highly controversial and famously prompted John Muir to **compare the valley to a cathedral**, “for no holier temple has ever been consecrated by the heart of man.”

For Bay Area residents who draw on Hetch Hetchy’s supply, there is practical value in having exclusive access to a store of pristine drinking water under watch of the National Park Service. For Yosemite’s gateway communities and the park service, there’s economic value in maintaining a world-class tourism destination. What Restore Hetch Hetchy argues is that there’s a deeper value at stake to Americans overall in restoring and preserving the health and vitality of an awesome natural landscape.

Quantifying those deeper values is where reports like the one from EcoNorthwest come in. Such studies seek to sharpen the focus on abstractions like people’s love for nature and reliance on ecological services by accounting for how much money a person (or household) would be willing to pay for a certain outcome — say, the preservation of fresh air in national parks or a dammed river returned to its free-flowing form.

The firm didn’t survey a representative sample of the population — that would have cost hundreds of thousands of dollars and taken years, Buckley said. Instead, EcoNorthwest analyzed economic assessments of proposals for dam removal and water allocation in California and across the West then inferred use cases and their dollar values for Hetch

national parks, and other case examples at Mono Lake, the Grand Canyon and the South Platte River in Colorado.

The report doesn't specify what infrastructure development would need to take place to support new tourism at the scale of \$178 million per year in spending and consumer surplus, or offer clear time frames for when the valley would be suitable for visitors once the decision is made to pull the plug on the reservoir. Buckley believes people would flock to the area almost immediately out of sheer curiosity. "You'd have people starting to visit right away," he said. "But the full use values would realistically be 10 to 20 years out."

Visitors explore the shoreline of Hetch Hetchy reservoir in Yosemite National Park, California, on Thurs. July 28, 2016. Mountain Tunnel, a key piece of the Hetch Hetchy water system is at risk of collapse, so this summer, the San Francisco Public Utilities Commission is preparing to repair the 19-mile-long tunnel just outside of Yosemite in a steep, hard-to-access wilderness area. | Michael Macor / The Chronicle 2016

of Hetch Hetchy Valley could be orders of magnitude higher than it is currently, Buckley said.

The underlying reason is simply that Hetch Hetchy is unique, says Michael Hanemann, a professor in the Department of Agriculture and Resource Economics at UC Berkeley who consulted on the report. “This paper argues that as time passes — as areas become urbanized, as natural areas become developed — the real scarcity is going to become these outdoor experiences,” he says. “Those will become more valuable over time, and we’ll never come up with a substitute for them.”

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The report concludes that Hetch Hetchy is ripe for a more comprehensive study that weighs the associated costs of such a monumental shift in use. “This study isn’t arguing that the valley should be restored — just that, if it were, it would have this much value,” Buckley said. “We’re not saying there aren’t other issues that need to be overcome.”

Some of those issues stood out in sharp relief to Michael Carlin, deputy general manager of the San Francisco Public Utilities Commission, when he first skimmed the EcoNorthwest report earlier this month. He points out that federal regulations on the land surrounding the Hetch Hetchy Reservoir and Tuolumne River prohibit the types of recreation and development assumed in the report. Another question Carlin has: Wouldn’t Hetch Hetchy siphon tourism dollars from Yosemite Valley and skew the data?

An infrastructure project that would allow Hetch Hetchy to be drained without Bay Area residents losing a drop of water — which could involve building a whole new reservoir and facility on the Tuolumne River — could cost hundreds of millions of dollars, if not billions. No one has any idea, because lawmakers aren’t seriously considering it. Without a comprehensive proposal, weighing the costs and benefits is impossible, Carlin says.

But when asked to indulge in the thought exercise of comparing hypothetical economic outcomes for Hetch Hetchy, Carlin obliged. “The value of that watershed to the Bay Area

Bay Area and the world economy — what's that worth?"

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