



October 2015

Approach for Delta Flood Risk Management Assessment District Feasibility Study

The Delta Flood Risk Management Assessment District Feasibility Study (DFRMADFS) will identify a range of possible financing mechanisms to pay for Delta levee improvements, using several constructed case studies to assess their potential to fund capital investment and maintenance. Because this is a feasibility study, the project will produce illustrative examples that reflect the Delta's complexity, and which are sufficient to draw broad conclusions about the feasibility of a range of financial mechanisms. The study will recommend alternative ways to implement the most feasible suite of financial mechanisms.

The Commission has contracted with a team of consultants, led by M.Cubed, a resource economics firm. The feasibility study consists of four concurrent tasks, as well as ongoing facilitated and targeted stakeholder input. The four tasks are as follows:

1. Gather information on existing financing mechanisms, institutional settings (e.g., reclamation districts, counties, state, federal, private), and existing physical, demographic and economic parameters.
2. Identify broad classes of beneficiaries and activities that affect Delta levees, and evaluate each class' relative economic activity, flood damage risk, costs to provide flood protection, and ability and motivation to contribute a fair, proportionate share to a beneficiary pays-based system of financing Delta levee improvements.
3. Test the more promising mechanisms on a small set of typical situations or archetypes—a small enough set to be manageable, yet complex enough to represent the most important challenges.
4. Develop a refined list of the more promising financing mechanisms based on criteria developed in concert with stakeholders. While one of the mechanisms anticipated to be included is an assessment levied by a reclamation district, the Team expects to identify a suite of mechanisms to match the characteristics of the more prominent beneficiaries.

The Team will recruit a sounding board of one to two dozen key interest group representatives to serve as the project's stakeholder group. Stakeholders will be invited to review results, provide input, and help develop further iterations of the analysis.