BDCP
BAY DELTA CONSERVATION PLAN

May 2013

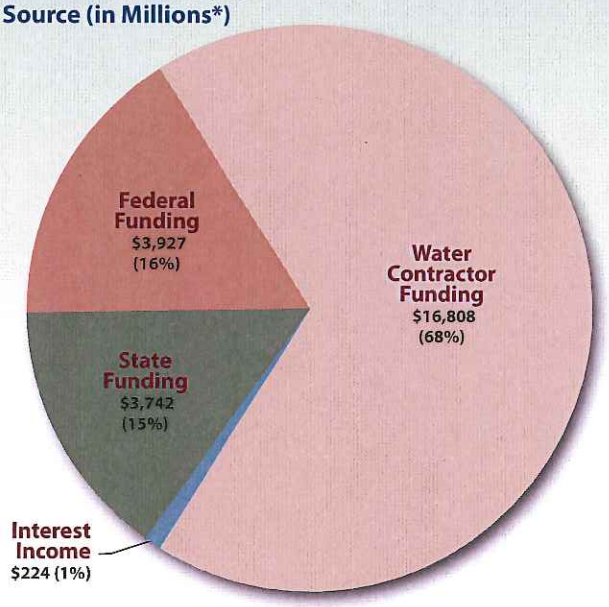
# Estimated Funding to Implement the BDCP

The Sacramento-San Joaquin Delta (Delta), located east of San Francisco Bay, is a vitally important ecosystem and provides water for more than 25 million Californians. The Bay Delta Conservation Plan (BDCP) is a 50-year ecosystem plan designed to restore fish and wildlife species in the Delta in a way that also protects California's water supplies while minimizing impacts to Delta communities and farms.

## Summary of Estimated Funding

The total estimated funding available to implement the BDCP is $24.7 billion over 50 years (in undiscounted 2012 dollars). This would cover the full cost of the Plan. State and federal water contractors would contribute approximately 68 percent of the total funding, while state and federal funds would make up approximately 31 percent of the funding. A small but significant portion of funding is expected to be generated from interest earnings.

**Estimated Funding by Source (in Millions*)**




** Over 50 years in undiscounted 2012 dollars*

Chapter 8 , Implementation Costs and Funding Sources, represents the types of sources that may be available to support the funding of the implementation actions identified in the Plan. Consistent with the goals of the Natural Community Conservation Planning Act (NCCPA) and the Endangered Species Act (ESA), the BDCP has been designed to minimize and mitigate the effects of the activities proposed in the Plan, contribute to the recovery of threatened and endangered species, help prevent additional species from becoming threatened or endangered, and improve ecosystem health.

Both the ESA and the NCCPA require the assurance of adequate funding, making those funding provisions definite and enforceable. The funding amounts identified in the plan are expected to be sufficient to meet all anticipated costs of the BDCP, which have been estimated conservatively. Numerous contingencies have been identified to address potential delays to funding sources.

# Potential Funding Sources

The following pages describe the estimated funding from state and federal water contractors, state and federal agencies, and other sources. For details related to these estimates, see Chapter 8.

## State and Federal Water Contractor Funding

The BDCP will be funded through a "beneficiaries pay" principle, meaning the cost will be borne by those who receive the benefit. The beneficiaries of the BDCP water conveyance facilities will be municipal, industrial, and agricultural water users.

Funding will be provided by the state and federal water contractors for construction and operation of the new water facilities, as well as for mitigation necessary to address impacts to terrestrial and aquatic species associated with construction and operation. Chapter 8 assumes that the costs of constructing and operating the water facilities will be shared by the state and federal water contractors.

**The current estimate for state and federal water contractor funding of BDCP over the 50-year permit term is $16.8 billion, or approximately 68% of total BDCP funding.**

## State Funding

Habitat restoration carries a broad public value. It expresses the public will and benefits the common good. Accordingly, it will be funded by a variety of state and federal sources.

Initial state funding is anticipated to come from future water bonds, including the water bond approved by the California State Legislature in 2009. The Legislature is currently considering amendments to the bond act. Subsequent water bonds that would partially fund the habitat restoration and other stressors reduction actions are also likely to occur during the 50-year permit term.

**The current estimate for state funding of BDCP over the 50-year permit term is $3.7 billion, or 15% of total BDCP funding.**

**Estimated State Funding (Millions)**

| | Total | Percent of Total Cost |
|---|---|---|
| **California Department of Fish and Wildlife** | | |
| Fisheries Restoration Grant Program | $25 | 0.10% |
| **Other State Funding** | | |
| New Water Bond (2014) | | |
| Delta sustainability | $1,300 | 5.30% |
| Conservation and watershed protection | $214 | 0.90% |
| Second Water Bond | $1,900 | 7.70% |
| Proposition 1E | $66 | 0.30% |
| Proposition 84 | $63 | 0.30% |
| Wildlife Conservation Board | $50 | 0.20% |
| Delta Stewardship Council | $90 | 0.40% |
| **Total** | **$3,742** | **15.00%** |

*Totals may not sum directly from their components due to rounding.*

While BDCP cannot guarantee public funding from future state and federal actions, Chapter 8 describes the history of state and federal government funding to indicate the likelihood and feasibility of public funding for BDCP.

## Federal Funding

Federal funding is expected to come mostly from the same authorities that have been used in the past to support Delta restoration and monitoring. Annual appropriations have historically been provided to seven federal agencies:

- U.S. Bureau of Reclamation
- U.S. Fish and Wildlife Service
- National Marine Fisheries Service
- U.S. Army Corps of Engineers
- U.S. Environmental Protection Agency
- Natural Resource Conservation Service
- U.S. Geological Survey

**The current estimate for federal funding of BDCP over the 50-year permit term is $3.9 billion, or 16% of total BDCP funding.** Almost all of that funding is expected to come through continuing appropriations through existing federal authorities. It is anticipated that federal legislation could provide new authorities for new funding sources.

## Other Funding Sources

While future interest rates are uncertain, BDCP is expected to gain limited income from interest on revenue not yet spent under even the most conservative assumptions. **Estimated funding from interest income totals $224 million over the 50-year permit term, or approximately 1% of total funding.** Chapter 8 also discusses potential funding sources, such as endowments and leveraging state tax credit for donated conservation lands.

The purpose of this section in Chapter 8 is to estimate the funding sources to pay for the costs of BDCP that reflect a beneficiaries pay policy. This chapter is not a financing plan to support the issuance of bonds or provide a basis for the establishment of new funding mechanisms; nor does it establish the final allocation of cost or repayment responsibility. Financing plans will be prepared separately by various funding agencies and through ongoing discussions between the state and federal governments, the state and federal water contractors and other interests. The final financial arrangements will require appropriate approvals, contractual arrangements, and additional authorities.

*For more information, or to submit comments,*
*visit* ***www.BayDeltaConservationPlan.com****,*
*call* ***1-866-924-9955,***
*or email info@BayDeltaConservationPlan.com.*