

# BDCP Chapter 8: Implementation Costs and Funding Sources

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## Chapter 8 Implementation Costs and Funding Sources

### □ Scope and Purposes

- Provide *planning level estimates* of Plan costs over 50-year permit term
- Identify and quantify all likely funding sources
- Describe likelihood of funding based on commitments or history of funding similar actions
- Demonstrate that potential funding sources are adequate to cover all costs
- Describe contingencies

# Chapter 8 Implementation Costs and Funding Sources

- What Chapter 8 is not
  - Not an annual operating budget
  - Not a financing plan for any funding entity
  - Not a funding agreement
- Additional documents will address other funding issues and needs
- Additional federal funding authority may be needed

## Cost Methods

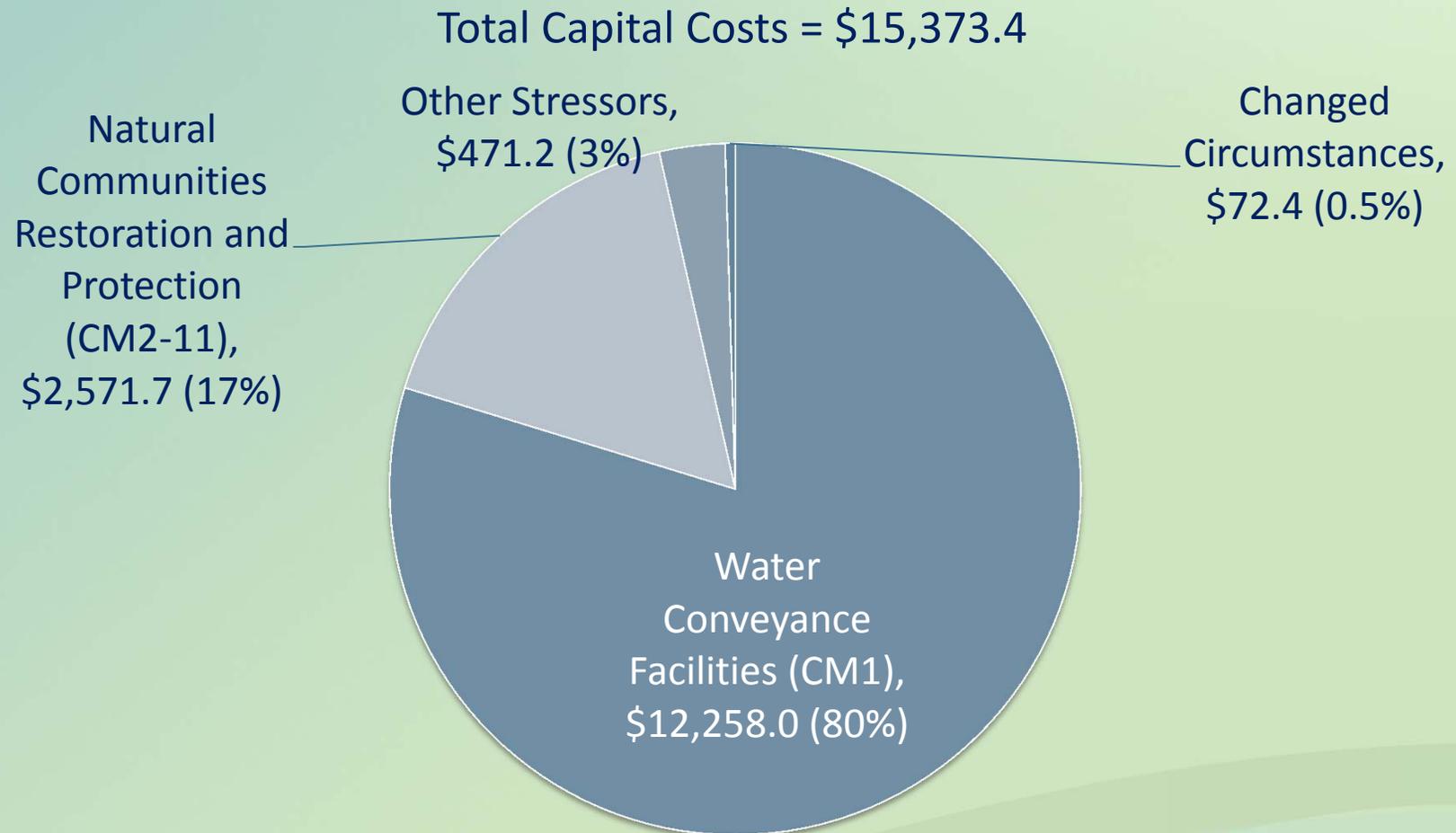
- ❑ Common cost assumptions
  - Costs estimated over 5-year periods
  - Cost ranges used in some cases
  - All costs include contingency of 20-30% (50% in special cases)
  - All costs reported in constant 2012 dollars (undiscounted)
  - Summary costs reported in net present dollars using 2.275% discount rate (real rate, net of inflation)
  - Estimated **land values** based on 2009 data from CA Chapter of American Society of Farm Managers and Rural Appraisers, updated to 2012 prices

## Cost Methods

- Land value assumptions
  - Applied 5 categories of land use
  - Assumed fee title land values by county
- Easement cost assumptions:
  - 80% (surface) 40% (subsurface) of fee title
- Fee title cost includes property taxes revenue replacement

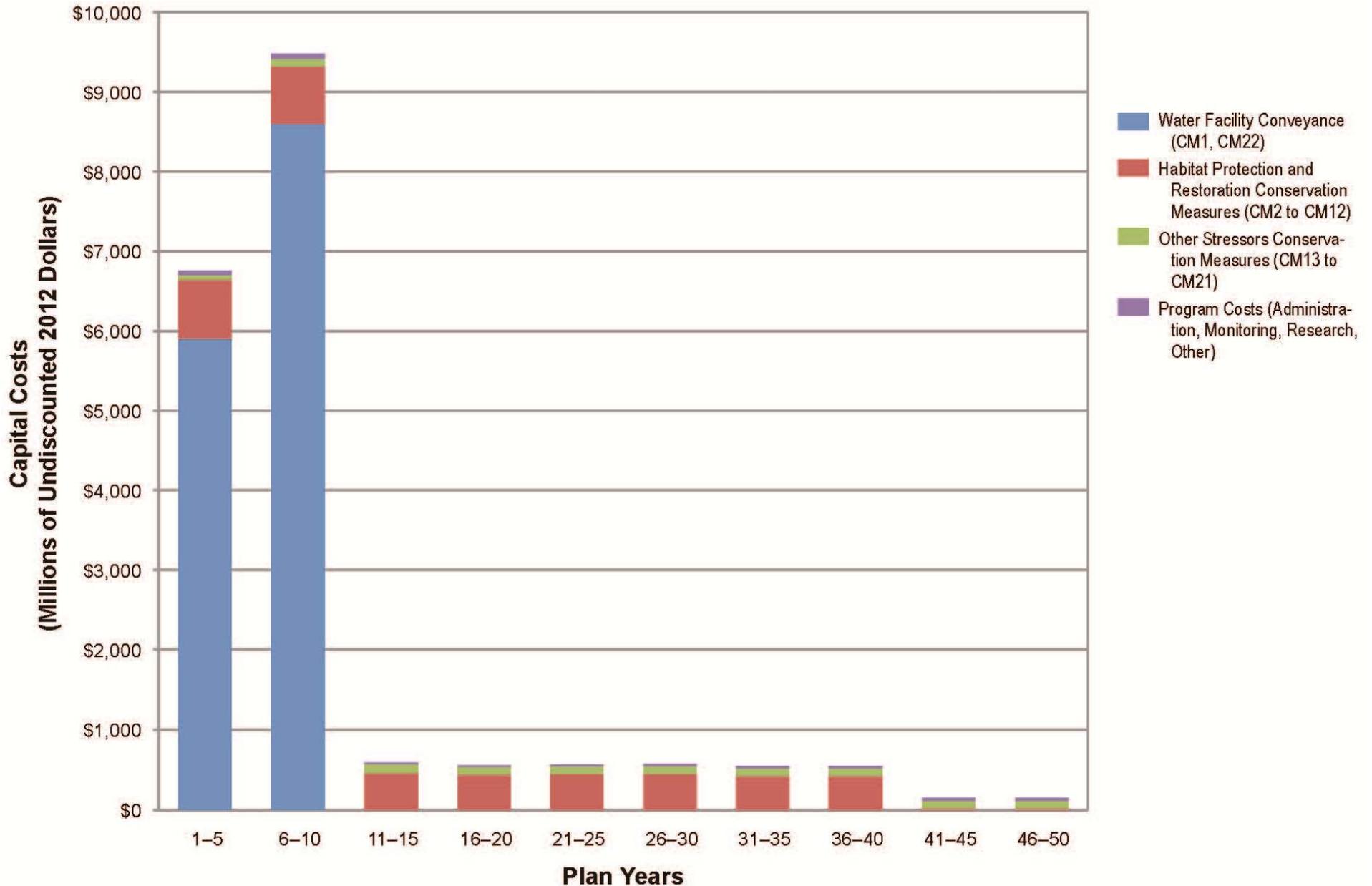


# Cost Summary: Capital



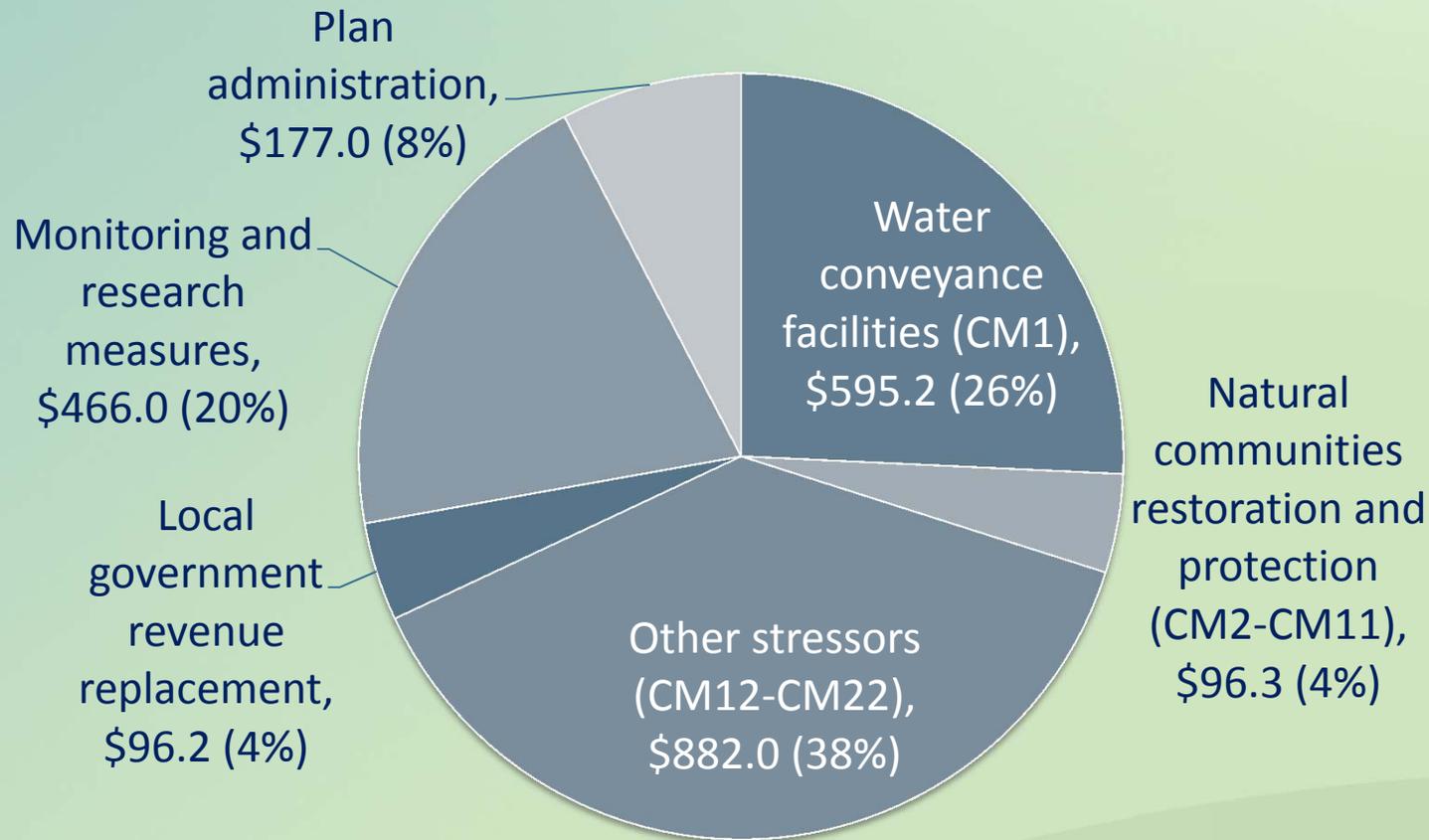
*Millions in net present dollars over 50 years*

# Cost Summary: Capital



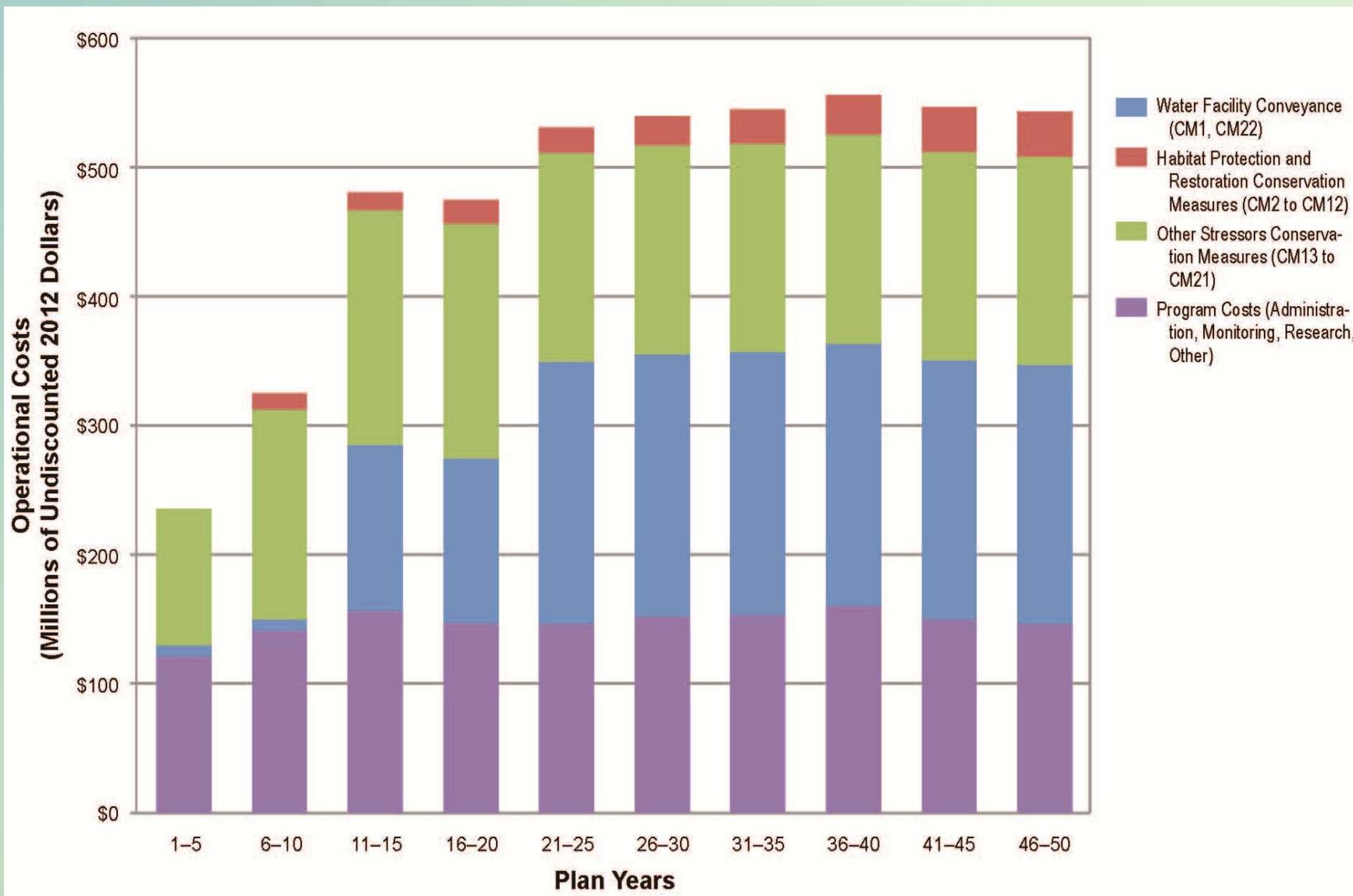
# BDCP Cost Summary: Operational

Total Operational Costs = \$2,312.7



*Millions in net present day dollars over 50 years*

# Cost Summary: Operational



## Funding Sources

- ❑ State and federal regulations require “assured funding”
  - Chapter 8 intended to satisfy requirement
  - Approach consistent with approved HCPs and NCCPs
- ❑ State and federal funding is expected
  - Public funding cannot be guaranteed
  - Cannot commit future State Legislatures, ballot measures, or Congress
  - Chapter provides history of consistent state and federal funding to demonstrate public funding for BDCP is very likely to occur

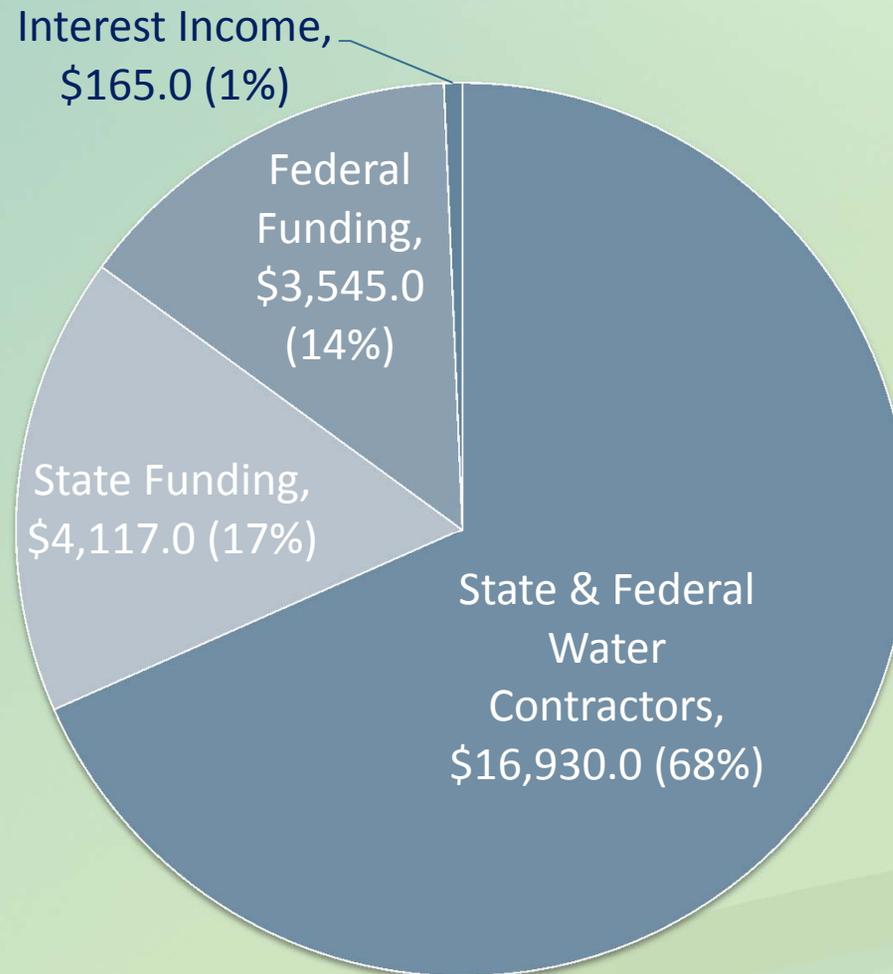


## Funding Sources

- ❑ BDCP funding from three primary sources
  1. State and federal water contractors
    - Water conveyance facility construction, operation
    - Mitigation for facility construction
  2. State water bonds (expect two)
  3. Continuing and expanded Federal appropriations
- ❑ State/federal funding for conservation portion of plan (i.e., beyond mitigation)
- ❑ Funding identified equals estimated BDCP cost

# Funding Sources

Total Funding = \$24,758



*Millions in undiscounted dollars over 50 years*

## Funding Sources

- State and Federal Water Contractors
  - ***\$16.930 Billion Total Funding***
  - Willingness to pay based on economic benefits
    - Water supply improvement and reliability
    - Water quality improvement
    - Seismic risk reduction
  - Still to be determined
    - Split between state and federal water contractors
    - Allocation within state contractors
    - Allocation within federal contractors

*- In undiscounted dollars over 50 years*

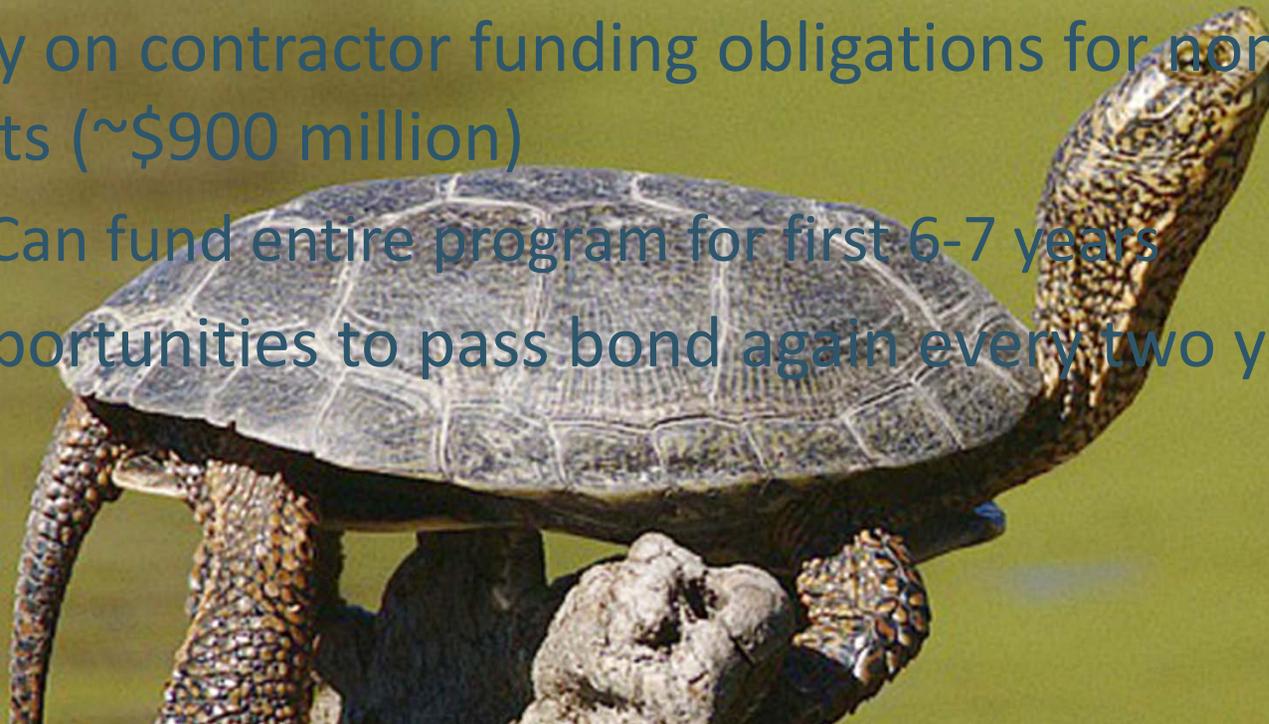
## State Funding Sources

- ❑ State water bond (2014)
  - Delta Sustainability
  - Conservation and Watershed Protection
- ❑ Second water bond
- ❑ ***\$4.117 Billion State Bond Funding***
- ❑ History of water bonds passing in CA
  - 10 water bonds passed since 1984
  - Most passed by wide margins

*- In undiscounted dollars over 50 years*

## State Funding Sources

- What if state bond doesn't pass in 2014?
  - Rely on other public funding sources
    - Federal appropriations, grants
    - State grants, existing bonds
  - Rely on contractor funding obligations for non-CM1 costs (~\$900 million)
    - Can fund entire program for first 6-7 years
  - Opportunities to pass bond again every two years



## State Funding Sources

### □ Other State Funding

- Proposition 1E
- Proposition 84
- Wildlife Conservation Board
- Interagency Ecological Program
- Delta Stewardship Council
- ***\$358 Million State Funding from Other Sources***

*- In undiscounted dollars over 50 years*

## Federal Funding Sources

- ❑ Central Valley Project Improvement Act Restoration Fund
- ❑ California Bay-Delta Restoration Appropriations
  - Continued appropriations under existing authority
  - Expanded appropriations
- ❑ New federal authority likely needed
- ❑ Federal grants
- ❑ **\$3.545 Billion Total Federal Funding**

*- In undiscounted dollars over 50 years*

## New Funding Sources

- State and federal water contractors
- New state water bonds
- New federal authorization and appropriations
- Federal grants
  - Endangered Species Act Sect. 6
  - Others

## Funding Comparison with Large CA HCPs and NCCPs

Plan	% State and Federal Funding	% Local Public Funding	% Private Funding
BDCP	32%	68%	--
W Riverside Co.	-- <sup>1</sup>	44%	56%
Coachella Valley	--	45%	55%
L. Colorado River	75%	25%	--
Santa Clara Valley	18%	27%	55%
East Contra Costa	27%	16%	57%

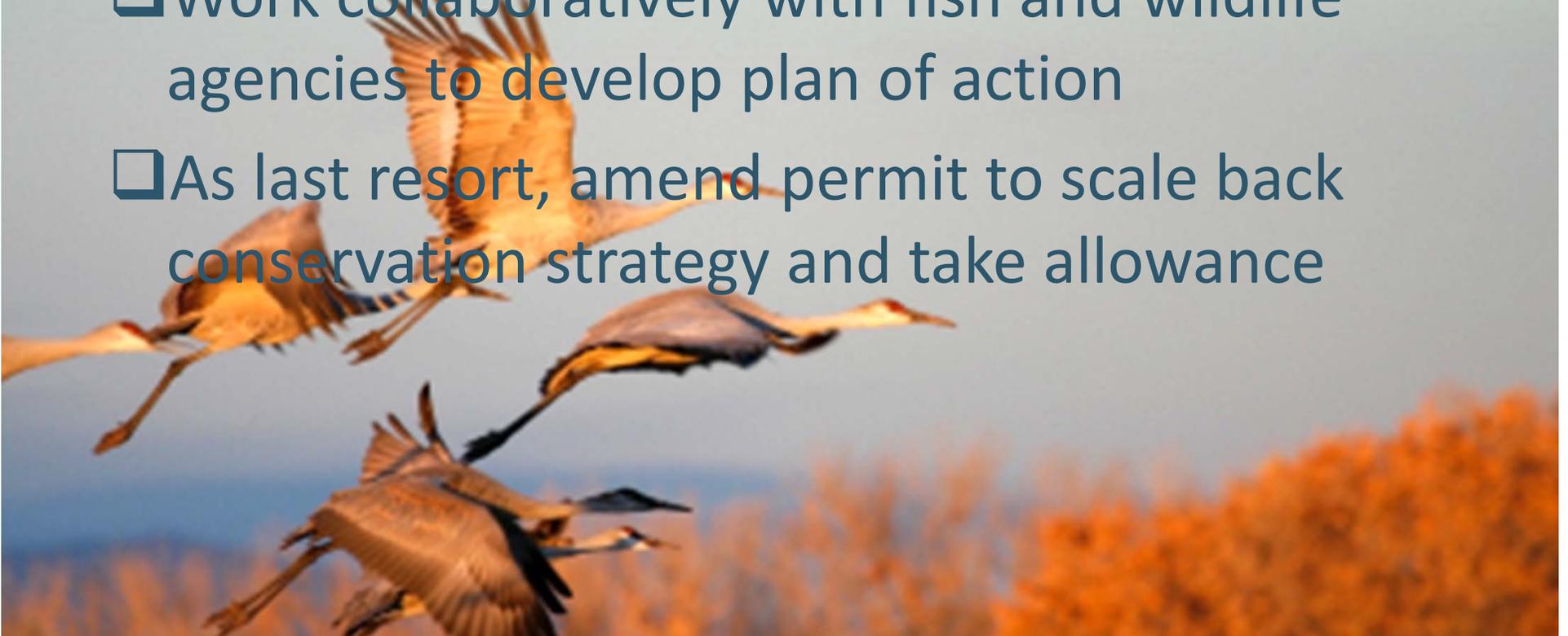
<sup>1</sup>Plan did not rely on state or federal funds, but has received \$46 million to date in federal land acquisition grants.

# Addressing Foreseeable Change and Uncertainty

- Conservative cost assumptions
- Cost contingencies of 20-50%
- Diverse funding sources
- Timing of many conservation measures is flexible

## Remedies if Funding Unavailable

- Obtain new funding sources
- Delay some actions
- Work collaboratively with fish and wildlife agencies to develop plan of action
- As last resort, amend permit to scale back conservation strategy and take allowance



## Project Schedule

- Public Draft release expected Dec. 6 for 4 month (120-day) formal review period
  - Draft BDCP
  - Draft BDCP EIR/EIS
- Public Draft Implementing Agreement to be released later during public review period
- 12 public meetings planned throughout state

# Questions & Answers

