

# Progress Update on the Development of the Program Baseline Report

Jun 20, 2025

RC/AB Meeting



# From October 2024: The RC/AB discussed developing a Program Baseline Report to support decision-making around affordability

- Project benefits will change with changes in **permit conditions** and **hydrology**
- Project costs are expected to increase due to a combination of **escalation** and **design and permitting development**

**A Program Baseline Report (PBR)** will support Participants and their Boards build understanding on Project affordability today and provides a format for reporting on changes as the Project progresses through construction and into operations.


# Today represents an interim update on costs and benefits

- Project Construction Cost Estimate: **\$6.2-\$6.8B** in 2025 dollars
- B&O Contract Construction Authority: Estimate **+10% to +15%** Change Order Allowance
- Estimated New Water Supply delivered annually ranges from **210,000 af to 260,000 af** depending on how Participants manage their storage
- Refinements will occur after the water right and the state and federal agreements are complete and will be incorporated into the **Final Program Baseline Report**

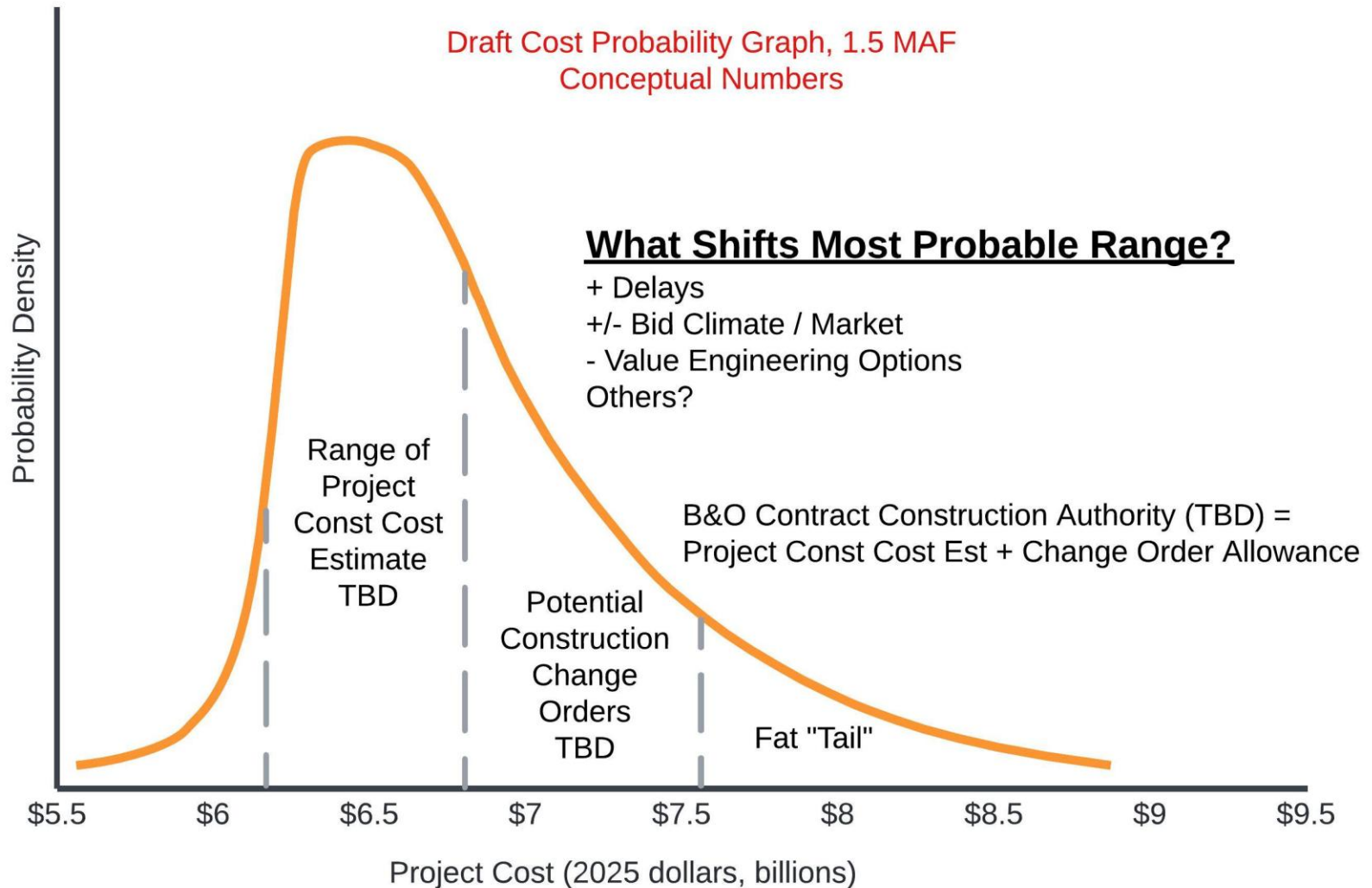
# Affordability is actually a range of costs and a range of benefits

- ✓ Do we have a good design?
- ✓ Do we have a good estimate?
- ☐ How have we addressed uncertainty?
- ☐ Are there opportunities to reduce cost or add value?

The Value Planning Ad Hoc was reformed in January to focus on the ongoing affordability of the Project


$$(Range\ of)\ Unit\ Cost = \frac{Range\ of\ Cost}{Range\ of\ Benefits}$$

# Range of Costs



# Range of Project Benefits



## Off-stream Storage

Does not create a barrier to native fish migration



## Federal and State Agencies Manage Environmental Water

Adaptable to current and future conditions and priorities



## Local Leadership and Cooperation

Aligns with Sacramento Valley's values and fosters regional and statewide collaboration



## Recreational Opportunities

Provides northern Sacramento Valley with additional opportunities for recreation



## Cooperative Operation

Increases effectiveness and efficiency of existing water storage infrastructure



## Adaptable to Climate Change

Contributes to system reliability and performance with climate change



## Dry Year Water Supply

Reliable dry year water supply for California communities, farms, and businesses

Currently in the range of 210,000 af to 260,000 af average annual deliveries



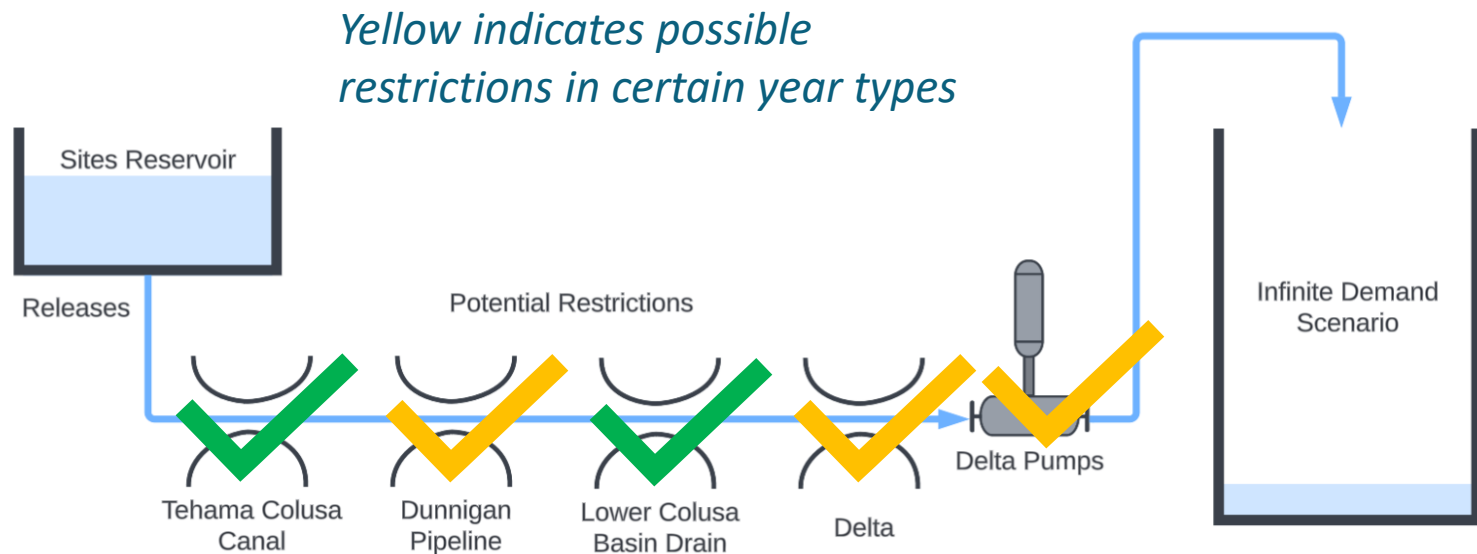
## Environmental Support

Provides environmental water in drier periods for native fish, and habitat for native species and birds

# More work being done to understand conveyance mechanisms

## Initial takeaways:

- There is generally sufficient capacity to meet the modeled demands of all Storage Partners with capacity rights in downstream facilities
- There is a need for Participants envisioning possible future lease or transfer of Sites water to consider securing percentage shares in the downstream facilities





# Feasibility check

Receiving state and federal funding commitments will require a feasibility check; meaning a Benefit Cost Ratio, or BCR, over 1.0

Based on our interim costs and benefits and using different methodologies, the Project's BCR ranges from:

**1.1 - 1.9 BCR**



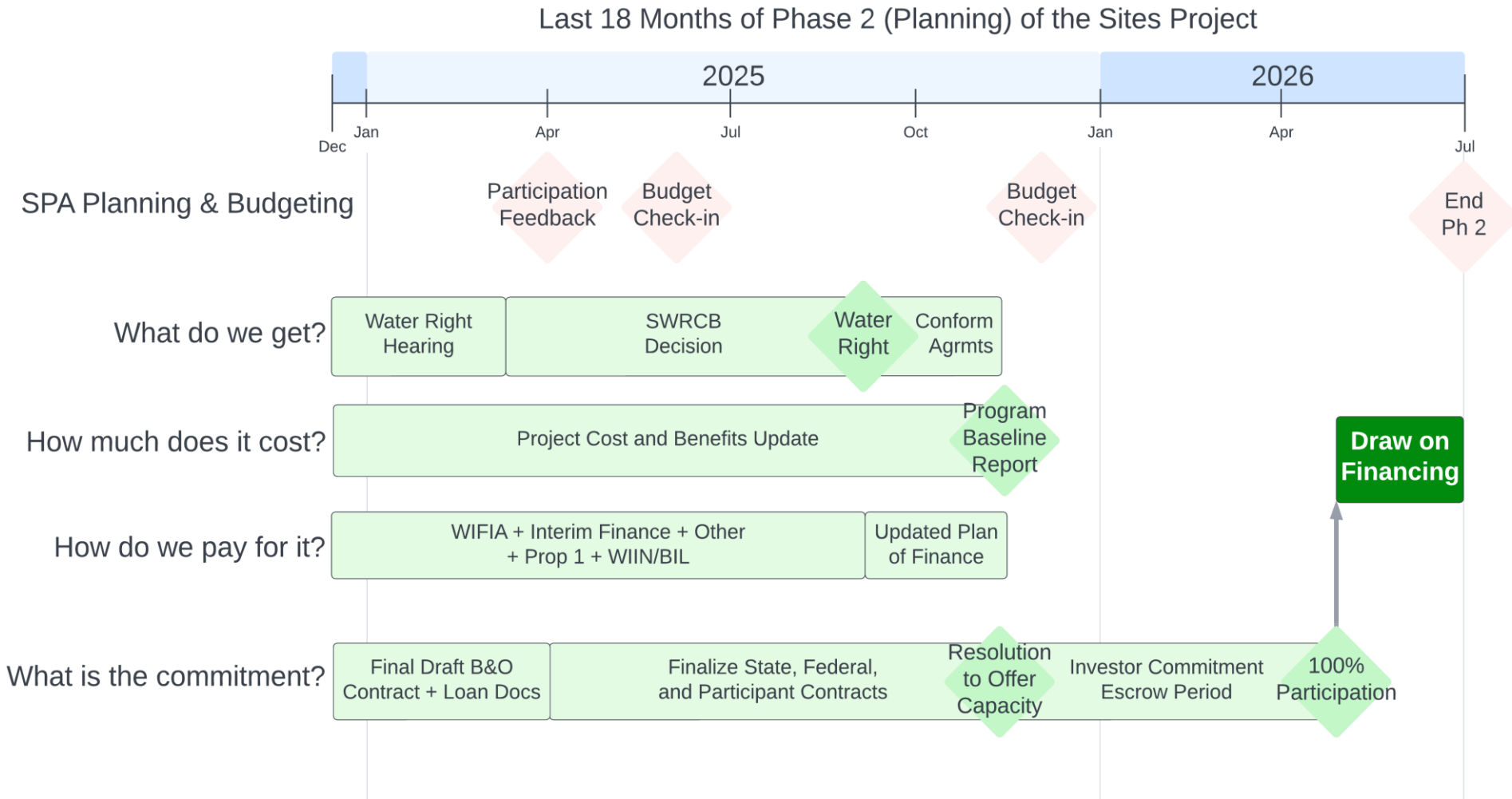
# An example of how to “roughly” approximate each Participant’s share of annual cost based on the range of Estimated Construction Costs (excl change orders)

Santa Clarita Example		
Capacity of Storage Partner Shares (%) “A”	2.21%	per Table A
Capacity of Participant Shares (%) “X”	3.0%	
Capacity (AF storage)	31,170	6.234 storage conversion
Amendment 3 Participation Level (AF)	5,000	
Applying Santa Clarita’s share to the Estimated Construction Cost Range		
Project Const Cost Range (\$M, 2025\$)	\$6,800	\$6,200
- State Funding	\$875	\$875
- Federal Funding	\$1,088	\$992
Total Participants Annual Cost (\$M, 2025\$) “B”	\$380	\$300
Approximate Share of Annual Cost (\$M, 2025\$) “C” (C = B * X)	\$11.4	\$9.0

# Participant Example – Financing Assumptions

- The example is a rough estimate of annual cost in 2025 dollars – actual cost will be higher due to escalation and other factors
- Financing assumptions:
  - All financing is done with one issue (2025 dollars)
  - WIFIA funds about 65% of cost, revenue bonds 35%
  - WIFIA interest rate = 4%
  - Revenue Bond interest rate = 5%
  - WIFIA term = 35 years
  - Revenue Bond term = 40 years
  - No capitalized interest
  - O&M = 15% of annual cost

# The Program Baseline Report will be completed to support a November Offer of Capacity



# Questions?