

**U.S. Bureau of Reclamation's Assessment of  
Costs and Benefits to Federal Government of the  
Northerly San Luis Unit Districts Drainage Agreement  
(Presented in Present (2015) Net Worth)**

| Benefits to<br>Federal Government  | Costs to<br>Federal Government   |
|--|--|
| <p><b>\$286 million saved<sup>1</sup></b><br/> <i>\$558 million (estimated cost of drainage for Northerly Area)<br/> minus<br/> \$272 million (present value of Northerly Districts<br/> construction repayment)</i></p> | <p><b>\$52.7 million in 2015 dollars<sup>2</sup></b><br/> <i>(Northerly Districts repayment of CVP capitalized<br/> construction obligations of \$67.2 million, discounted to<br/> value in 2015)</i></p>                              |
| <p><i>*Eliminates undetermined future legal and financial<br/> liability due to Northerly Districts indemnifying the<br/> Federal Government and assuming drainage service<br/> obligation*</i></p>                      | <p><b>\$1.9 million San Luis Drain Feature Re-Evaluation<br/>(SLDFRE)<sup>3</sup></b><br/> <i>(Northerly Districts repayment of SLDFRE capitalized<br/> construction costs of \$3.3 million, discounted to value in<br/> 2015)</i></p> |
|  | <p><b>\$17.8 million Grasslands Bypass<sup>4</sup></b><br/> <i>(Northerly Districts O&amp;M obligation for Grasslands<br/> Bypass)</i></p>   |
|  | <p><b>\$17.8 million Demo Treatment Plant<sup>5</sup></b><br/> <i>(Northerly Districts repayment of Demo Treatment Plant<br/> of \$30 million, discounted to value in 2015)</i></p>  |
|  | <p><b>Total of \$0.7 million over next 15 years<sup>6</sup></b><br/> <i>(Reclamation Reform Act Relief)</i></p>  |
|  | <p><b>\$70 million over 7 years<sup>7</sup></b><br/> <i>(proposed in Northerly Area Agreement)</i></p>   |
| <p><b>Total Savings: \$286 million</b></p>   | <p><b>Total Costs: \$160.9million</b></p>  |

<sup>1</sup> Total drainage construction costs for the Northerly Area (per the 2007 Record of Decision) indexed to April 2015 are \$1,263,371,708. As Reclamation and the Northerly Districts have undertaken some drainage actions in the Northerly Area, the remaining drainage construction costs for the Northerly Area (per the 2007 Record of Decision) indexed to April 2015 are \$557,969,000.

<sup>2</sup> Present value calculation (using a 3% discount rate) for the Northerly Districts (Pacheco, Panoche, San Luis water districts) remaining CVP capitalized construction obligation. Assumed Northerly Districts would continue to repay \$67.2 million until year 2030 with no interest.

- <sup>3</sup> *Present value calculation (using a 3% discount rate) for the Northerly Districts repayment obligation for capitalized construction costs associated with San Luis Drain Feature Re-Evaluation, with repayment beginning in 2016. Assumed Districts would repay \$3.3 million over 40 years.*
- <sup>4</sup> *Estimated O&M obligation for the Northerly Districts for drainage costs associated with Grasslands Bypass. These costs were previously designated as capitalized construction costs and were not recovered on an annual basis when the expenditures occurred.*
- <sup>5</sup> *Present value calculation (using a 3% discount rate) for the Northerly Districts repayment obligation for the Demonstration Treatment Plant, with repayment beginning in 2020. Assumed Districts would repay \$30 million over 40 years.*
- <sup>6</sup> *Estimated Reclamation Reform Act (RRA) revenue Reclamation could have received by 2030. Amount varies year to year and is dependent on annual allocation and application of water placed on to full cost lands pursuant to the RRA.*
- <sup>7</sup> *Non-reimbursable funding proposed in the Northerly Area Agreement which could be applied towards completion of the Westside Regional Drainage Plan in implementing drainage.*

April 20, 2016