

Memorandum

July 29, 2013

To: The Klamath Basin Task Force

From: Ed Sheets, Facilitator for Klamath Basin Agreement

Subject: KBRA Cost Review

Summary

The congressional delegation and Governor Kitzhaber have asked the Klamath Basin Task Force to reduce the Federal Cost of the Klamath Basin Agreements.

Background

In 2011, the KBRA Non-Federal Parties revised the estimated costs for implementing the Klamath Basin Agreements that were originally set forth in the 2010 KBRA. The revised total cost estimate for implementing the KBRA is \$799 million (in 2007 dollars) for 2012 through 2026; this is an 18 percent reduction from the cost estimates in the 2010 KBRA.

The Non-Federal Parties also identified the non-federal funding for implementing parts of the KBRA and the KHSA. For example, the states of California and Oregon will fund the counties program, the state regulatory activities, and certain of the fisheries activities that would not be funded by Federal agencies. In addition, PacifiCorp will fund the interim measures prior to the potential removal of the four PacifiCorp dams and ratepayers in California and Oregon and taxpayers in California would fund the removal of the dams under the KHSA. These non-federally funded activities are in addition to the cost estimates for Federal funding of the KBRA.

The budget revisions are based on various factors. First, the KBRA Appendix C-2 line-by-line cost estimates no longer include all funding called for by KBRA, but only Federal funding through the Federal entities that would be Parties to the agreement if approved by Congress (*see* KBRA Section 1.1.2). As a result, items that were previously shown in Appendix C-2 that would be funded by states have been removed. This change does not, for example, change the state funding commitments to Counties that other parties will support. Similarly, items currently fully funded by Non-Party Federal agencies (such as the U.S. Environmental Protection Agency) are excluded in the revised Appendix C-2 on the assumption that this funding would continue.

Second, the KBRA cost estimates were revised to reflect a 15-year implementation plan (rather than the 10 years assumed in the original KBRA Appendix C-2). This change harmonizes the KBRA implementation with the companion KHSA and results in a more focused and realistic schedule for implementing habitat restoration.

Third, the Non-Federal Parties refined prior estimates to create a more focused and tighter budget. For example, a thorough cost estimate review produced changes in the assumptions about the quantity of aquatic habitat that would be restored and the costs of those actions and resulted in savings. This review also resulted in cost savings by removing overlaps between proposed KBRA programs and expenditures for interim measures in the KHSAs that are being funded by PacifiCorp.

Fourth, consistent with the terms of the KBRA and letters of support received from the Secretaries of the Interior, Agriculture, and NOAA, a limited number of existing budgetary resources have been identified that can be redirected or reprogrammed to enhance the efficiency of the existing Federal effort in the basin and reduce needed funding.

Status

The Cost Review Workgroup will hold an organizational meeting and provide a report at the August 1st meeting. The Workgroup is expected to:

1. Discuss specific steps, assignments, and schedule for the cost review. Steps could include:
 - a. Continue to look for efficiencies and value engineering
 - b. Review existing federal authorities
 - c. Explore additional state funding
 - d. Explore foundation funding
 - e. Explore other funding
2. Discuss the target for the cost reductions.
3. Discuss process and schedule.
4. Schedule future meetings and conference calls.