Can $3 per month really pay for the Delta Tunnels?

Metropolitan Water District and the LA Department of Water and Power have recently released reports saying the Delta tunnels are affordable because they will only cost the average household about $3 per month.

And they have white papers to back it up. Rather than check the math in those white papers line by line, I suggest taking a step back to see if it adds up.

Assuming no cost overruns, estimates for the annual debt service and operations of the tunnels are between $1 billion to $1.5 billion per year depending on financial assumptions.

$3 per month ($36 per year) multiplied by 7 to 8 million households in areas served by the tunnels results in $250 to $300 million per year in revenue. That's about 25% of the estimated cost.

So who is paying the other 75%?

It appears that these white papers are still assuming 2/3 of it will be paid by farmers and wildlife refuges. About 10% is assumed to be paid by businesses like shopping centers (most of which ultimately comes back to households through higher prices or lower incomes).

Until there is a complete financial plan and cost allocation that includes clear explanations of critical issues such as who pays cost overruns, what happens when entities opt out or default, and what sort of reserves are needed to cover payments during droughts - it will be impossible to say what the average household will pay.

For now, I am standing by my old prediction that urban households will end up paying about 90% of the cost through a combination of water bills, property taxes, and other forms of indirect subsidy. If interest rates stay low and current cost estimates are accurate, it could still exceed $100 per year.
**Valley Economy: Can $3 per month really pay for the Delta Tunnels?**

How much should it cost to build affordable apartment housing in the Delta Valley? The program is intended to help middle-income families get into the housing market and it is getting ready to kick off in the Sacramento region.

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Initial reaction to Metropolitan Water District financial report.

**WaterFix results in $1 billion in harm to winter-run salmon populations.**

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