Actual Cost Method

Discussion of Choices and Policy Issues

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Consensus

- Utilizing Inflation to Determine Actual Cost of Projects In Process
- Additional inclusion of Land Inflation Index
- Ensure Base Price equals actual current costs
- Inclusion of associated nutrients as requirements with old Tar Pamlico payments
- Use 3 year running averages to calculate average expected payments
Issues and Choices

• Geographic Application

• Frequency of Adjustment

• Establishment of Actual Cost Method in Rule
Issues Related to Policy

• “Retirement of Assets” Question
  – Timing
  – Uncertainty
  – Cost

• Nutrient Regulation and Policy
  – Tax Implications to counties for state purchased property
  – Changes in Regulation
  – Accounting for Time Differences between Permit and Mitigation
  – Hot Spots
  – Loss of opportunity for farmers to reach reduction goals
  – Conservation In Perpetuity
  – Least Cost Requirement
Thank You!

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