

**CALFED Bay Delta Program  
Finance Plan  
Update  
November 29, 2004**

# Reasons for 10 Year Finance Plan

- Significant drop in available funding after 2006-7
- Continued Status Quo reliance on public funding and bonds is in question
- Benefits-based financing principle
- Avoid disjointed Program Element plans & funding

# **10 Year Finance Plan Schedule**

## **November 2004**

- Public Workshop on November 15**
- Updated Finance Plan sent out last Wednesday**

## **December 2004**

- BDPAC / BDA Meeting Dec 8 and 9**
- BDPAC comment; BDA approve**

## **January –June 2005**

- Continued discussions with agencies, stakeholders, and Legislature**

# 10 Year Finance Plan Principles

1. CALFED Solution Principles
2. Benefits-Based Approach
3. Public and User Benefits
4. Reasonable Funding Targets (total)
5. Public Funds
6. State & Federal Cost Share

# **10 Year Finance Plan Principles**

7. Benefit-Based Grant Programs
8. Use of Available Bond Funds
9. Allocation within CVP and SWP
10. Periodic Evaluations
11. Accounting System

# **ROD vs. Finance Plan Funding Targets**

**(average annual dollars)**

- ROD \$1.26 bill.
- Finance Plan \$807 mill.
- Difference -\$451 mill. (-36%)
- *Decrease from Nov workshop draft of Finance Plan of \$8 million annually*

**CALFED Bay-Delta Program**  
**10-Year Funding Allocations by Beneficiary**  
(\$ in millions)

Program Element	Funding Target	State	Federal	Water Users	Local Match	Total Funding
Ecosystem Restoration	\$1,500	\$542	\$408	\$400	\$150	\$1,500
Environmental Water Account	\$433	\$177	\$135	\$121	\$0	\$433
Water Use Efficiency	\$2,953	\$555	\$490	\$0	\$1,908	\$2,953
Water Transfers	\$6	\$6	\$0	\$0	\$0	\$6
Watershed	\$423	\$196	\$161	\$0	\$66	\$423
Water Quality	\$564	\$85	\$69	\$18	\$105	\$276
Levees	\$446	\$186	\$175	\$32	\$53	\$446
Storage	\$1,087	\$292	\$36	\$9	\$750	\$1,087
Conveyance	\$185	\$109	\$6	\$71	\$0	\$185
Science	\$437	\$167	\$151	\$108	\$11	\$437
Oversight & Coordination	\$120	\$74	\$46	\$0	\$0	\$120
<b>TOTAL Dollars</b>	<b>\$8,155</b>	<b>\$2,388</b>	<b>\$1,677</b>	<b>\$759</b>	<b>\$3,043</b>	<b>\$7,867</b>
<b>TOTAL Percentage</b>	<b>100%</b>	<b>29%</b>	<b>21%</b>	<b>9%</b>	<b>37%</b>	<b>96%</b>

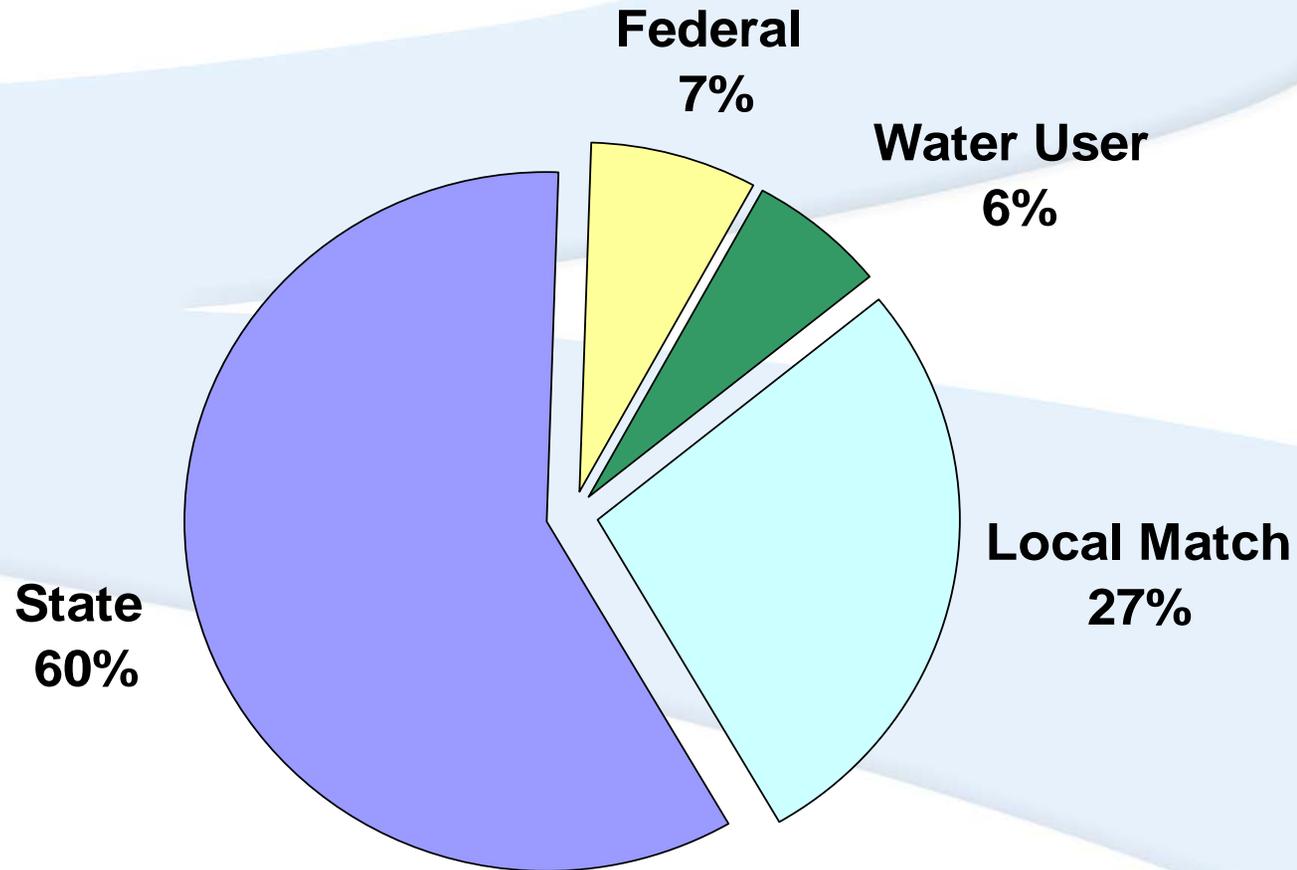
**Dec Finance Plan Changes:**

**EWA + \$5 WUE +\$200 WQ -\$288 (millions)**



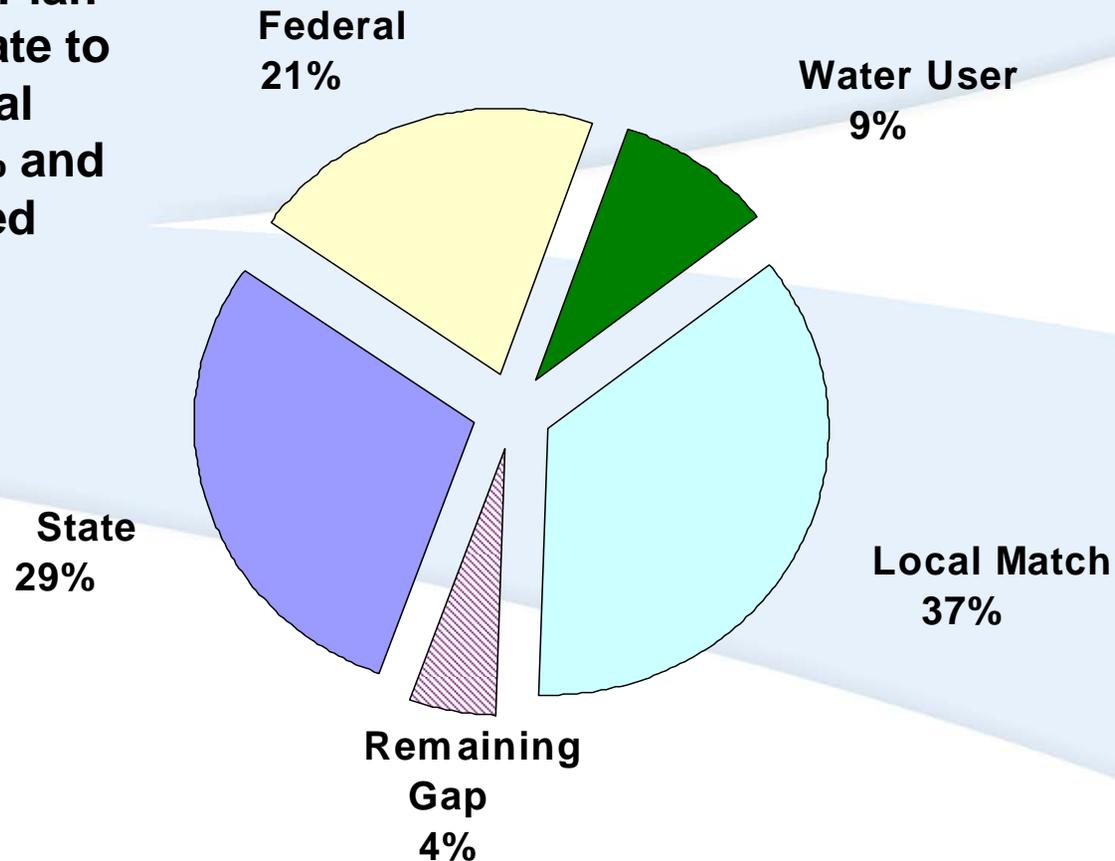
# Years 1-4

## Current Funding Allocation



# 10 Year Finance Plan Proposed Allocations

Dec Finance Plan  
increases State to  
30% and Local  
Match to 40% and  
gap eliminated



# Major Issues

- Water User Contributions
  - ERP, EWA, Levees, Science (IEP)
- Likelihood of Increased Federal Share
- Reliance on New State Funds by 2006-07

# Major Themes & Issues

Plan pushes the benefits-based approach; sharpens the criteria for public funds and increases the contributions from other sources (federal, water user, & local)

- State 60% to 30%
- Federal 7% to 21%
- Water User 6% to 9%
- Local Match 27% to 40% (35% water users and 5% other sources of matching funds)

# Program Specific Issues

- ERP: questions about \$150 million, upstream users oppose fee
- EWA: timing of fee, use of CVP Restoration Fund, use of Prop 50 Chp 7(d)
- WUE: Recycle cost share
- DWQ: Regional planning, delay inclusion of SJWQMP costs
- Levees: Evaluation before water user fee, USACE process and schedule

# Program Specific Issues cont

- Storage: potential for delay
- Conveyance: None
- Science: Allocation of costs
- Oversight and coordination: Can't use bond funds

# Major Themes & Issues

**All areas have concerns – critical to maintain unified voice**

- **State share reduced– but State still concerned about large share; and source of state share uncertain**
- **Federal share increased – Federal funding may be difficult to obtain**
- **Water User fees/contributions – minor increase but still disagreement**
- **Local share increased – Local water agencies will oppose**

# **Schedule for New Funding**

## **Year 6 (2005-06)**

- **Increased Federal funding based on new authorization**
- **CVP Water user contributions begin for IEP**

## **Year 7 (2006-07)**

- **Water user contributions for ERP**
- **New State funding provided**

## **Year 8 (2007-08)**

- **Water user contribution begins for EWA & Levees**

# 10 Year Finance Plan

## Next Steps

- Continued discussions on remaining issues
- BDA and BDPAC action item in December
- State Legislative discussion/action 2005
- Federal appropriations requests for FY 2006

# Bay Area Implications

- **Reduced public share on recycling**
- **Water User share of levees, EWA, and ecosystem programs**
- **Storage project planning may be delayed**
- **Joint letter by EBMUD, MMWD, SCWA and others on likelihood of State bond and federal funds and use of general water user fee for public benefits**

# Strategy for addressing shortfalls

- Commitment to annual review
- All discussions in an open and transparent process with final recommendation before CBDA
- Annual assessment needs to identify shortfalls and options to address shortfalls
- Any adjustments need to be consistent with Finance Plan Principles
- Cost sharing needs to adhere to beneficiary pays principle, not blur the line between public and water user cost shares, and be mindful of overall progress